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)

2012 ANNUAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2012 together with the comparative figures of the corresponding period ended 31 December 2011. The result has been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Revenue		**12,963,860**	10,984,273
Cost of sales	*4*	**(12,273,586)**	(10,559,896)
Gross profit		**690,274**	424,377
Selling and distribution costs	*4*	**(814,760)**	(589,242)
Administrative expenses	*4*	**(1,332,539)**	(1,216,442)
Interest income		**279,795**	316,222
Other gains – net	*5*	**12,865**	840,288
Operating loss		**(1,164,365)**	(224,797)
Finance costs	*6*	**(528,644)**	(414,744)
Interest income		**55,891**	57,879
Share of profit of jointly-controlled entities and associates	*7*	**2,637,092**	4,638,648
Profit before income tax		**999,974**	4,056,986
Income tax credit	*8*	**64,786**	109,914
Profit for the year		**1,064,760**	4,166,900
Other comprehensive income for the year, net of tax		**1,211**	(1,145)
Total comprehensive income for the year		**1,065,971**	4,165,755
Profit attributable to:			
Equity holders of the Company		**1,133,982**	4,271,703
Non-controlling interests		**(69,222)**	(104,803)
		1,064,760	4,166,900
Total comprehensive income attributable to:			
Equity holders of the Company		**1,134,709**	4,271,016
Non-controlling interests		**(68,738)**	(105,261)
		1,065,971	4,165,755
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– basic and diluted	*9*	**0.18**	0.69
Dividends	*10*	**579,151**	1,287,004

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2012 RMB'000	2011 RMB'000
ASSETS			
Non-current assets			
Land use rights		**1,064,581**	983,130
Property, plant and equipment		**5,927,416**	4,308,829
Investment properties		**30,580**	32,057
Intangible assets		**3,076,492**	2,273,409
Investments in jointly-controlled entities and associates	*7*	**16,881,951**	14,382,229
Deferred income tax assets		**567,622**	339,134
Available-for-sale financial assets		**144,099**	98,855
Held-to-maturity investments		**71,175**	70,142
Prepayments		**1,395,654**	465,397
		29,159,570	22,953,182
Current assets			
Inventories		**1,397,419**	1,536,698
Trade and other receivables	*11*	**3,303,090**	2,979,669
Financial assets at fair value through profit or loss		**31,455**	2,250
Time deposits		**5,558,589**	8,603,852
Restricted cash		**667,952**	297,067
Cash and cash equivalents		**9,315,874**	8,239,169
		20,274,379	21,658,705
Total assets		**49,433,949**	44,611,887
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**6,435,019**	6,148,057
Other reserves		**10,190,029**	7,869,317
Retained earnings			
– Proposed final dividend	*10*	**128,700**	1,287,004
– Others		**14,388,323**	13,905,194
		31,142,071	29,209,572
Non-controlling interests		**921,760**	976,052
Total equity		**32,063,831**	30,185,624

	Note	As at 31 December 2012 RMB'000	2011 RMB'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	*12*	**18,530**	90,733
Borrowings		**7,776,084**	7,737,314
Deferred income tax liabilities		**16,323**	38,901
Provisions		**21,587**	–
Government grants		**507,786**	353,083
		8,340,310	8,220,031
Current liabilities			
Trade and other payables	*12*	**6,375,740**	4,068,896
Borrowings		**2,514,720**	2,100,021
Current income tax liabilities		**139,348**	33,774
Provisions		–	3,541
		9,029,808	6,206,232
Total liabilities		**17,370,118**	14,426,263
Total equity and liabilities		**49,433,949**	44,611,887
Net current assets		**11,244,571**	15,452,473
Total assets less current liabilities		**40,404,141**	38,405,655

NOTES

1. GENERAL INFORMATION

The Company and its subsidiaries (the "Group") is principally engaged in the manufacturing and sales of passenger vehicles, commercial vehicles, engines and auto parts.

