

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**GUANGZHOU AUTOMOBILE GROUP CO., LTD.**

**廣州汽車集團股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2238)**

## **2021 ANNUAL RESULTS ANNOUNCEMENT**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021 together with the comparative figures of the corresponding period ended 31 December 2020. The result has been reviewed by the audit committee of the Company and the Board.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	3	75,675,765	63,156,985
Cost of sales		<u>(71,776,845)</u>	<u>(60,860,992)</u>
<b>Gross profit</b>		<b>3,898,920</b>	<b>2,295,993</b>
Selling and distribution costs		(4,339,756)	(3,641,480)
Administrative expenses		(4,556,045)	(3,850,327)
Net impairment losses on financial assets		(143,468)	(55,110)
Interest income		257,438	304,233
Other gains – net	4	<u>1,257,349</u>	<u>1,379,690</u>
<b>Operating loss</b>		<b>(3,625,562)</b>	<b>(3,567,001)</b>
Interest income		58,558	127,551
Finance costs	5	(425,316)	(439,567)
Share of net profit of joint ventures and associates accounted for using the equity method	6	<u>11,403,900</u>	<u>9,570,978</u>
<b>Profit before income tax</b>		<b>7,411,580</b>	<b>5,691,961</b>
Income tax credit	7	<u>154,117</u>	<u>355,990</u>
<b>Profit for the year</b>		<b>7,565,697</b>	<b>6,047,951</b>
<b>Profit is attributable to:</b>			
Owners of the Company		7,511,030	5,964,055
Non-controlling interests		<u>54,667</u>	<u>83,896</u>
		<u><b>7,565,697</b></u>	<u><b>6,047,951</b></u>

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
– exchange differences on translation of foreign operations		(3,296)	(5,128)
– changes in the fair value of debt instruments at fair value through other comprehensive income		3,129	–
– impairment loss on debt instruments at fair value through other comprehensive income		718	–
– share of other comprehensive income of joint ventures and associates accounted for using the equity method		112	335
Items that will not be reclassified subsequently to profit or loss			
– changes in the fair value of equity investments at fair value through other comprehensive income		(234,356)	133,153
– share of other comprehensive loss of joint ventures and associates accounted for using the equity method		(64,742)	–
– remeasurement of post-employment benefit obligations		(4,240)	–
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(302,675)</b>	<b>128,360</b>
<b>Total comprehensive income for the year</b>		<b>7,263,022</b>	<b>6,176,311</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		7,206,568	6,092,415
Non-controlling interests		56,454	83,896
		<b>7,263,022</b>	<b>6,176,311</b>
<b>Earnings per share for profit attributable to ordinary equity holders of the Company</b> (expressed in RMB per share)			
– basic earning per share	8	<b>0.73</b>	<b>0.58</b>
– diluted earning per share	8	<b>0.73</b>	<b>0.58</b>

## CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>19,475,570</b>	20,073,210
Right-of-use assets		<b>6,817,666</b>	6,909,008
Investment properties		<b>1,871,624</b>	1,387,545
Intangible assets		<b>13,581,219</b>	12,258,613
Investments in joint ventures and associates	6	<b>36,926,987</b>	33,403,563
Deferred income tax assets		<b>2,833,925</b>	2,123,604
Financial assets at fair value through other comprehensive income (“FVOCI”)		<b>1,597,702</b>	630,703
Financial assets at fair value through profit or loss (“FVPL”)		<b>1,945,627</b>	4,375,256
Prepayments and other long-term receivables		<b>8,008,623</b>	5,056,277
		<b><u>93,058,943</u></b>	<u>86,217,779</u>
<b>Current assets</b>			
Inventories		<b>8,110,960</b>	6,621,580
Trade and other receivables	10	<b>25,110,073</b>	19,615,555
Financial assets at fair value through other comprehensive income		<b>709,064</b>	310,690
Financial assets at fair value through profit or loss		<b>3,225,636</b>	1,595,011
Time deposits		<b>5,176,560</b>	10,624,362
Restricted cash		<b>1,624,390</b>	2,084,314
Cash and cash equivalents		<b>17,234,963</b>	15,791,397
		<b><u>61,191,646</u></b>	<u>56,642,909</u>
<b>Total assets</b>		<b><u>154,250,589</u></b>	<u>142,860,688</u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
Share capital		<b>10,370,593</b>	10,349,697
Reserves		<b>29,345,460</b>	28,928,263
Retained earnings		<b>50,597,258</b>	45,097,071
Capital and reserves attributable to owners of the Company		<b>90,313,311</b>	84,375,031
Non-controlling interests		<b>2,335,474</b>	2,338,597
<b>Total equity</b>		<b><u>92,648,785</u></b>	<b><u>86,713,628</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	<i>11</i>	<b>773,048</b>	530,786
Borrowings		<b>7,526,724</b>	8,473,173
Lease liabilities		<b>1,270,196</b>	1,303,479
Deferred income tax liabilities		<b>144,418</b>	138,032
Provisions		<b>559,341</b>	602,579
Government grants		<b>2,195,521</b>	2,555,825
		<b><u>12,469,248</u></b>	<u>13,603,874</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>35,863,483</b>	33,971,538
Contract liabilities		<b>2,626,902</b>	1,492,859
Current income tax liabilities		<b>202,040</b>	103,049
Borrowings		<b>9,888,738</b>	6,504,211
Lease liabilities		<b>193,531</b>	209,062
Provisions		<b>357,862</b>	262,467
		<b><u>49,132,556</u></b>	<u>42,543,186</u>
<b>Total liabilities</b>		<b><u>61,601,804</u></b>	<u>56,147,060</u>
<b>Total Equity and Liabilities</b>		<b><u>154,250,589</u></b>	<b><u>142,860,688</u></b>

## 1 GENERAL INFORMATION

Guangzhou Automobile Group Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing and sale of automobiles, engines and other automotive parts and rendering of financial services. The Company’s holding company is Guangzhou Automobile Industry Group Co., Ltd. (“**GAIG**”), a state-owned enterprise incorporated in the People’s Republic of China (the “**PRC**”).

The registered address of the Company is 23/F, Chengyue Building, No. 448 – No. 458, Dong Feng Zhong Road, Yuexiu District, Guangzhou, Guangdong, the PRC.

The Company was established in June 1997 as a limited liability company in the PRC. In June 2005, the Company underwent a reorganisation and transformed itself into a joint stock company with limited liability under the Company Law of the PRC. The Company’s shares have been listed on Hong Kong Stock Exchange (the “**HKSE**”) and Shanghai Stock Exchange (“**SSE**”) since 30 August 2010 and 29 March 2012, respectively.

These financial statements are presented in thousands of Renminbi Yuan (“**RMB**”), unless otherwise stated.

## 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

### (a) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards, amendments to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2021:

<b>Standards/Amendments</b>	<b>Subject of Standards/Amendments</b>
HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform-Phase 2
HKFRS 16 (Amendments) (i)	Covid-19-Related Rent Concessions

- (i) Any rent concession related to Covid-19 affects only payments due on or before 30 June 2022.

The standards and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) New standards, amendments to existing standards and interpretations not yet adopted**

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

<b>Standards/Amendments/ Interpretations</b>	<b>Subject of standards/amendments/ interpretations</b>	<b>Effective for accounting periods beginning on or after</b>
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS standards 2018- 2020	Amendments to HKFRS1, HKFRS9, HKFRS16 and HKAS41	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies “HKAS 1 (Amendments)”
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

### 3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

For management purpose, the executive directors considered the nature of the Group's products and services and determined that the Group has two reportable segments as follows:

Vehicles and related operations segment – production and sale of a variety of passenger vehicles, commercial vehicles, automotive parts and related operations.

Others – mainly production and sale of motorcycles, automobile finance and insurance, other financing services and investing business.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

During the year ended 31 December 2021, no revenue from transactions with a single external customer counted to 10% or more of the Group's total revenue.



The segment results for the year ended 31 December 2021 and other segment items included in the consolidated statement of comprehensive income are as follows:

	<b>Vehicles and related operations</b>	<b>Others</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total gross segment revenue	73,698,922	2,452,102	(475,259)	–	75,675,765
Inter-segment revenue	<u>(220,700)</u>	<u>(254,559)</u>	<u>475,259</u>	<u>–</u>	<u>–</u>
<b>Revenue (from external customers)</b>	<b><u>73,478,222</u></b>	<b><u>2,197,543</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>75,675,765</u></b>
<b>Segment results</b>	<b>(3,476,467)</b>	<b>409,824</b>	<b>12,324</b>	<b>–</b>	<b>(3,054,319)</b>
Unallocated income – Interest income of headquarters	–	–	–	116,205	116,205
Unallocated costs – Expenditure of headquarters	–	–	–	(687,448)	<u>(687,448)</u>
<b>Operating loss</b>					<b>(3,625,562)</b>
Finance costs	(271,200)	(2,894)	–	(151,222)	(425,316)
Interest income	23,199	5,615	–	29,744	58,558
Share of net profit of joint ventures and associates accounted for using the equity method	10,810,930	592,970	–	–	<u>11,403,900</u>
<b>Profit before income tax</b>					<b>7,411,580</b>
Income tax credit/(expense)	334,978	(152,594)	–	(28,267)	<u>154,117</u>
<b>Profit for the year</b>					<b><u>7,565,697</u></b>
<b>Other segment information</b>					
Depreciation and amortisation	5,616,648	44,756	–	57,180	5,718,584
Net impairment losses on financial assets	98,129	45,339	–	–	143,468
Impairment charges of inventories	104,643	–	–	–	104,643
Impairment charges of property, plant and equipment	28,279	–	–	–	28,279
Impairment charges of intangible assets	<u>556,182</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>556,182</u>

The segment assets and liabilities as at 31 December 2021 and additions to non-current assets (other than deferred tax assets, FVPL and FVOCI) for the year then ended are as follows:

	<b>Vehicles and related operations</b>	<b>Others</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Total assets</b>	<b>119,244,879</b>	<b>37,943,997</b>	<b>(41,986,049)</b>	<b>39,047,762</b>	<b>154,250,589</b>
Total assets include:					
Investments in joint ventures and associates	<u><b>32,634,891</b></u>	<u><b>4,292,096</b></u>	<u><b>–</b></u>	<u><b>–</b></u>	<u><b>36,926,987</b></u>
<b>Total liabilities</b>	<u><b>63,958,745</b></u>	<u><b>27,820,500</b></u>	<u><b>(40,615,907)</b></u>	<u><b>10,438,466</b></u>	<u><b>61,601,804</b></u>
<b>Additions to non-current assets (other than deferred tax assets, FVPL and FVOCI)</b>	<u><b>5,289,478</b></u>	<u><b>2,303,995</b></u>	<u><b>–</b></u>	<u><b>–</b></u>	<u><b>7,593,473</b></u>

The segment results for the year ended 31 December 2020 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Total gross segment revenue	60,805,956	2,754,533	(403,504)	–	63,156,985
Inter-segment revenue	<u>(157,474)</u>	<u>(246,030)</u>	<u>403,504</u>	<u>–</u>	<u>–</u>
<b>Revenue (from external customers)</b>	<b><u>60,648,482</u></b>	<b><u>2,508,503</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>63,156,985</u></b>
<b>Segment results</b>	(3,219,775)	(116,208)	(256,338)	–	(3,592,321)
Unallocated income – Interest income of headquarters	–	–	–	110,738	110,738
Unallocated costs – Expenditure of headquarters	–	–	–	(85,418)	<u>(85,418)</u>
<b>Operating loss</b>					(3,567,001)
Finance costs	(399,752)	(6,780)	–	(33,035)	(439,567)
Interest income	70,431	8,616	–	48,504	127,551
Share of net profit of joint ventures and associates accounted for using the equity method	9,061,941	509,037	–	–	<u>9,570,978</u>
<b>Profit before income tax</b>					5,691,961
Income tax credit/(expense)	498,472	(141,293)	–	(1,189)	<u>355,990</u>
<b>Profit for the year</b>					<b><u>6,047,951</u></b>
<b>Other segment information</b>					
Depreciation and amortisation	5,009,332	56,489	–	44,573	5,110,394
Net impairment losses on financial assets	44,194	10,916	–	–	55,110
Impairment charges of inventories	47,938	–	–	–	47,938
Impairment charges of property, plant and equipment	5,609	–	–	–	5,609
Impairment charges of intangible assets	<u>662,164</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>662,164</u>