The registered address of the Company is 23/F, Chengyue Building, No. 448-No. 458, Dong Feng Zhong Road, Yuexiu District, Guangzhou, Guangdong, the People's Republic of China (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 limited liability company under the PRC Company Law by converting its registered share capital and reserve as at 30 June 2004 into 3,499,665,555 shares at RMB1 each. In 2009, the Company issued additional 435,091,902 shares at par value of RMB1 each to its shareholders. After the capital injection and as at 31 December 2009, the Company's total issued domestic shares were 3,934,757,457.

The Company privatised Denway Motors Limited, a subsidiary listed on the Hong Kong Stock Exchange (the "HKSE") on 27 August 2010. Thereafter, Denway has become a wholly-owned subsidiary of the Company. The Company's 2,213,300,218 newly issued shares were then listed on the HKSE by way of Introduction on 30 August 2010.

The Company previously held 29% interests in GAC Changfeng Motor Co., Ltd. ("GAC Changfeng", which was listed on the Shanghai Stock Exchange ("SSE")) and was the largest shareholder of GAC Changfeng. Subsequent to the approval by the Company's shareholders and China Securities Regulatory Commission, the Company paid cash considerations totalling RMB2,409,409,738 to the second largest shareholder of GAC Changfeng, Changfeng Group Limited Company, and the third largest shareholder, Mitsubishi Motors Corporation, to acquire 36.57% interests in GAC Changfeng held by these two companies in 2012. On 23 March 2012, the Company issued 286,962,422 RMBordinary shares in exchange for 34.43% interests in GAC Changfeng held by the remaining shareholders and then GAC Changfeng was delisted from SSE. Upon the above arrangement became effective, GAC Changfeng became a wholly owned subsidiary of the Company. On 29 March 2012, following the issuance of 286,962,422 new shares, the Company was listed on the SSE.

These financial statements are presented in thousands of Renminbi Yuan ("RMB"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 28 March 2013.

2. BASIS OF PRESENTATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

2.1 Changes in accounting policy and disclosures

(a) Amendments to existing standards mandatory effective after the accounting period beginning on or after 1 January 2012 but not relevant to the Group:

Standards	Subject of amendment	Effective for accounting periods beginning on or after
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1 July 2011
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

Standards	Subject of amendment	Effective for accounting periods beginning on or after
HKFRS 1	First-time adoption of Hong Kong Financial Reporting Standards	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle	1 January 2013
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 16	Property, plant and equipment	1 January 2013
HKAS 32	Financial instruments	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, and anticipated that the adoption of HKFRS 10 and HKFRS 11 will not lead to major changes in the classification of the Group's investments. Except for the aforementioned, the Group is in progress of assessing the impact of other new or revised standards and amendments.

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.

The executive directors considered the nature of the Group's business and determined that the Group has two reportable operating 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 comprise production and sale of motorcycles, automobile finance and insurance 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.

The segment results for the year ended 31 December 2012 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations	**Others**	**Eliminations**	**Unallocated**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total gross segment revenue	**12,736,307**	**305,155**	**(77,602)**	**–**	**12,963,860**
Inter-segment revenue	**(23,773)**	**(53,829)**	**77,602**	**–**	**–**
Revenue (from external customers)	**12,712,534**	**251,326**	**–**	**–**	**12,963,860**
Segment results	**(908,320)**	**(32,848)**	**(85,481)**		**(1,026,649)**
Unallocated income – Headquarter interest income and government grants	**–**	**–**	**–**	**274,073**	**274,073**
Unallocated costs – Headquarter expenditure	**–**	**–**	**–**	**(411,789)**	**(411,789)**
Operating loss					**(1,164,365)**
Finance costs	**(236,412)**	**(15,037)**	**–**	**(277,195)**	**(528,644)**
Interest income	**21,279**	**10,249**	**–**	**24,363**	**55,891**
Share of profit of jointly-controlled entities and associates	**2,521,383**	**115,709**	**–**	**–**	**2,637,092**
Profit before income tax					**999,974**
Income tax credit/(expense)	**22,903**	**19,876**	**65,164**	**(43,157)**	**64,786**
Profit for the year					**1,064,760**
Other segment items					
Depreciation and amortisation	**638,909**	**12,941**	**–**	**15,761**	**667,611**
(Reversal of)/provision for impairment loss of trade and other receivables	**6,044**	**118**	**–**	**(17,092)**	**(10,930)**
Impairment of inventories	**21,413**	**–**	**–**	**–**	**21,413**