The segment assets and liabilities as at 31 December 2020 and additions to non-current assets (other than deferred tax assets, FVPL and FVOCI) for the year then ended are as follows:

	Vehicles and related operations <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>Total assets</b>	106,340,940	38,893,282	(41,611,147)	39,237,613	142,860,688
Total assets include:					
Investments in joint ventures and associates	<u>29,419,235</u>	<u>3,984,328</u>	<u>—</u>	<u>—</u>	<u>33,403,563</u>
<b>Total liabilities</b>	<u>58,667,700</u>	<u>28,884,062</u>	<u>(40,313,754)</u>	<u>8,909,052</u>	<u>56,147,060</u>
<b>Additions to/(decrease in) non-current assets (other than deferred tax assets, FVPL and FVOCI)</b>	<u>6,100,235</u>	<u>(1,544,067)</u>	<u>—</u>	<u>—</u>	<u>4,556,168</u>

#### 4. OTHER GAINS – NET

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Foreign exchange losses	(33,964)	(14,037)
Gains/(losses) on disposal of property, plant and equipment and intangible assets	29,869	(48,176)
Donations	(5,524)	(29,579)
Gains on disposals of joint ventures and associates	12	7,403
Government grants	683,317	796,041
Net investment income related to investment in financial assets	381,625	319,380
Net fair value (losses)/gains on financial assets at FVPL	(22,307)	292,692
Dilution gains	177,862	—
Others	<u>46,459</u>	<u>55,966</u>
	<u>1,257,349</u>	<u>1,379,690</u>

## 5. FINANCE COSTS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest expense	476,275	440,559
Interest expense on lease liabilities	66,282	76,154
Interest capitalised in qualifying assets	<u>(117,241)</u>	<u>(77,146)</u>
	<u><b>425,316</b></u>	<u><b>439,567</b></u>

## 6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Investments in joint ventures	26,904,507	24,654,320
Investments in associates	<u>10,022,480</u>	<u>8,749,243</u>
	<u><b>36,926,987</b></u>	<u><b>33,403,563</b></u>

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Share of profit of joint ventures ( <i>Note (i)</i> )	10,011,061	8,332,088
Share of profit of associates ( <i>Note (i)</i> )	<u>1,392,839</u>	<u>1,238,890</u>
	<u><b>11,403,900</b></u>	<u><b>9,570,978</b></u>

(i) Unrealised profits or losses resulting from upstream and downstream transactions are eliminated.

## 6.1 Investments In Joint Ventures

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Investment in unlisted shares	<u>26,904,507</u>	<u>24,654,320</u>

(a) *Movements of investments in joint ventures are set out as follows:*

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the year	<u>24,654,320</u>	<u>23,867,207</u>
Additions ( <i>Note (i)</i> )	2,617,879	1,274,421
Disposals	(19,589)	(11,489)
Capital reduction	(40,323)	(21,768)
Share of profits	10,090,492	8,460,468
Share of other reserves	(7,824)	25,235
Dividends declared	<u>(10,390,448)</u>	<u>(8,939,754)</u>
End of the year	<u>26,904,507</u>	<u>24,654,320</u>

(i) The additions in 2021 mainly represent the Group's additional capital contribution of RMB786,813,000 and RMB1,500,000,000 to GAC Toyota and GAC FCA in proportion to its interest held, respectively. In addition, the Group contributed capital of RMB275,862,000 to several newly set-up joint ventures.

- (b) Set out below are the joint ventures of the Group as at 31 December 2021, which in the opinion of the directors, are material to the Group. The joint ventures as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

<b>Name of joint ventures</b>	<b>Place of business/country of incorporation</b>	<b>% of ownership interest</b>	<b>Nature of the relationship</b>	<b>Measurement method</b>
GAC Honda	Mainland China	50	Note 1	Equity
GAC Toyota	Mainland China	50	Note 1	Equity
GAC FCA	Mainland China	50	Note 1	Equity
GAC Mitsubishi	Mainland China	50	Note 1	Equity
GAC Hino	Mainland China	50	Note 1	Equity
GAC SOFINCO	Mainland China	50	Note 1	Equity
Wuyang-Honda	Mainland China	50	Note 1	Equity

*Note 1:* GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, GAC Hino are companies manufacturing and selling automobiles and automotive parts, GAC SOFINCO is a company providing automotive financing services, and Wuyang-Honda is a company manufacturing and selling motorcycles and motorcycle parts. All of them are unlisted companies.

(c) ***Summarised financial information for joint ventures***

Set out below is the summary of combined financial information for all the joint ventures of the Group (excluding goodwill). As restricted by the confidentiality agreements entered into with other shareholders of certain joint ventures, the Group has not disclosed certain financial data of material joint ventures separately. The aggregate of the financial information of the above seven material joint ventures identified by Directors covers over 90% of combined financial information of all the joint ventures of the Group listed below.

The below financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

The information below reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

## Summarised balance sheet

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>		
Non-current assets	<u>86,276,133</u>	<u>80,634,952</u>
Current assets		
– Cash and cash equivalents	62,573,891	53,784,557
– Other current assets	<u>47,247,676</u>	<u>53,230,040</u>
	<u>109,821,567</u>	<u>107,014,597</u>
<b>Total assets</b>	<u><b>196,097,700</b></u>	<u><b>187,649,549</b></u>
<b>Liabilities</b>		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	20,315,422	18,639,156
– Other non-current liabilities (including trade and other payables)	<u>6,813,910</u>	<u>5,597,716</u>
	<u>27,129,332</u>	<u>24,236,872</u>
Current liabilities		
– Financial liabilities (excluding trade and other payables)	24,800,831	30,914,068
– Other current liabilities (including trade and other payables)	<u>94,837,688</u>	<u>88,441,087</u>
	<u>119,638,519</u>	<u>119,355,155</u>
<b>Total liabilities</b>	<u><b>146,767,851</b></u>	<u><b>143,592,027</b></u>
<b>Net assets</b>	<b>49,329,849</b>	44,057,522
Less: Non-controlling interests	<u>(22,875)</u>	<u>(18,882)</u>
	<u><b>49,306,974</b></u>	<u><b>44,038,640</b></u>



## Summarised statement of comprehensive income

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>276,046,696</b>	261,646,209
Cost of sales	<b>(233,472,212)</b>	(222,890,622)
Other expenditures	<b>(22,146,463)</b>	(22,078,956)
Profit after tax	<b>20,428,021</b>	16,676,631
Less: profit attributable to non-controlling interests	<b>(3,993)</b>	(1,676)
	<b>20,424,028</b>	16,674,955
Other comprehensive loss	<b>(26,825)</b>	(45)
Total comprehensive income	<b>20,397,203</b>	16,674,910

## 7. INCOME TAX CREDIT

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	<b>419,275</b>	107,405
Deferred tax	<b>(573,392)</b>	(463,395)
	<b>(154,117)</b>	(355,990)

The tax rates applicable to the Company and its major subsidiaries for the year ended 31 December 2021 are 15% or 25% (2020: 15% or 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the year ended 31 December 2021.

## 8. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less restricted shares during the year.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to owners of the Company	7,511,030	5,964,055
Weighted average number of ordinary shares in issue less restricted shares ( <i>thousands</i> )	<u>10,252,339</u>	<u>10,238,230</u>
Basic earnings per share (RMB per share)	<u>0.73</u>	<u>0.58</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had different categories of dilutive potential ordinary shares: convertible bonds, share options and restricted shares (collectively, “**Share-based Awards**”).

The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense. For the Share-based Awards, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company’s shares for the year ended 31 December 2021) based on the monetary value of the subscription rights attached to outstanding share options and the restricted shares. The number of shares calculated as above is compared with the number of shares that would have been outstanding assuming the exercise of the share options and the vesting of the restricted shares.

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to owners of the Company	<b>7,511,030</b>	5,964,055
Add: Interest expense on convertible bonds	<b>96,666</b>	93,733
	<u>7,607,696</u>	<u>6,057,788</u>
Profit used to determine diluted earnings per share		
Weighted average number of ordinary shares in issue less restricted shares ( <i>thousands</i> )	<b>10,252,339</b>	10,238,230
Add: weighted average number of ordinary shares assuming conversion of all Share-based Awards ( <i>thousands</i> )	<b>21,582</b>	2,084
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds ( <i>thousands</i> )	<b>182,196</b>	179,238
	<u>10,456,117</u>	<u>10,419,552</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands</i> )		
Diluted earnings per share ( <i>RMB per share</i> )	<u><b>0.73</b></u>	<u>0.58</u>

## 9. DIVIDENDS

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interim dividend paid of RMB0.05 (2020: RMB0.03) per ordinary share	<b>517,817</b>	307,138
Proposed final dividend of RMB0.17 (2020: RMB0.15) per ordinary share	<b>1,778,873</b>	1,552,796
	<u><b>2,296,690</b></u>	<u>1,859,934</u>

Dividends paid in 2021 and 2020 were RMB2,070,613,000 and RMB1,824,794,000, respectively. A final dividend in respect of the year ended 31 December 2021 of RMB0.17 per ordinary share, amounting to a total dividend of approximately RMB1,778,873,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

## 10. TRADE AND OTHER RECEIVABLES

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<i>Trade receivables (Note (a))</i>	<b>7,515,188</b>	4,583,098
Less: provision for impairment	<b>(292,940)</b>	(265,896)
	<hr/>	<hr/>
Trade receivables – net	<b>7,222,248</b>	4,317,202
Loans receivable	<b>5,154,788</b>	3,118,804
Dividends receivable	<b>4,209,208</b>	3,752,145
Finance lease receivables	<b>3,107,315</b>	2,283,633
Notes receivable	<b>1,771,431</b>	1,884,928
Value added tax recoverable	<b>1,256,079</b>	1,039,179
Prepayments	<b>759,965</b>	1,158,328
Entrusted loans	<b>261,612</b>	596,916
Other receivables	<b>1,367,427</b>	1,464,420
	<hr/>	<hr/>
	<b>25,110,073</b>	19,615,555
	<hr/> <hr/>	<hr/> <hr/>

- (a) Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 0 to 365 days. As at 31 December 2021 and 2020, the ageing analysis of these trade receivables is presented on the basis of the date of the relevant invoices as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>6,415,447</b>	3,374,378
Between 1 and 2 years	<b>341,919</b>	845,760
Between 2 and 3 years	<b>457,165</b>	117,223
Between 3 and 4 years	<b>63,382</b>	76,087
Between 4 and 5 years	<b>75,561</b>	5,289
Over 5 years	<b>161,714</b>	164,361
	<hr/>	<hr/>
	<b>7,515,188</b>	4,583,098
	<hr/> <hr/>	<hr/> <hr/>

## 11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables ( <i>Note (a)</i> )	15,079,090	11,802,325
Customer deposits	4,936,488	7,770,011
Employee benefits payable	2,964,698	2,496,891
Development cost payables	1,630,633	1,249,696
Unearned premium reserve	1,510,620	1,026,241
Payable for mould expenses	1,390,003	1,102,770
Sales rebate	1,258,132	1,912,505
Notes payable	866,553	1,077,554
Other taxes	716,040	675,776
Advertising expense payables	707,381	299,275
Assets sold under agreements to repurchase	528,976	102,092
Construction cost payables	516,006	466,383
Treasury stock payable	509,486	509,486
Government grants	326,297	158,636
Deposit payables	316,986	232,876
Other payables	3,379,142	3,619,807
	<u>36,636,531</u>	<u>34,502,324</u>
Less: non-current portion of trade and other payables	<u>(773,048)</u>	<u>(530,786)</u>
Current portion	<u><u>35,863,483</u></u>	<u><u>33,971,538</u></u>

- (a) As at 31 December 2021 and 2020, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	14,670,857	11,377,420
Between 1 and 2 years	282,607	351,351
Between 2 and 3 years	52,624	32,536
Over 3 years	73,002	41,018
	<u><u>15,079,090</u></u>	<u><u>11,802,325</u></u>

## CHAIRMAN'S STATEMENT

Dear shareholders,

2021 is an extraordinary year. In the first year of the “14th Five-Year Plan”, we ushered in the 100th anniversary of the founding of the Communist Party of China. China embarked on a great new journey of comprehensively building a modernised socialist country. Meanwhile, in the past year, “Black swan” and “Grey rhino” events emerged and lingered around us. Faced with risks and challenges one after another, such as the impact of the pandemic, chip shortages, power outages and restriction, extreme weather and others, the Group had worked together to face the difficulties, stabilise growth, fight against the pandemic, ensure supply, seek innovation, and promote reforms. When confronted by mountains, we find a way through; when blocked by a river, we build a bridge to the other side. We achieved a good start of the “14th Five-Year Plan”. On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers, employees, partners and people from all walks of life.

**Devoted all efforts to overcome difficulties, and the production and operation remained stable with progress.** The Group adhered to make progress and improve quality amid stability, focus on the objectives and overcome the difficulties, and made all efforts to coordinate and mobilise resources to ensure stable supply. The main operating indicators were well achieved. During the year, the vehicle production and sales volume of the Group were 2,138,100 units and 2,144,400 units respectively, representing a year-on-year increase of 5.08% and 4.92% respectively, both of which outperformed the industry. Self-developed brands launched several star models, including GAC Trumpchi EMPOW, Second-generation GS8, AION Y and AION S Plus. The product structure was continuously optimised, and the product power, marketing power and brand power were continuously enhanced. In 2021, the Group realised sales revenue of approximately RMB429.755 billion on an aggregated basis, representing an increase of approximately 8.66% as compared with that of the corresponding period of the previous year. The sales revenue of the Group amounted to approximately RMB75.676 billion, representing an increase of approximately 19.82% as compared with that of the corresponding period last year; the net profit attributable to owners of the parent company amounted to approximately RMB7.511 billion, representing an increase of approximately 25.94% as compared with that of the corresponding period last year; the basic earnings per share amounted to approximately RMB0.73, representing an increase of approximately 25.86% as compared with that of the corresponding period last year. GAC was included in the Fortune Global 500 List for the ninth consecutive year, with the highest ranking of No.176 among the years. For the purpose of giving practical returns to shareholders, the Board proposed to distribute to all shareholders a final dividend of RMB1.7 (including tax) for every 10 shares, together with an interim dividend of RMB0.5 (including tax) for every 10 shares, the total amount of dividends distributed throughout the year was approximately RMB2.3 billion.

**Facilitated the “Dual Carbon” strategy, and comprehensively promoted the “Green Low-carbon for Achieving Sustainable Success” plan.** In order to facilitate the national goal of “Dual Carbon”, the Group launched the plan named “Green Low-carbon for Achieving Sustainable Success”, which aims to achieve carbon neutralisation in the whole-life cycle of products by 2050 while striving for completion by 2045, and proactively explored solutions for certain links along the whole cycle, including R&D, production and consumer utilisation. The first is to implement full-time management. Our system promotes full-cycle carbon emission management, from R&D to production and from purchase to recycle, and explores the establishment of carbon account for automobile consumers. The second is to build GAC AION as the first zero-carbon factory by 2023, and to establish a zero-carbon automobile industry zone supported by the GAC Zhilian New Energy Automotive Industrial Park. The third is to further increase the proportion of new energy automobile and energy-efficient cars with intelligent network connection. By 2025, new energy vehicles of self-developed brands will account for 50% of the sales, and by 2030, new energy vehicles will account for 50%. The Group will continue to develop alternative fuel models including hydrogen-powered category. At the same time, we will make every effort to promote the “2<sup>6</sup> Energy Action”, that is to realise batteries being purchasable and leasable, rechargeable and replaceable, capable of slow-charging or fast-charging, with large or small capacity, applicable for long or short mileage, electricity being purchasable and saleable, recyclable and capable of cascade utilisation, accelerating the exploration and establishment of a new ecology for the use of new energy vehicles.

**Made efforts in innovation and speeded up the improvement of the industrial ecology.** In the field of intelligent networking and new energy, we continued to strengthen the R&D of core technologies and promote the self-reliance of technology. During the year, more than RMB5.1 billion was invested in R&D, and 2,580 new applications for patents were made, of which 1,108 were invention patents, amounting to a total of 10,620 patent applications, including 3,861 invention patents. Focusing on user pain points such as driving range, battery safety, and charging convenience related to new energy vehicles, the “Three Electric” technologies achieved new breakthroughs. Among them, the self-developed technologies of sponge silicone anode battery equipped onto the AION LX Plus was launched on the market, with a maximum driving range of 1,008 km (CLTC comprehensive operating conditions); ultra-speed battery technology and magazine battery system safety technology were applied in mass production. We conformed to the trend of software-driven automobile development and promoted the development of intelligent network integration. The centralised computing electronic and electrical architecture “Astral Architecture” equipped with vehicle-cloud integration was officially launched in the 2021 Guangzhou Automobile Exhibition; technologies such as AR HUD, Beyond Visual Range parking summoning, and Navigated Driving Assist (NDA) continue to be used in mass production successively; and the L4 automatic drive (Robotaxi) had commenced regular testing and demonstration operation. The Group accelerated the promotion of digital transformation from marketing, management and control to intelligent manufacturing and R&D. The industrial strategic cooperation continued to deepen, actively promoted the first vehicle model project jointly developed with Huawei, and completed the investment layout covering a number of “Specialised, Sophisticated, Special and New” enterprises in the new energy industry chain of intelligent network connection, such as Yuexin Semiconductor, Horizon, and WeRide, so as to further build the future industrial ecology.

**Emphasised on reform and stimulated the endogenous power of enterprises.** We enhanced coordination while promoting and deepening the “Double-Hundred Reform”, the improvement campaign that benchmarked against world-class management and the three-year action for reform of state-owned enterprises. We comprehensively promoted tenure system and contractual management that cover all subsidiary enterprises at all levels, and achieved “requirement on tenure, fulfillment of responsibilities, realisation of performance goals and rectification against malpractice.” We deepened the mixed ownership reform, achieved capital injection and employee stock ownership in HYCAN Automobile and Juwan Technology Research. We initiated and promoted the mixed ownership reform on and introduction of strategical investment for GAC AION, and completed the internal reorganisation and integration of the Group’s R&D capabilities, businesses, assets and personnel in the field of new energy. We are in the process of actively promoting the employee stock ownership, technological talents stock ownership and the introduction of strategic investors for GAC AION, so as to promote the optimisation and consolidation of the Group’s new energy vehicle business by enhancing its core competitiveness and independent operating abilities.

At present, being in the midst of an unprecedented change in the world unseen in a century which has evolved rapidly due to the outbreak of COVID-19 pandemic, the global supply chain is experiencing a prolonged period of stagnancy led by virus variation while the global economic recovery has slowed down. Despite the economy of China being confronted with triple barriers, including shrinking demand, supply shock and weakening expectations, the fundamentals of the Chinese economy, characterised by long-term sustainability remain unchanged. With the thorough propulsion of domestic major cycle and the country’s strategies to expand domestic demand, it is expected that the automobile industry will continue to achieve recovery growth. In recent years, due to technological progress and industrial upgrading, the “New Four Modernisations” of the automobile industry have accelerated. At the same time, with the gradual implementation of the national “Dual Carbon” strategy, the domestic economic development model, energy structure, technological path, production and consumption methods will also undergo tremendous changes. In the face of the sweeping technological waves and industrial changes, the opportunities are obvious along with the more fierce competition. Only by being prepared for a protracted war can we be invincible.

2022 is the crucial year for the development of the “14th Five-Year Plan”, and also the first year for the Group to implement a new tenure of professional managers and execute tenure system and contractual management on corporate managers of various enterprises. Centred on the vision for 2035 and the “14th Five-Year Plan” development plan, we will work earnestly and make breakthrough as a pioneer to forge a “growing, effective, quality, autonomous, technological, efficient and responsible GAC”. We will strive for the goal of a 15% year-on-year growth in automobile production and sales volume for the whole year, exploring new horizons for high-quality development of the Group.



**To stand on new development stages where “expressway” for transformation and upgrading will be completed.** Focusing on product upgrades, we will formulate “dual-brand” differentiated strategies for our brand-new self-developed brands to improve the product matrix, accelerate brand upgrading, manifest brand personalities, and portray a technological, youthful and personalised brand image; strengthen marketing upgrades, further highlight digital marketing, deepen the characteristic service system, and gradually realise the value ecology co-created by users.

**To excavate a green and low-carbon “moat” by thorough implementation of new development concepts.** We will accelerate and promote the implementation of measures related to “Dual Carbon” planning, and make every effort to achieve sustainable development involving green products, green production, green supply chain, green travel, green finance and green community by fully promoting energy conservation and emission reduction and constructing a new green ecosystem covering the entire industrial chain, from R&D to production and from purchase to use.

**To construct a new development layout in order to shape the “ecosystem” covering the whole industrial chain.** We will continue to promote technological self-reliance, enhance the technological innovation layout equipped with intelligent network connection and new energy industry chain, and spare no effort to break through the user pain points in the core technologies of new energy whole vehicles such as safety, high-efficiency energy consumption, scenario-based endurance, charging speed, thereby eliminating the shortcomings of the core technologies of intelligent network connection, and improving the autonomous and controllable ability of it. Strategic cooperation will continue to be deepened, technological innovation will be energised by way of industry investment, so as to construct an autonomous, secure and controllable supply ecosystem.

**To promote high-quality development and consolidate the “cornerstone” for deepening reform.** We will continue to promote the reforms of professional managers, and improve the salary assessment management mechanism for them. We will fully extend the tenure system and contractual management to enterprise managers, and effectively promote the implementation of the solid commitment to rewards and punishments based on assessment results. We will actively yet prudently push forward the mixed-ownership reform in investment enterprises, make every effort to promote the reform and innovative development of GAC AION’s systems and mechanisms, and endeavour to transform the mechanism to increase vitality.

“A person may not be without ambition and perseverance, as he bears a heavy responsibility on a long road”. There will be challenges and opportunities coexisting, scenery alongside the risks on the new journey of comprehensively building a modern socialist country. The road ahead is long and we are ready to work harder. In the new year, we will embark on a new development stage, implement new development philosophy with integrity, accuracy and comprehensiveness, and accelerate the establishment of a new development layout. In order to construct the Group as a world-class enterprise which wins customers’ trust, ensures staff’s well-being and meets social expectation, and to achieve high-quality development of China’s automobile industry, we will make unremitting endeavour day and night in exploring new horizons, so as to celebrate the opening of the 20th CPC National Congress with brilliant performance.

## SUMMARY OF BUSINESS OF THE COMPANY

### (I) Summary of business

The existing principal businesses of the Group consist of research and development, manufacture of vehicles (vehicles and motorcycles), parts and components, commercial services, financial services and mobility transportation, which form a complete closed-loop industry chain.

#### 1. *Research and development*

The Group's R&D is based on GAEI, a directly funded and managed body of the Company, and also a subsidiary of the Company and a strategic business division operating relatively independently within the authorised scope. It is mainly responsible for the Group's general development plan of new products and new technologies, as well as implementation of material R&D projects.

#### 2. *Manufacture of vehicles*

(1) *The manufacture of passenger vehicles is mainly conducted through subsidiaries, including GAMC, GAC AION and joint ventures, including GAC Honda, GAC Toyota, GAC FCA and GAC Mitsubishi.*

- **Products:** The Group's passenger vehicles include 15 series of sedans, 28 series of SUV and 4 series of MPV.