The segment assets and liabilities as at 31 December 2012 and additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) for the year then ended are as follows:

	Vehicles and related operations *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Total assets	**34,135,580**	**4,375,091**	**(1,227,708)**	**12,150,986**	**49,433,949**
Total assets include:					
Investment in jointly-controlled entities and associates	**15,733,069**	**1,148,882**	**–**	**–**	**16,881,951**
Total liabilities	**10,484,526**	**780,928**	**(1,166,630)**	**7,271,294**	**17,370,118**
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	**4,108,171**	**647,169**	**–**	**1,029,249**	**5,784,589**

The segment results for the year ended 31 December 2011 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Total gross segment revenue	10,725,570	317,728	(59,025)	–	10,984,273
Inter-segment revenue	(6,837)	(52,188)	59,025	–	–
Revenue (from external customers)	10,718,733	265,540	–	–	10,984,273
Segment results	(1,043,613)	(867)	127,615		(916,865)
Unallocated income – Headquarter interest income and government grants				1,098,948	1,098,948
Unallocated costs – Headquarter expenditure				(406,880)	(406,880)
Operating loss					(224,797)
Finance costs	(162,171)	(82)	–	(252,491)	(414,744)
Interest income	20,470	10,366	–	27,043	57,879
Share of profit of jointly-controlled entities and associates	4,560,016	78,632	–	–	4,638,648
Profit before income tax					4,056,986
Income tax credit/(expense)	171,081	(784)	–	(60,383)	109,914
Profit for the year					4,166,900
Other segment items					
Depreciation and amortisation	476,392	4,289	–	9,065	489,746
(Reversal of)/provision for impairment loss of trade and other receivables	(3,769)	14	–	(20,533)	(24,288)
Impairment of inventories	21,130	–	–	–	21,130
Impairment of property, plant and equipment	5,595	–	–	–	5,595

The segment assets and liabilities as at 31 December 2011 and additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) for the year then ended are as follows:

	Vehicles and related operations *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Total assets	26,361,376	4,877,475	(1,767,030)	15,140,066	44,611,887
Total assets include:					
Investment in jointly-controlled entities and associates	13,541,742	840,487	–	–	14,382,229
Total liabilities	7,614,745	1,123,340	(1,764,751)	7,452,929	14,426,263
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	3,511,407	1,281,700	–	–	4,793,107

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Total segment assets	**37,282,963**	29,471,821
Unallocated assets:		
– Time deposits and cash and cash equivalents of headquarter	**12,150,986**	15,140,066
Total assets	**49,433,949**	44,611,887

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Total segment liabilities	**10,098,824**	6,973,334
Unallocated liabilities:		
– Borrowings of headquarter	**7,271,294**	7,452,929
Total liabilities	**17,370,118**	14,426,263

Revenue from external customers by geographical location is as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Mainland China	**12,961,965**	10,868,099
Hong Kong	**1,895**	116,174
	12,963,860	10,984,273

Revenue is allocated based on the country/place in which the customer is located.

Non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) located by geographical location are as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Mainland China	**28,272,793**	22,348,334
Hong Kong	**103,881**	96,717
	28,376,674	22,445,051

Non-current assets are allocated based on the location of the assets.