#### **Fuel-engined vehicle products of the Group mainly include:**

- GAC Trumpchi (GA4, GA6, GA8, Empow, GS3, GS4, GS4 COUPE, GS4 PLUS, GS8, GS8S, M6, M8, etc.);
- GAC Honda Accord, Crider, Integra, Vezel, Odyssey, Fit, Avancier, Breeze, Acura CDX, Acura RDX, etc.;
- GAC Toyota Camry, Highlander, Wildlander, Yaris L, Levin, Levin GT, C-HR, Sienna, etc.;
- GAC FCA JEEP Cherokee, JEEP Renegade, JEEP Compass, JEEP Grand Commander, etc.;
- GAC Mitsubishi ASX, Outlander, Eclipse Cross, etc.;

## **Energy conservation and new energy products of the Group include:**

- GAC Trumpchi GS4 • PHEV;
- GAC AION AION S, AION LX, AION V, AION Y;
- GAC Honda Accord Sport Hybrid, Odyssey Sport Hybrid, Breeze Sport Hybrid, Crider Sport Hybrid, Acura CDX Hybrid, Breeze Sport Hybrid e+, VE-1, EA6;
- GAC Toyota Camry HEV, Highlander HEV, Wildlander HEV, high-performance Wildlander, Levin HEV, Levin PHEV, iA5, C-HR HEV, C-HR EV;
- GAC FCA JEEP Grand Commander • PHEV;
- HYCAN Automobile HYCAN (Hechuang) 007, Z03;

The commercial vehicles are mainly manufactured by GAC Hino, a joint venture, and GAC BYD, an associated company. Main products include light and heavy trucks, construction vehicles and large to medium-sized passenger vehicles, etc.

- **Production capacity:** During the reporting period, phase I of the GAC Toyota new energy expansion project with a vehicle production capacity of 200,000 units/year was completed and put into operation in July 2021. As at the end of the reporting period, the total vehicle production capacity amounted to 2,933,000 units/year.
- **Sales channel:** The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Company, together with its joint ventures and associated enterprises, had 2,558 passenger vehicle 4S sales outlets covering 31 provinces, counties, autonomous regions and municipalities in the PRC. In order to flexibly respond to market changes, especially in the field of new energy vehicles, the Group actively explored the innovation of marketing models and created a dual-track model of “Direct Sales+Distribution, Online+Offline, Automobile City+Commercial Supermarkets”.

## *(2) Motorcycles*

The Group manufactures motorcycles mainly through its joint venture Wuyang-Honda. Main products include standard motorcycles, sport bikes and scooters, etc. As at the end of the reporting period, the total production capacity of motorcycles of the Group was 1.25 million units/year.

### **3. *Commercial and mobility transportation services***

Mainly through its subsidiary, GAC Business, its controlling and investee companies, Da Sheng Technology, and its associated company “ON TIME” (如祺出行) etc. in the upstream and downstream of the automobile industrial chain, the Group carried on businesses in vehicle sales, logistics, international trading, second-hand vehicles, end-of-life vehicles disassembling, resources recycling, supporting services, digitalisation and mobility transportation services, etc.

### **4. *Parts and components***

The Group’s production of parts and components was mainly carried out through the controlling, jointly controlled, investee companies of its subsidiary, GAC Component, and GAC Toyota Engine and Shanghai Hino, the Group’s associated companies. The parts and components include engines, gearboxes, car seats, micro motors, shifter, electric controller, interior and exterior decorations. The products were mainly whole vehicle accessories of the Group.

### **5. *Finance***

The Group carried on financial investment, insurance, insurance brokerage, finance lease, automobile credit, and other related businesses mainly through its subsidiaries, namely GAC Finance, China Lounge Investments, GAC Capital, Urtrust Insurance, and its joint venture, GAC-SOFINCO, etc.

## **(II) ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

The Group persisted in promoting development through innovation and reform, continued to deepen the reform on system and mechanism, took the lead in carrying out the pilot reform of professional managers among state-owned enterprises in Guangzhou, continued to optimise the functions of organisational structures, established and perfected diversified incentive mechanisms, steadily promoted the mixed ownership reform of investment enterprises, actively promoted digital transformation and core competitiveness was continuously enhanced.

### **1. *Industry layouts with complete industry chain and optimised structure***

The Group has formed an industry strategic layout based in South China and radiating to Central China, East China and Northwest China and a complete closed-loop industrial chain centering upon manufacture of vehicles and covering R&D of vehicles and parts and components in the upstream and automobile business, financial service and mobile mobility in the downstream, which is one of the automobile groups in the PRC with the most integrated industrial chain and the most optimised industry layout. The synergy in the upstream and downstream of the industrial chain progressed gradually, new profit growth points have been emerging and the comprehensive competitiveness of the Group has been constantly enhanced.

## **2. *Advanced manufacturing, craftsmanship, quality and procedural management***

The Group has comprehensive advantages in terms of manufacturing, craftsmanship, quality and procedural management which mainly include: (1) the world's leading quality advantage; (2) innovative advantage brought by "continuous improvement"; (3) cost advantage brought by the pursuit of excellence.

## **3. *Continued to enrich product line and optimise product structure***

The Group has a full range of products including sedans, SUV and MPV and continued to research and develop and introduce new models and product iterations to maintain market competitiveness of its products in order to meet changes in consumer demand. It maintained customer loyalty and a widely recognised brand reputation.

## **4. *Initiated the "GAC Model" for the R&D and production system of self-developed brands***

After years of introduction, digestion, absorption and innovation, the Group accumulated funds, technologies, talents and experience, and formulated a world-class production system. For R&D, through the integration of advantageous global resources and the establishment of a global R&D network, the Group has formed a cross-platform and modular-structured forward development system, and has been equipped with the advantage of integrated innovation, and owns nationally recognised enterprise technology center, overseas high-level talent innovation and entrepreneurship base, national talent introduction demonstration base, academician workstation, postdoctoral research workstation and other innovation platforms. Overall supervision system of vehicle models and incentive mechanism of model team were comprehensively implemented to form a system and mechanism for the integration of research, production and sale with high efficiency and mutual benefit.

## **5. *Built a new energy and intelligent network technology system***

For the new energy field, the Group has the leading purely electric powered vehicle exclusive platform GEP2.0, the first application of the deep-integrated "three-in-one" electric automobile system and two-gear dual-motor "four-in-one" integrated electric automobile system. The Group deeply engaged in the independent research and development as well as the industrial application of power battery and battery cells, self-developed power battery technologies such as sponge silicon anode battery technology, ultra-fast charging battery technology and the magazine battery system safety technology, creating the AION series, a new energy vehicle product system based on the new purely electric powered exclusive platform, and introduced a variety of new energy products to the joint ventures successfully. In the intelligent networking sector, ADiGO Smart Driving and Connected Ecosystem, which possesses intelligent driving system, IoT system, cloud platform and big data, and centralised computing electronic and electrical architecture "Astral Architecture" equipped with vehicle-cloud integration were self-developed by the Group.

## **6. *Connection to worldwide capital operation platforms***

The Group successfully built capital operation platforms in both A share and H share markets, which was favourable to the Group in adequately leveraging on investment and financing instruments in various forms from domestic and overseas capital markets to achieve effective resources allocation and realise the maximisation of capital appreciation and corporate value through the integration of internal and external growth. The Company explored structural reform in governance, continued to improve medium and long-term incentive mechanism and to expand its investment and financing sector, optimised financing structure, and the role of finance in supporting the main business has been significantly enhanced.

## **DISCUSSION AND ANALYSIS ON OPERATION**

### **(I) ANALYSIS ON INDUSTRY ENVIRONMENT**

In 2021, the world economy was still experiencing the severe challenges brought about by the recurrence of the COVID-19 pandemic, accompanied by multiple unfavorable factors such as chip shortage and high raw materials prices around the world, and the automobile industry was still subject to enormous challenges. At the same time, our country had firmly promoted the work of “six priorities” and “six stabilising forces” and strictly adopted measures to prevent and control the pandemic, so as to ensure the stability of market entities and industrial supply chain. As a result of the stimulating and timely introduction of policies on automobile consumption, market demand gradually recovered with continuous improvement in industry cycles and stable recovery of consumer market. The industry’s annual cumulative sales volume ended its negative growth for three consecutive years, achieving a sound growth trend while maintaining stability throughout the year. The annual production and sales volume of vehicles was 26,082,200 units and 26,274,800 units respectively, representing a year-on-year increase of 3.40% and 3.81% respectively. The production and sales volume continued to be the first in the world.

In terms of segment market, in 2021, the production and sales volume of passenger vehicles amounted to 21,408,000 units and 21,481,500 units respectively, representing a year-on-year increase of 7.07% and 6.46% respectively. Among which, the demand for high-end brand passenger vehicles was recovering vigorously, with a year-on-year increase of more than 20%, which far exceeded the overall demand for passenger vehicles. Among the major types of passenger vehicles, the annual production and sales volume of SUV remained the first, and recorded a year-on-year increase of 6.72% and 6.77% respectively; the production and sales volume of sedans recorded a year-on-year increase of 7.82% and 7.11% respectively; the production and sales volume of MPV recorded a year-on-year increase of 6.06% and 0.11% respectively; and the production and sales volume of cross passenger vehicles recorded a year-on-year increase of 0.58% and 0.85% respectively.



Among which, 9,543,000 units of passenger vehicles of Chinese brands were sold, representing a year-on-year increase of 23.15%, accounting for 44.42% of the total sales volume of passenger vehicles, and 6.0% up from the same period last year. Among the major foreign brands, when compared with the previous year, the sales volume of passenger vehicles of French series and American series showed a rapid growth, while German series, Japanese series and Korean series were all on a declining curve.

Driven by certain factors such as the elimination of National Standard III vehicles and infrastructure investment, the production and sales volume of commercial vehicles substantially increased in the first quarter, but overall sales volume fell throughout the year. In 2021, the production and sales volume of commercial vehicles was 4,674,300 units and 4,793,300 units respectively, representing a year-on-year decrease of 10.65% and 6.62% respectively.

Since January, the rate of increase in monthly sales volume of new energy vehicles had significantly expanded year-on-year, and the production and sales volume for each month broke the historical record of that corresponding month, with a new record high in December. In 2021, the production and sales volume of new energy vehicles was 3,544,900 units and 3,520,500 units respectively, representing a year-on-year increase of 159.49% and 159.48% respectively, as growth rate increased significantly compared to the previous year.

## **(II) ANALYSIS ON OPERATION OF THE COMPANY**

### ***1. Production and operations remained stable while showing an upward trend***

Overcoming various difficulties such as recurrence of pandemic, shortage of chip supply, and rising raw material prices, the Group achieved annual vehicle production and sales volume of 2,138,100 units and 2,144,400 units respectively, representing a year-on-year increase of 5.08% and 4.92% respectively. The growth rate of production and sales volume outperformed the general trend of the industry, while the domestic market share further increased to 8.16%.

In 2021, the production and sales volume of the Group's passenger vehicles was 2,135,400 units and 2,141,700 units respectively, representing a year-on-year increase of 5.13% and 4.97% respectively. In terms of vehicle types, the sales volume of MPV model increased significantly by 38.84%, while the sales volume of sedans and SUV stably increased by 3.44% and 2.40% year-on-year. The production and sales volume of new energy vehicles continued to maintain rapid growth, and the annual production and sales volume was 144,700 units and 142,900 units respectively, representing a year-on-year increase of 88.68% and 77.35% respectively, while the proportion of energy-saving vehicles further increased, with an annual production and sales volume of 296,500 units and 298,800 units respectively, representing a year-on-year increase of 36.84% and 43.63% respectively.