Analysis of revenue by category:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Sales of products	**12,601,049**	10,628,233
Rendering of services	**230,680**	199,685
Others	**132,131**	156,355
	12,963,860	10,984,273

4. EXPENSES BY NATURE

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Auditors' remuneration	**6,443**	7,232
Depreciation and amortisation charges	**667,611**	489,746
Impairment charges	**–**	5,595
Impairment of inventories	**21,413**	21,130
Reversal of impairment loss of trade and other receivables	**(10,930)**	(24,288)
Employee benefit expenses	**1,609,486**	1,075,552
Changes in inventories of finished goods and work-in-progress	**286,719**	151,006
Raw materials, goods and consumables used	**10,427,179**	9,163,943
Sales tax and levies	**411,510**	218,959
Transportation	**85,227**	113,022
Advertising and promotion	**524,852**	481,788
Warranty expenses	**43,252**	37,076
Research costs	**138,816**	149,126
Amortisation of government grants	**(33,093)**	(29,930)
Operating lease expenses	**50,348**	43,459
Other expenses	**192,052**	462,164
Total cost of sales, selling and distribution costs and administrative expenses	**14,420,885**	12,365,580

5. OTHER GAINS-NET

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Net foreign exchange losses	**5,821**	16,746
Gain on disposal of property, plant and equipment and land use rights	**(5,181)**	(5,266)
Donations	**74,850**	140,447
Loss on disposal of a subsidiary and an associate	**792**	1,335
Government grants	**(104,961)**	(993,103)
Others	**15,814**	(447)
	(12,865)	(840,288)

6. FINANCE COSTS

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interest expense	**560,522**	439,256
Interest capitalised in qualifying assets	**(32,614)**	(4,042)
Net foreign exchange loss/(gain) on financing activities	**736**	(20,470)
	528,644	414,744

7. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Investments in jointly-controlled entities	*(1)*	**12,313,895**	9,284,474
Investments in associates		**4,568,056**	5,097,755
		16,881,951	14,382,229

	Note	Year ended 31 December 2012 RMB'000	2011 RMB'000
Share of profit of jointly-controlled entities	*(1)*	**2,014,701**	3,872,359
Share of profit of associates		**622,391**	766,289
		2,637,092	4,638,648

(1) INVESTMENTS IN A JOINTLY-CONTROLLED ENTITY

(a) Movements of investments in jointly-controlled entities are set out as follows:

	Year ended 31 December 2012 RMB'000	2011 RMB'000
At beginning of the year	**9,284,474**	8,166,021
Additions *(Note (i))*	**4,175,888**	1,254,496
Share of profits	**2,017,247**	3,906,365
Dividends received	**(3,129,244)**	(4,042,408)
Disposal	**(34,470)**	–
End of the year	**12,313,895**	9,284,474

(i) During the year, additions in investments in jointly-controlled entities mainly represented the investment in a joint venture with Mitsubishi Motors Corporation amounting to RMB3,635,035,000 and additional capital contributions in certain jointly-controlled entities.

(b) The following amounts represent the Group's share of assets and liabilities (excluding goodwill recognized upon acquisition), and income and expenses of the jointly-controlled entities.

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Assets		
Non-current assets		
– Property, plant and equipment	**8,356,861**	7,109,745
– Other non-current assets	**2,295,694**	1,817,540
	10,652,555	8,927,285
Current assets		
– Inventories	**2,349,445**	2,148,486
– Trade and other receivables	**7,125,643**	3,116,471
– Other current assets	**7,849,310**	10,666,573
	17,324,398	15,931,530
Total assets	**27,976,953**	24,858,815
Liabilities		
Non-current liabilities		
– Borrowings	**618,715**	97,712
– Other non-current liabilities	**1,160,708**	667,728
	1,779,423	765,440
Current liabilities		
– Trade and other payables	**11,773,285**	11,253,783
– Borrowings	**4,459,333**	1,939,933
– Other current liabilities	**532,523**	1,601,239
	16,765,141	14,794,955
Total liabilities	**18,544,564**	15,560,395
Net assets	**9,432,389**	9,298,420
Non-controlling interests	**(13,787)**	(13,946)
	9,418,602	9,284,474