## ***2. Steadily pushed forward project investment***

RMB30.46 billion had been invested in GAC Zhilian New Energy Automotive Industrial Park. Phase II of the new energy vehicle capacity expansion project for self-developed passenger car brands (an additional capacity of 100,000 units/year) was completed and commenced mass production in February 2022. GAC Toyota's new energy vehicle capacity expansion project (phase I) with production capacity of 200,000 units/year, construction project of GAEL's Hualong R&D Base, construction project of Times GAC Energy Battery (phase I), GAC Aisin Gearbox project, GAC Toyota Engine's construction project of TNGA series engines, construction project of GAC Component (Guangzhou) industrial park and other key projects had been completed and put into production on schedule. GAC Toyota's new energy vehicle capacity expansion project (phase II), production lines transformation project of I Factory Engine Phase III of Guangzhou Qisheng Powertrain Co., Ltd., Southern (Shaoguan) Intelligent Network New Energy Vehicle Testing Center (phase I), electric-driven project of Guangzhou Nidec and other projects are in steady progress.

## ***3. Self-developed brands sought stability and improvement***

**The adjustments on self-developed brands achieved preliminary effects.** GAMC adhered to the product strategies of “smart appearance+high technology+ PVA leadership+ differentiated characteristics”, and had launched new or facelift models such as EMPOW, GS4 PLUS, second-generation GS8, M6 Pro this year, accumulating total sales amounting to 324,200 units throughout the year, with a year-on-year increase of 10.35%. Among them, the average monthly orders for our first sports sedan, the EMPOW, exceeded 10,000 units after being launched; M6 and M8 achieved a total sales volume of 114,600 units in the whole year, representing a year-on-year increase of 55.89%. M8 has been the top-seller for Chinese MPV luxury brand for 28 consecutive months. Steady progress had been achieved in internationalisation. Focusing on the “Belt and Road” initiative to develop core markets, GAC Trumpchi exported over 20,000 vehicles in total throughout the year, representing a year-on-year increase of over 70%. GAC AION launched three new products, namely AION Y, AION S Plus and AION V Plus, to further improve the model matrix of RMB100,000-350,000 new energy vehicles core market. The total sales volume for the year reached 120,200 units, representing a year-on-year increase of 101.80%. AION S, AION Y, and AION V retail sales volume all occupied the forefront of their respective PEV market segments.

**Integration and collaboration continued to deepen.** The operation mechanism of the self-developed brand management committee was improved. Business coordination and decision-making around key tasks such as the deepening of institutional reform, the implementation of the overall supervision system, the improvement of incentive distribution, and the modularisation of the platform were carried out, which improved the synergy efficiency of the integration of research, production and sales. Realising the full coverage of the overall supervision system over the models under development, and implementing the model team incentive mechanism that was bound to the success of the vehicle models, We have better motivated and ensured the role of the team of the overall supervision over the models.



**Marketing innovation accelerated.** The functions and content operation of the GAC Trumpchi APP continued to improve, realising the whole process management for customer online experience, covering the whole ecosystem of users including brand, product, marketing and services. By introduction of measures such as the digital client manager system, customer experience continuously improved. GAC AION deepened its marketing reform, and explored the mode of “Auto City Store + Supermarket Display Center + Directly-operated Experience Center”, with the first directly-operated experience center in Guangzhou established.

#### **4. *Joint venture brands continued to make growth***

GAC Toyota’s newly launched or facelifted models, namely facelifted Camry, Fourth-Generation Highlander, Sienna, Levin GT and other models accumulated annual sales volume of 828,000 units, representing a year-on-year increase of 8.23%. Among them, Camry sold more than 210,000 units, representing a year-on-year increase of 17.08%, with its retail sales ranking first in the vehicle segment of mid-to-high end; the sales volume of Highlander and Wildlander both achieved substantial growth and ranked at the forefront of the segment; the first MPV model, Sienna entered the price range of over RMB400,000 for luxury brands. The cumulative annual production and sales volume of GAC Honda exceeded 780,000 units. It launched a variety of new or facelifted models such as the facelifted Accord, Integra, facelifted Crider, facelifted Odyssey, Breeze Sport Hybrid e+, etc. The sales volume of Accord, Fit, Vezel, Breeze, Odyssey and other models continued to be at the forefront of the market segment. In the annual J.D. Power selection, GAC Honda’s SSI (Sales Satisfaction Index), CSI (Customer Service Index), IQS (Initial Quality Study) and DAS (Dealer Attitude Study) ranked first among mainstream car brands. For the year, GAC FCA launched a facelifted Grand Commander to promote the “One Jeep” strategy and promote brand revitalisation. GAC Mitsubishi’s new pure electric SUV AIRTREK officially commenced pre-sale at the 2021 Guangzhou Automobile Exhibition. Wuyang-Honda promoted the transformation of product structure by taking the launch of medium-displacement models as an opportunity, and its annual sales volume increased by 3.89% year-on-year.

## **5. *Independent research and development achieved breakthroughs***

In the field of energy preservation and new energy, the Group released the hybrid technology platform “Green Engine Technology” to comprehensively promote the application of dual-motor hybrid system. The second-generation GS8 hybrid version is equipped with the self-developed engine 2.0TM + Toyota’s new fourth-generation large-capacity THS hybrid system for the first time. The independent and controllable core technologies of “Three Electric” were promoted. Among them, self-developed sponge silicone anode battery has the energy density and low-temperature characteristics leading the industry, which had been equipped on the AION LX Plus model for launch, becoming the first model with mileage of more than 1,000 kilometers announced by the Ministry of Industry and Information Technology; the ultra-fast battery technology had been equipped on AION V Plus for mass production application; the magazine battery system safety technologies passing the lithium iron phosphate battery pack needling test without fire generation had been installed on AION Y and other models; GAC’s first hydrogen fuel cell vehicle based on proprietary fuel cell system had officially started demonstration operation.

In the field of intelligent network connection, investment in research and development continued to increase to steadily promote the research and development of various cutting-edge intelligent network connection technologies, and achieved periodical progress in the aspects of vehicle-cloud integrated electronic and electrical architecture, intelligent driving, and ADiGO (Intelligent Driving Interconnection) ecosystem. Among them, AR HUD had been installed in the second-generation GS8 and other models; Beyond Visual Range parking summoning had been installed on new models such as AION V Plus.

In the field of digitalisation, we took the launch of new models such as the EMPOW as an opportunity to explore digital marketing innovation, broke through the traditional marketing service chain, and formed a new “customer-centric” marketing service model by establishing direct connections between OEMs and customers. “Digital Innovation of GAC’s Marketing Model” was the only auto enterprise winning the Annual Marketing Transformation Model Award in the “2021 Dingge Award for Chinese Digital Transformation Pioneer” selection.

## 6. *Various business segments advanced side by side*

In the field of parts and components, the investment layout strengthened around the three major directions of chips, intelligent network connection and new energy. GAC Component and Zhuzhou CRRC Times Semiconductor Co., Ltd. jointly established a joint venture to promote independent technology research and development and industrial application in the field of IGBT (insulated-gate bipolar transistor); GAC Capital completed the investment in Horizon, Yuexin Semiconductor, ChangXin Memory Technologies and other companies to supplement and strengthen the supply chain.

In the field of business trade services, GAC Business actively promoted the construction of the outlet network, and completed the construction of 10 outlets in 2021. By strengthening the construction of digital marketing and building up a digital marketing platform, digital transformation from the management serving store to operation energising store was realised.

In the field of financial services, GAC-SOFINCO carried out in-depth cooperation with the Group's OEMs to create an exclusive cooperation model to provide financial service support to dealers and customers. Urtrust Insurance developed the "Worry-Free Car Use" service pack to provide customers with "one-stop" experience. GAC Finance innovatively developed the characteristic credit product "Production and Sales Loan", and expanded the business of inventory financing and remittance loans, which supported the Group's automobile sales.

In the field of mobility transportation services, ON TIME entered the markets in Zhuhai, Shenzhen and Dongguan, basically forming a travel network covering the Greater Bay Area, and key operational indicators continued to improve. In the monthly national online car-hailing operation data released by the Ministry of Transport in 2021, ON TIME's order compliance rate ranked first in the industry for 5 times.

## **7. *Deepening reform gained fruitful results***

Positive progress was made in the solid promotion of the three-year action for the reform of state-owned enterprises and improvement campaign that benchmarked against world-class management, major and difficult reforms such as tenure-based contractual management, professional manager reform, and the system reform in three aspects, namely labour, personnel and distribution. The Group's three-year action for state-owned enterprise reform had been substantially completed, which fully manifested benchmark role as a "Double-Hundred Enterprise". The State-owned Assets Supervision and Administration Commission of the State Council granted the highest Class A rating to the Group in the special evaluation of the three system reforms over "Double Hundred Enterprises". At the same time, the Group's digital transformation project (Plan G) was the only benchmark project in Guangdong being selected into establishment action of management benchmark for key state-owned enterprises by the State-owned Assets Supervision and Administration Commission of the State Council, by virtue of which the Group was recognised as a benchmark enterprise for this action.

Standardised operations continuously improved compliance and governance. The achievements in the construction of the compliance and management system were consolidated and improved by further promoting the compliance and management relating to the "one enterprise, one policy" work, strengthening special inspection and supervision in key areas, innovatively carrying out compliance "fire drills", and establishing a compliance assessment mechanism. The Group advanced audit management reform in an orderly manner, expanded the breadth and depth of economic responsibility audit and special audit supervision, steadily pushed forward various audit rectifications, established a reporting mechanism for major business risk events, and enhanced digital risk management and control.

### **(III) DISCUSSION AND ANALYSIS BY THE BOARD ON OPERATION OF THE COMPANY DURING THE REPORTING PERIOD**

During the reporting period, the Group realised sales revenue of approximately RMB429.755 billion on an aggregated basis, representing an increase of approximately 8.66% as compared with that of the corresponding period last year.

During the reporting period, the sales revenue of the Group amounted to approximately RMB75.676 billion, representing an increase of approximately 19.82% as compared with that of the corresponding period last year. The net profit attributable to owners of the parent company amounted to approximately RMB7.511 billion, representing an increase of approximately 25.94% as compared with that of the corresponding period last year. The basic earnings per share amounted to approximately RMB0.73, representing an increase of approximately RMB0.15 as compared with that of the corresponding period last year.

The major factors leading to the variation of results during the reporting period included:

1. China's economy continued to recover steadily. As a whole, the domestic automobile market remained stable, despite a series of influential factors comprising the recurrence of pandemic in certain areas of the country, the supply shortage of chips, the price increase of raw materials, and so on. Under such circumstances, with the "14th Five-Year Plan" as development and planning orientation, the Group proactively retrieved its loss and strived to push forward high-quality development. The annual sales volume of automobile increased by 4.92% year-on-year. The Group consistently persisted in positive research and development, independent innovation, accelerated the introduction of new products, and continuously enhanced the product power. During the reporting period, AION AION Y, Trumpchi EMPOW, AION AION S Plus and Trumpchi GS4 PLUS, and other new, facelifted and annual vehicle models were launched, further enriching the star product portfolio of self-developed brands. Among which, the self-developed new energy vehicles continued to record impressive sales, with annual sales volume exceeding 120,000 units, representing a year-on-year increase of 101.80%.
2. Joint ventures launched new products and technologies which continuously enhanced overall competitiveness. Among which, GAC Toyota continued its upward progress, while the main vehicle models were undersupplied. Facelifted Camry, Levin GT, new Fourth-Generation Highlander (including HEV) and Sienna were newly launched. TNGA vehicle models were continuously enriched, and the structural proportion of new energy and energy-saving products continued to increase. GAC Honda's products remained hot sellers, and Breeze 2021 Version, EA6 pure electric vehicle, and Integra, etc. were launched successively. Continuous optimisation of product portfolio steadily improved our competitiveness.

3. Ancillary businesses in the upstream and downstream of the industrial chain such as financial services, vehicle components and commercial services were deeply promoted by closely revolving around the Group's strategy, and the synergistic effect among business segments continued to emerge which facilitated the development of principal businesses. Among which, the continuous deepening of cooperation between financial enterprises as well as the business expansion and innovation strongly supported the Group's automobile sales; "ON TIME" (如祺出行) continuously enriched its product business, improved the quality of services and extended the scope of services, and its market share steadily increased during the reporting period. Its operation business expanded to Zhuhai, Shenzhen and Dongguan successively. Both the number of users and annual orders exceeded twice that of 2020.

As at 31 December 2021, calculated based on the proportion of shareholdings of the Group in the joint ventures, the total liabilities and total revenues of jointly controlled entities amounted to RMB73.075 billion and RMB135.535 billion respectively, which will be used in the calculation of waivers granted by the Stock Exchange to the Company in respect of asset and revenue ratios.

#### (IV) ANALYSIS OF PRINCIPAL BUSINESS

##### **Analysis of changes of items in the consolidated statement of comprehensive income and the cash flow statement**

*Unit: 100 million Currency: RMB*

<b>Item</b>	<b>Current period</b>	<b>Corresponding period last year</b>	<b>Change (%)</b>
Revenue	756.76	631.57	19.82
Costs of sales	717.77	608.61	17.94
Selling and distribution costs	43.40	36.41	19.20
Administrative expenses	45.56	38.50	18.34
Finance costs	4.25	4.40	-3.41
Interest income	3.16	4.32	-26.85
Share of profit of joint ventures and associates	114.04	95.71	19.15
Net cash flow generated from operating activities	-64.91	-36.71	-76.82
Net cash flow generated from investing activities	72.35	-29.38	346.26
Net cash flow generated from financing activities	7.77	-11.78	165.96

## 1. Analysis on revenue and cost

During the reporting period, revenue of the Group amounted to approximately RMB75.676 billion, representing an increase of approximately 19.82% as compared with the corresponding period last year. This was mainly due to the combined effect of stable and improving domestic economy, the continuous positive growth of production and sales in the automobile industry despite its growth rate slowed down month by month in the second half of the year, and the increasingly enriched vehicle models under self-developed brands of the Group with ever-increasing sales volume, especially the significant increase in the sales volume of “AION” new energy vehicles.

During the reporting period, the Group recorded costs of sales of approximately RMB71.777 billion, representing an increase of approximately 17.94% as compared with the corresponding period last year. Total gross profit amounted to approximately RMB3.899 billion, representing an increase of approximately RMB1.603 billion or approximately 69.82% as compared with the corresponding period last year. Gross profit margin increased by 1.51% as compared with the corresponding period last year, which was mainly due to the combined effect of overcoming the impact of the supply shortage of automotive chips and the increase in raw material prices, and the year-on-year increase in production and sales volume of vehicle models of the Group’s self-developed brands, leading to corresponding increase in both costs and economies of scale.

### Principal business by industry

*Unit: 100 million Currency: RMB*

By industry	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Automobile manufacturing industry	491.80	478.67	2.67	29.63	27.03	292.65
Auto-parts manufacturing industry	31.88	30.27	5.05	6.30	3.98	72.35
Commercial services	211.10	198.41	6.01	7.21	6.51	11.50
Financial services and others	<u>21.98</u>	<u>10.42</u>	<u>52.59</u>	<u>-13.12</u>	<u>-36.46</u>	<u>49.49</u>
Total	<u>756.76</u>	<u>717.77</u>	<u>5.15</u>	<u>19.82</u>	<u>17.94</u>	<u>41.48</u>

## Principal business by product

Unit: 100 million Currency: RMB

By product	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Passenger vehicles	491.80	478.67	2.67	29.63	27.03	292.65
Vehicles related trades	242.98	228.68	5.89	7.09	6.17	16.40
Financial services and others	<u>21.98</u>	<u>10.42</u>	<u>52.59</u>	<u>-13.12</u>	<u>-36.46</u>	<u>49.49</u>
Total	<u><u>756.76</u></u>	<u><u>717.77</u></u>	<u><u>5.15</u></u>	<u><u>19.82</u></u>	<u><u>17.94</u></u>	<u><u>41.48</u></u>

## Principal business by region

Unit: 100 million Currency: RMB

By region	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Mainland China	737.89	702.83	4.75	18.83	17.43	31.22
Overseas	<u>18.87</u>	<u>14.94</u>	<u>20.83</u>	<u>78.02</u>	<u>47.92</u>	<u>341.31</u>
Total	<u><u>756.76</u></u>	<u><u>717.77</u></u>	<u><u>5.15</u></u>	<u><u>19.82</u></u>	<u><u>17.94</u></u>	<u><u>41.48</u></u>



## Principal business by sales model

Unit: 100 million Currency: RMB

By sales model	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Distributor sales model	491.80	478.67	2.67	29.63	27.03	292.65
Others	<u>264.96</u>	<u>239.10</u>	<u>9.76</u>	<u>5.06</u>	<u>3.15</u>	<u>20.64</u>
Total	<u><u>756.76</u></u>	<u><u>717.77</u></u>	<u><u>5.15</u></u>	<u><u>19.82</u></u>	<u><u>17.94</u></u>	<u><u>41.48</u></u>

## Analysis of sales and production volume

Unit: Vehicle

Major products	Production volume	Sales volume	Inventory	Increase/decrease in production volume over last year (%)	Increase/decrease in sales volume over last year (%)	Increase/decrease in inventory over last year (%)
Sedans	122,334	121,399	2,915	117.44	116.58	54.72
SUV	201,228	208,402	5,871	-7.45	-7.16	-51.44
MPV	121,065	114,555	8,709	67.60	55.89	298.76

Illustration on production and sales volume: mainly the production and sales data of GAMC and GAC AION within the scope of consolidation.

## Sales to major customers

*Unit: 100 million Currency: RMB*

<b>Customers</b>	<b>Revenue</b>	<b>Ratio to revenue (%)</b>
Total sales to top 5 clients	24.79	3.30

## Major Suppliers

*Unit: 100 million Currency: RMB*

<b>Suppliers</b>	<b>Amount of procurement</b>	<b>Ratio to total procurement (%)</b>
Total procurement from the top 5 suppliers	108.78	15.73

Amount of procurement fees paid to the largest supplier of the Group accounted for 6.84% of the total amount of procurement fees of the Group for the year.

During the year, to the directors' knowledge, no directors, supervisors or their close associates or shareholders holding more than 5% of the Company's share capital has any interest in the top 5 suppliers.

## 2. Expenses

- (1) The year-on-year increase of approximately RMB699 million in selling and distribution costs was mainly attributable to the combined effect of the increase in advertising and promotion expenditures, and corresponding increase in aftersales service charge with the increase of sales volume during the reporting period.
- (2) The year-on-year increase of approximately RMB706 million in administrative expenses was mainly attributable to the combined effect of amortisation of equity incentive expenses during the reporting period.

- (3) The year-on-year decrease of approximately RMB15 million in finance costs was mainly attributable to the combined effect of the changes in borrowing structure which led to a decrease in interest expenses during the reporting period as compared with the corresponding period last year.
- (4) The year-on-year decrease of approximately RMB116 million in interest income was mainly attributable to the combined effect of the impact of decrease in cash deposits which led to a decrease in interest income during the reporting period as compared with the corresponding period last year.

### 3. *Research and development expenditures*

#### (1) **Table of research and development expenditures**

*Unit: 100 million    Currency: RMB*

Expensed research and development expenses for the period	8.27
Capitalised research and development expenses for the period	42.81
Total research and development expenditures	51.08
Percentage of total research and development expenditures over total revenue (%)	6.75
Number of research and development staff	5,529
Number of research and development staff over total number of staff (%)	17.31
Percentage of capitalised research and development expenditures (%)	83.81

- (2) During the reporting period, expenditures in research and development amounted to approximately RMB5.108 billion, representing a year-on-year increase of RMB66 million, which was mainly attributable to the continuous enhancement of independent research and development and innovation capacity to improve the quality system, along with the simultaneous propulsion of the development projects of traditional energy vehicle models and new energy vehicle models and research and development of core parts and components during the reporting period.

### 4. *Share of profit of joint ventures and associated companies*

During the reporting period, the Group's share of profit of joint ventures and associated companies amounted to approximately RMB11.404 billion, representing a year-on-year increase of approximately RMB1.833 billion, which was mainly attributable to the combined effect of the increase in profit of Japanese series joint ventures.

## 5. *Cash flows*

- (1) During the reporting period, net cash outflow generated from operating activities amounted to approximately RMB6.491 billion, representing an increase in net outflow of approximately RMB2.820 billion as compared with the net cash outflow of approximately RMB3.671 billion in the corresponding period last year, which was mainly attributable to the combined effect of the decrease in net deposit of non-consolidated companies in GAC Finance as compared with the corresponding period last year and the increase in the expenditures on purchase of commodities for finance lease business during the reporting period;
- (2) During the reporting period, net cash inflow generated from investing activities amounted to approximately RMB7.235 billion, representing a decrease of net outflow of approximately RMB10.173 billion as compared with net cash outflow of approximately RMB2.938 billion in the corresponding period last year, which was mainly due to the combined effect of the increase in profits distribution from investment enterprises and recovery of financial assets invested by financial enterprises as compared with the corresponding period last year during the reporting period;
- (3) During the reporting period, net cash inflow generated from financing activities amounted to approximately RMB777 million, representing an increase of net inflow of approximately RMB1.955 billion as compared with the net cash outflow of approximately RMB1.178 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in borrowings and securitisation financing used for finance lease business as compared with the corresponding period last year during the reporting period;
- (4) As at 31 December 2021, cash and cash equivalent of the Group amounted to approximately RMB17.235 billion, representing an increase of approximately RMB1.444 billion as compared with approximately RMB15.791 billion as at 31 December 2020.

## 6. *Others*

Income tax amounted to approximately RMB-154 million, representing a year-on-year increase of approximately RMB202 million, which was mainly attributable to changes in profit of certain enterprises during the reporting period.

To sum up, the Group's net profit attributable to owners of the parent company for the reporting period amounted to approximately RMB7.511 billion, representing a year-on-year increase of approximately 25.94%. Basic earnings per share amounted to approximately RMB0.73, representing a year-on-year increase of approximately RMB0.15.

## (V) ANALYSIS OF ASSETS AND LIABILITIES

### 1. *Analysis table of assets and liabilities*

*Unit: 100 million Currency: RMB*

<b>Item</b>	<b>Balance at the end of current period</b>	<b>Balance at the end of current period over total assets (%)</b>	<b>Balance at the end of the previous period</b>	<b>Balance at the end of the previous period over total assets (%)</b>	<b>Change (%)</b>
Trade and other receivables – current	251.10	16.28	196.16	13.73	28.01
Prepayments and long-term receivables	80.09	5.19	50.56	3.54	58.41
Financial assets at fair value through profit or loss – non-current	19.46	1.26	43.75	3.06	-55.52
Borrowings – current	98.89	6.41	65.04	4.55	52.04
Contract liabilities	26.27	1.70	14.93	1.05	75.95

### 2. *Analysis on change*

- (1) Trade and other receivables – current: mainly due to the combined effect of the increase in production and sales volume which led to the corresponding increase in trade receivables during the reporting period;
- (2) Prepayments and long-term receivables: mainly due to the combined effect of the increase of finance leasing business and the increase in non-current loans made during the reporting period;
- (3) Financial assets at fair value through profit or loss – non-current: mainly due to the combined effect of the decrease in investment in financial products by financial enterprises during the reporting period;
- (4) Borrowings – current: mainly due to the combined effect of the increased capital demand for business development of certain enterprises during the reporting period;
- (5) Contract liabilities: mainly due to the combined effect of the increase in production and sales volume and supply shortage of vehicle chips during the reporting period which led to the increase in products not yet delivered.

## **(VI) ANALYSIS OF FINANCIAL POSITION**

### **1. *Financial indicators***

As at 31 December 2021, the Group's current ratio was approximately 1.25 times, representing a decrease from approximately 1.33 times as at 31 December 2020, and quick ratio was approximately 1.08 times, representing a decrease from approximately 1.18 times as at 31 December 2020, which were within reasonable range.

### **2. *Financial resources and capital structure***

As at 31 December 2021, the Group's current assets amounted to approximately RMB61.192 billion, current liabilities amounted to approximately RMB49.133 billion and current ratio was approximately 1.25 times.

As at 31 December 2021, total borrowings amounted to approximately RMB17.415 billion, mainly consisting of corporate bonds issued by the Group with nominal value of RMB3 billion, convertible bonds with closing balance of approximately RMB2.374 billion, receivables targeted asset-backed notes with closing balance of approximately RMB688 million, asset-backed securities with closing balance of approximately RMB950 million and borrowings from bank and financial institutions with closing balance of approximately RMB10.153 billion, etc. The above borrowings and bonds are payable upon maturity. The Group generally funds its business and operational capital needs with its own operating cash flow.

As at 31 December 2021, the Group's gearing ratio was approximately 15.82% (Calculation of gearing ratio: (borrowings in non-current liabilities + borrowings in current liabilities)/(total equity + borrowings in non-current liabilities + borrowings in current liabilities)).

### **3. *Foreign exchange risk***

As the Group mainly conducts its business in the PRC and the sales and procurement in the PRC were denominated in RMB, changes in foreign exchange did not have any material effect on the Group's operating results and cash flow during the reporting period.

### **4. *Contingent liabilities***

As at 31 December 2021, third-party guarantee committed by the Group amounted to RMB0, whereas that as at 31 December 2020 was RMB0; as at 31 December 2021, financial guarantee given by the Company to its subsidiaries amounted to RMB0, and that as at 31 December 2020 was RMB0.

## (VII) ANALYSIS OF AUTOMOBILE MANUFACTURING INDUSTRY OPERATION

### 1. *Production capacity*

Names of major factories	Existing production capacity		
	Designed production capacity (ten thousand units)	Production capacity during the reporting period (ten thousand units)	Production capacity utilisation rate (%)
GAC Honda	77	78.71	102.22
GAC Toyota	80	82.33	120.08
GAMC (including GAC AION)	82	44.76	54.59
GAC Mitsubishi	20	6.11	30.55
GAC FCA	32.8	1.63	4.97
GAC Hino	1	0.21	21.00
GAC BYD	0.5	0.06	12.00
Total	293.3	213.81	75.86

*Note:*

1. Production capacity during the reporting period refers to the actual production volume during the reporting period.
2. GAC Toyota completed production capacity of 200,000 units/year which was put into operation in July 2021, and the production capacity utilisation rate has been converted according to the actual production progress.

## Production capacity in construction

*Unit: '0,000 Currency: RMB*

Names of the factories in construction	Planned investment amount	Investment amount during the reporting period	Total investment amount	Expected commencement date of production	Expected production capacity
Smart ecological plant of GAC AION	409,430	28,350	369,357	February 2022	200,000 units
GAC Toyota new energy vehicle expansion project (phase II)	634,200	132,007	343,145	2022	200,000 units
GAC Honda new energy vehicle (120,000 units/year) production capacity expansion	349,510	25,708	25,708	2024	120,000 units

*Note:*

1. Phase I of the new energy vehicle production capacity expansion project of GAC's self-developed brand for passenger vehicles (100,000 units) was completed and put into operation in 2019, and phase II (100,000 units) was completed in February 2022.
2. Phase I of GAC Toyota new energy vehicle expansion project was officially completed in July 2021, and phase II is scheduled to be completed in 2022.

### **Production capacity calculation standards**

Calculated based on standard production capacity and two production shifts.



## 2. Sales and production volume of whole vehicles

### By vehicle models

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total production volume compared with the corresponding period last year (%)
Passenger vehicle	2,141,675	2,040,313	4.97	2,135,377	2,031,206	5.13
Sedans	1,012,823	979,099	3.44	1,007,616	976,355	3.20
MPV	160,712	115,751	38.84	166,519	114,945	44.87
SUV	968,140	945,463	2.40	961,242	939,906	2.27
Commercial vehicle	2,712	3,443	-21.23	2,750	3,628	-24.20
Total vehicles	2,144,387	2,043,756	4.92	2,138,127	2,034,834	5.08

### By regions

Vehicle types	Domestic sales (units)			Overseas sales (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)
Passenger vehicle	2,120,992	2,023,964	4.79	20,683	16,349	26.51
Sedans	1,003,099	973,742	3.01	9,724	5,357	81.52
MPV	160,101	115,318	38.83	611	433	41.11
SUV	957,792	934,904	2.45	10,348	10,559	-2.00
Commercial vehicle	2,712	3,443	-21.23	-	-	-
Total vehicles	2,123,704	2,027,407	4.75	20,683	16,349	26.51

*Note:* The above sales and production data includes that of the joint ventures and associated companies.

### 3. *New energy vehicle business*

#### **Production capacity of new energy vehicles**

<b>Name of major factory</b>	<b>Designed production capacity (units)</b>	<b>Production capacity during the reporting period (units)</b>	<b>Production capacity utilisation rate (%)</b>
Smart ecological plant (phase I) of GAC AION	100,000	121,400	121.40

*Note:* Production capacity during the reporting period refers to the actual production volume during the reporting period.

#### **Sales and production volume of new energy vehicles**

<b>Vehicle types</b>	<b>Sales volume (units)</b>			<b>Production volume (units)</b>		
	<b>Total number for the year</b>	<b>Total number for last year</b>	<b>Changes in total sales volume compared with the corresponding period last year (%)</b>	<b>Total number for the year</b>	<b>Total number for last year</b>	<b>Changes in total production volume compared with the corresponding period last year (%)</b>
Passenger vehicle	120,690	60,915	98.13	121,811	61,052	99.52

#### **Income and subsidies for new energy vehicles**

*Unit: '0,000 Currency: RMB*

<b>Vehicle types</b>	<b>Income</b>	<b>Subsidy for new energy vehicle</b>	<b>Ratio of subsidy (%)</b>
Passenger vehicles	1,732,804	175,693	10.14

## **(VIII) MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST**

Nil.

## **(IX) ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES**

GAC Honda, GAC Toyota, GAMC and GAC AION are the key joint ventures and subsidiaries of the Group. During the Reporting Period, they made every effort to overcome the impact and challenges of chip shortages, rising raw material prices, and resurgence of pandemic, and achieved steady growth in production and sales volume throughout the year; meanwhile, through measures such as product structure adjustment and strengthening of cost control, steady improvement in operating efficiency was achieved.

The production and sales volume of GAC Honda were 787,109 units and 780,266 units respectively, representing year-on-year decreases of 2.29% and 3.17% respectively; operating income was RMB114,810.25 million, representing a year-on-year decrease of approximately 3.05%;

The production and sales volume of GAC Toyota were 823,296 units and 828,000 units respectively, representing year-on-year increases of 7.62% and 8.23% respectively; operating income was RMB129,464.53 million, representing a year-on-year increase of approximately 16.89%;

The production and sales volume of GAMC were 323,245 units and 324,201 units respectively, representing year-on-year increases of 13.30% and 10.35% respectively; operating income was RMB52,885.12 million, representing a year-on-year increase of approximately 26.02%.

The production and sales volume of GAC AION were 121,382 units and 120,155 units respectively, representing year-on-year increases of 102.51% and 101.80% respectively; operating income was RMB17,265.22 million, representing a year-on-year increase of approximately 84.27%.

## **(X) STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY**

Not applicable.

## **(XI) DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT**

### ***1. Industry layout and trend***

In 2021, the automotive industry overcame unfavourable factors such as the resurgence of the pandemic, chip shortage, continuously rising raw material prices and power restrictions, and showed a stable but increasing development trend in the annual automotive production and sales, demonstrating strong development resilience and momentum. In terms of full-year developments, vehicle production and sales showed a year-on-year growth in 2021, ending the three consecutive years of decline since 2018. New energy vehicles were shifting from policy-driven to policy and market driven prospects.

Looking ahead to 2022, the implementation of China's strategy to expand domestic demand will play a good role in supporting the stability of automobile consumption. However, the global economic recovery and the COVID-19 outbreak are still unstable and uncertain, and supply chain risks such as chip supply shortages and rising raw material prices still exist, and the automotive industry will face certain challenges. According to the China Association of Automobile Manufacturers, total vehicle sales volume in China are expected to reach 27.5 million units in 2022, representing a year-on-year increase of approximately 5.4%.

At the same time, the vehicle market presents a new pattern and new changes. Firstly, new energy vehicles enters a new stage by shifting from policy-driven to market-driven. With the introduction of the national "Dual Carbon" strategy, the advancement of new energy technologies, and the continuous enrichment of products, the new energy vehicle market has entered a stage of explosive growth. According to data from the China Association of Automobile Manufacturers, the domestic new energy vehicle market share increased to 13.4% in 2021, which was 8% higher than the previous year. Secondly, the proportion of joint venture brands and independent brands has changed, benefitting from the combined effect of multiple factors such as the overall upward force of independent brands in recent years, the evolution of the trend of electrification and intelligentisation, and the iteration of consumption concepts of the new generation, the market share of independent brands has continued to increase. According to data from the China Association of Automobile Manufacturers, the market share of Chinese passenger vehicles brands reached 44.4% in 2021, representing an increase of about 6% compared with the previous year. Thirdly, product personalisation and differentiation have become the trend, and intelligentisation has become the cognitive focus of consumers. Consumers prefer products with individuality and differentiated labels, and pay more attention to iterative upgrades of OTA functions and intelligent experience based on scenarios. Vehicles have gradually become a part of personal intelligent life from a mere means of transportation.

## **2. *Development strategy of the Company***

During the period of the “14th Five-Year Plan”, the Group will adhere to the development principle of “internal collaborative innovation and external open cooperation” to implement the “1615” development strategy, namely, to achieve one goal, which is to, by the end of “14th Five-Year Plan” period, challenge the production and sales volume of vehicles of 3.5 million units with new energy vehicles of self-developed brands accounting for 50% of the sales volume of the self-developed brands, and to become an advanced mobile mobility service provider in the industry; to consolidate six major segments by strengthening the six major segments including R&D, manufacture of vehicle, parts and components, commercial services, financial services and mobility transportation services; to highlight one key point by fully improving independent innovation capabilities to achieve high quality development of the Group; and to achieve five major improvements by fully realising the five major improvements in electrification, intelligent networking, digitalisation, sharing and internationalisation.

With the vision for 2035, GAC Group will strive to become a world-class enterprise with global competitiveness which is trusted by customers, brings employees happiness and is anticipated by the society, and continuously create value for the colourful mobile life of mankind.

To support the implementation of the national “Dual Carbon” target, the GAC Group will implement the “GLASS Plan” to achieve full life-cycle carbon neutrality of its products by 2050 (challenge to achieve the target in 2045).

## **3. *Operational plan***

In 2022, the Group will adhere to the general tone of seeking progress while maintaining stability, thoroughly apply the new development philosophy, actively construct a new development layout, and focus on the vision for 2035 and the “14th Five-Year” development plan, so as to build a “growing, effective, quality, autonomous, scientific, efficient and responsible GAC” and work hard to achieve the Group’s high-quality development.

In 2022, the Group will strive for the goal of a 15% year-on-year growth in annual automobile sales. Aiming at further improving the product structure and enhancing the overall competitiveness, the Group plans to launch more than 10 new and facelifted models, mainly including GAC Trumpchi EMKOO, upgraded M8, EMPOW HEV, GAC AION AION LX Plus, AION Y Plus, GAC Honda Integra Sport Hybrid, facelifted Breeze, facelifted Vezele, brand new SUV, e:NP1 (the first PEV of Honda), GAC Toyota Frontlander, Venza, bZ4X, GAC Mitsubishi AIRTREK, upgraded Outlander etc.

The major operational measures are as follows:

- (1) Focus on strategic implementation, fulfill business objectives, and create a growing GAC. On the general basis of making progress while ensuring stability, fully explore business potential, digest the impact of rising raw material prices, build a safe and controllable supply system, and make every effort to achieve the target for the whole year.
- (2) Focus on customer experience, make innovation on products and services, and create a quality GAC. With precise product orientation, aim to create star products; do well in customer operation, innovate marketing methods, speed up the construction of a new marketing “golden triangle” digital system, create a characteristic service system, enhance customer experience, improve customer stickiness and customer satisfaction; actively give full play to the advantages of trade and business, deepen the combination of industry and finance, expand the service ecological chain, and drive the development of the major business.
- (3) Focus on the quality of development, vigorously reduce losses and turn losses, and create an effective GAC. Dedicate to increasing revenue and reducing expenditure, strengthen the coordination of resources, speed up reform and innovation, assist loss-making enterprises to enhance their core competence, and improve operation performance.
- (4) Focus on the second take-off, promote synergy, and build an autonomous GAC. Self-developed brands continue to improve the decision-making and coordination ability of the integration of R&D, production and marketing to improve the operation mechanism of the overall supervision. Adhere to “smart appearance + high technology + PVA leadership + differentiated characteristics”, improve the product matrix, continue to deepen the reform of marketing innovation and double-track operation of “direct marketing + distribution”, promote the modular architecture design of the platform, continuously improve the generalisation rate of platform parts, and focus on key markets to steadily promote international business.

- (5) Focus on the Four Modernisations, speed up integration and innovation, and create a technological GAC. Continue to promote the industrialised installment of self-developed battery cells, integrated electric drives and integrated controllers, proactively promote the construction of the pilot line of self-developed batteries, consolidate the advantages of electrification, speed up the making up of the shortcomings of the core technologies of intelligent network connection, enhance the independent controllable ability of intelligent network connection, use industrial investment to energise technological innovation, actively invest in hard-tech enterprises in the fields such as new energy, intelligent network connection and chips, accelerate the digital transformation, promote the construction of GAC intelligent network big data platform and user operation platform; explore the development of sharing, and expand the after-market car service ecology of “ON TIME” (如祺出行).
- (6) Focus on reform and empowerment, optimise the system and mechanism, and build up an efficient GAC. Carry forward a tenure system and contract-based management for managers of enterprises at all levels, speed up the mixed-ownership reform and the introduction of strategic investment for GAC AION and other enterprises, and promote business process re-engineering and efficiency improvement. Optimise the construction of compliance management system, continuously improve the audit management system, and strengthen risk management and control.
- (7) Focus on brand upgrading, be an excellent corporate citizen, and build up a responsible GAC. Accelerate its construction of brand culture and the implementation of the “14th Five-Year Plan” special brand plan, improve the efficiency of talent teams, and speed up the introduction of high-end talents in the “New Four Modernisations” and other fields; proactively perform social responsibilities, make all efforts to promote the implementation of “Green Low-carbon for Achieving Sustainable Success” through coordinating and forming a series of measures on peaking carbon dioxide emissions and carbon neutralisation, and solidly carry forward rural revitalisation and industrial assistance.

#### **4. Potential risks**

##### **(1) Risk of supply chain**

Due to the uncertainty of the COVID-19 pandemic worldwide, the global chips supply is expected to remain tight. Domestic automobile enterprises are exposed to greater supply chain risks since the local replacement process in chips is slow. Although the Company has reduced losses caused by shortage in chips supply through strengthening cooperation with chips manufacturers and optimising the production schedule of vehicle models, if the shortage in supply of chips continue, it will have a relatively significant impact on the Company's production and operation. Meanwhile, if geopolitical conflicts in international regions intensify continuously, the suspension of the global supply chain might continue to extend, which would have an impact on our production and operation.

##### **(2) Risk of rising raw material cost**

Since 2021, the market price of raw materials has remained stable after rising to a high level, without a significant decline. Combined with the rising unit price of energy, automobile companies are facing greater cost pressure. Although the Company actively takes cost control measures, greater cost pressure caused by prevailing high raw materials prices brings uncertainties to the attainment of the Company's profit targets.

##### **(3) Risks of policies**

In order to adapt to increasingly stringent emission standards and meet the requirements of the "Dual Credit" policy, every automobile manufacturing enterprise must make reasonable adjustments to their product development initiatives and product portfolios. Under the adverse impact such as the further decrease in new energy vehicle subsidies, new energy vehicle enterprises shall further control costs while continuing to enhance product competitiveness and reduce dependence on subsidy policies, thereby facing greater operating pressure.

##### **(4) Risk of pandemic resurgence**

The continuous recurrence of the COVID-19 pandemic may block the flow of people and logistics, and will have certain impacts on the operation of the macro economy and the consumption capacity of residents, which in turn will have an impact on the production and sales of automobile enterprises.



## **OTHER DISCLOSURES**

### **(I) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the year.

### **(II) CORPORATE GOVERNANCE**

During the year, the Company has complied with Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

### **(III) AUDIT COMMITTEE**

The audit committee of the Company comprised three independent non-executive directors, namely Mr. Wong Hakkun (Chairman), Mr. Xiao Shengfang and Mr. Song Tiebo. Their main responsibilities include supervising annual audit and internal audit system, financial information and disclosure thereof of the Company. The audit committee has mainly reviewed the quarterly, interim and final results and evaluated the internal control system during the reporting period. The audit committee has also reviewed the results and financial statements of the Group for the year ended 31 December 2021.

### **(IV) SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Nil.

### **(V) DIVIDEND**

The Board recommended the payment of a final dividend for the year ended 31 December 2021 of RMB0.17 per share (Total dividend for 2021: RMB0.22 per share) (Total dividend for 2020: RMB0.18 per share). The proposed final dividend for the year is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. Details of the annual general meeting, the arrangement for closure of register of members and dividend payment date will be announced later.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms used shall have the following meanings set out below:

“associate(s)”, “associated company(ies)” or “associated enterprise(s)”	all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
“Board”	the board of directors of the Company
“China Lounge Investments”	China Lounge Investments Limited (中隆投資有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong
“Company” or “GAC”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
“Da Sheng Technology”	Da Sheng Technology Co., Ltd.(大聖科技股份有限公司), a subsidiary of the Company established in June 2016 under PRC law, in which the Company and Urtrust Insurance hold approximately 74.30% equity interests in total
“GAC AION”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車有限公司) (formerly known as Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2017 under PRC law
“GAC Aisin”	GAC Aisin Automatic Gearbox Co., Ltd. (廣汽愛信自動變速器有限公司), an associated company jointly funded and established by GAMC, AISIN AW Co., Ltd. and Aida (China) Investment Co., Ltd. in December 2018 under PRC law, in which the Company indirectly holds 40% equity interests
“GAC Business”	GAC Business Co., Ltd. (廣汽商貿有限公司) (formerly known as Guangzhou Automobile Group Business Co., Ltd. (廣州汽車集團商貿有限公司)), a wholly-owned subsidiary of the Company incorporated in March 2000 under PRC law
“GAC BYD”	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), a jointly controlled entity incorporated in August 2014 under PRC law by the Company and BYD Company Limited, and the Company holds 49% of its equity interests
“GAC Capital”	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary of the Company incorporated in April 2013 under PRC Law

“GAC Component”	GAC Component Co., Ltd. (廣汽零部件有限公司) (formerly known as Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司)), a wholly-owned subsidiary incorporated in August 2000 under PRC law by the Company and its subsidiaries
“GAC FCA”	GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司) (formerly known as GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司)), a jointly controlled entity incorporated in March 2010 under PRC law by the Company and Fiat Chrysler Automobiles (Fiat Chrysler Automobiles merged with the former Groupe PSA to form Stellantis Group in January 2021)
“GAC Finance”	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), a wholly-owned subsidiary incorporated in January 2017 under PRC law by the Company
“GAC Hino”	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a jointly controlled entity incorporated in November 2007 under PRC law by the Company and Hino Motors, Ltd.
“GAC Honda”	GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co., Ltd. (廣州本田汽車有限公司)), a jointly controlled entity incorporated in May 1998 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“GAC Mitsubishi”	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a jointly controlled entity incorporated in September 2012 under PRC law by the Company, Mitsubishi Motors Corporation and Mitsubishi Corporation
“GAC-SOFINCO”	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a jointly controlled entity incorporated in May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)
“GAC Toyota”	GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co., Ltd. (廣州豐田汽車有限公司)), a jointly controlled entity incorporated in September 2004 under PRC law by the Company, Toyota Motor Company and Toyota Motor (China) Investment Co., Ltd.
“GAC Toyota Engine”	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated in February 2004 under PRC law by the Company and Toyota Motor Company, and the Company holds 30% of its equity interests

“GAEI”	Guangzhou Automobile Group Company Automotive Engineering Institute, a branch company of the Company established in June 2006 for the purpose of conducting research and development of the products and technology in which the Company has proprietary rights
“GAMC”	GAC Motor Co., Ltd. (廣汽乘用車有限公司) (formerly known as Guangzhou Automobile Group Motor Co., Ltd. (廣州汽車集團乘用車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2008 under PRC law
“Group” or “GAC Group”	the Company and its subsidiaries
“HYCAN Automobile”	HYCAN Automobile Technology Co., Ltd.(合創汽車科技有限公司) (formerly known as GAC Nio New Energy Automobile Technology Co., Ltd. (廣汽蔚來新能源汽車科技有限公司)), a company jointly funded and established by the Company and Nio, Inc. in April 2018 under PRC law, in which 25% of its equity interests are jointly held by the Company and its subsidiaries after the completion of capital injection in January 2021
“joint venture(s)” or “jointly controlled entity(ies)”	joint venture companies under direct or indirect joint control, and no participating party has unilateral control power over the economic activities of such jointly controlled entity as a result of such direct or indirect joint control
“Juwan Technology Research”	Guangzhou Juwan Technology Research Co., Ltd., an associated company incorporated in September 2020 under PRC law and jointly funded and established by the Company, GAC Capital, Guangzhou Juwan Investment Partnership (Limited Partnership) and other natural person shareholders, in which the Company and GAC Capital jointly hold 39% equity interests
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange as amended from time to time
“MPV”	multi-purpose passenger vehicle
“ON TIME”	a mobile mobility platform established in April 2019 and launched by the Company through Chenqi Technology Limited (including its subsidiaries) established by China Lounge Investments and Tencent, and its controlling company, and is indirectly held 35% by the Group
“PRC” or “China”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Hino”	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated company incorporated in October 2003 under PRC law by the Company and Hino Motors, Ltd., in which the Company holds 30% equity interests
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUV”	sports utility vehicle
“Times GAC”	Times GAC Energy Battery System Co., Ltd. (時代廣汽動力電池有限公司), an associated company jointly funded and established by the Company, GAC AION and Contemporary Amperex Technology Co., Ltd. in December 2018 under PRC law, in which the Company and GAC AION hold 49% equity interests in total
“Urtrust Insurance”	Urtrust Insurance Co., Ltd. (眾誠汽車保險股份有限公司), a subsidiary incorporated in June 2011 under PRC law by the Company, and in which the Company directly and indirectly holds a total of 53.55% equity interests
“Wuyang-Honda”	Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊-本田摩托(廣州)有限公司), a jointly controlled entity incorporated in July 1992 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.

By order of the Board  
**Guangzhou Automobile Group Co., Ltd.**  
**ZENG Qinghong**  
*Chairman*

Guangzhou, the PRC, 30 March 2022

*As at the date of this announcement, the executive directors of the Company are ZENG Qinghong and FENG Xingya, the non-executive directors of the Company are CHEN Xiaomu, CHEN Maoshan, DING Hongxiang, GUAN Dayuan and LIU Zhijun, and the independent non-executive directors of the Company are ZHAO Fuquan, XIAO Shengfang, WONG Hakkun and SONG Tiebo.*