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Revenue	**51,132,490**	54,213,861
Cost of sales	**(43,660,273)**	(46,093,516)
Other expenditures	**(5,455,302)**	(4,216,700)
Profit for the year	**2,016,915**	3,903,645
Plus: losses shared by non-controlling interest	**332**	2,720
	2,017,247	3,906,365
Less: impact of unrealised profits arising from transactions between the Group and jointly-controlled entities	**(2,546)**	(34,006)
Share of profit of jointly-controlled entities	**2,014,701**	3,872,359

8. TAXATION

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Current income tax:		
– Hong Kong profits tax	**–**	–
– PRC enterprise income tax	**222,764**	81,423
	222,764	81,423
Deferred tax	**(287,550)**	(191,337)
	(64,786)	(109,914)

The difference between the actual income tax credit in the consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Profit before income tax	**999,974**	4,056,986
Tax calculated at domestic tax rates applicable to profits in the respective countries	**257,475**	989,689
Effect of tax holiday *(Note (i))*	**–**	(3,942)
Share of profit of jointly-controlled entities and associates	**(659,273)**	(1,159,662)
Income not subject to tax	**(16,675)**	(8,455)
Expenses not deductible for tax purposes	**37,662**	662
Utilisation of previously unrecognised tax losses	**(21,206)**	(34,973)
Tax losses for which no deferred income tax asset was recognised	**240,846**	106,767
Other – income tax related to restructuring of GAC Changfeng	**96,385**	–
Income tax credit	**(64,786)**	(109,914)

(i) All the Group companies incorporated in Mainland China are subject to Mainland China Corporate Income Tax ("CIT"), which has been calculated on the estimated assessable profits for the year at a rate of 25%, except for enterprises which were established before the publication of the CIT Law on 16 March 2007 and were entitled to preferential treatments of reduced tax rates granted by the relevant authorities. According to the CIT law, the corporate income tax rate will gradually increase to 25% within 5 years. For enterprises that enjoyed a reduced income tax rate of 15%, the tax rate was 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012. Enterprises that were entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Details of the tax rates applicable to the Company and its major jointly-controlled entities are listed as below:

	2012	2011
The Company	**25%**	25%
GAC Honda Motor Co., Ltd.	**25%**	24%
GAC Toyota Motor Co., Ltd.	**25%**	24%

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year ended 31 December 2012.

(ii) As at 31 December 2012, the Group is in the process of applying for an exemption of land appreciation tax ("LAT") from the relevant tax authorities regarding land disposal transactions in the re-organisation of GAC Changfeng. The exemption is subject to the final approval by the State Administration of Taxation ("SAT"). According to the current status of approval and the communication with the relevant tax authorities, the directors are of the opinion that the application for granting such exemption is in compliance with the relevant taxation policies prevailing in the PRC. The Company is currently applying for such approval from the SAT. Accordingly, the management has not recognised the LAT provision arising from this transaction. Should the aforementioned application not be approved by the SAT, the Group would need to pay and recognise the provision in the consolidated income statement in the year when such application could not be obtained.

9. EARNINGS PER SHARE

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

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**1,133,982**	4,271,703
Weighted average number of ordinary shares in issue (thousands)	**6,363,279**	6,148,057
Basic earnings per share (RMB per share)	**0.18**	0.69

As there were no potential dilutive ordinary shares during 2012 and 2011, diluted earnings per share was equal to basic earnings per share.

10. DIVIDENDS

Dividends paid in 2012 and 2011 were RMB1,737,455,000 and RMB676,286,000 respectively. A final dividend in respect of the year ended 31 December 2012 of RMB0.02 per ordinary share, amounting to a total dividend of approximately RMB128,700,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interim dividend paid of RMB0.07 (2011: nil) per ordinary share	**450,451**	–
Proposed final dividend of RMB0.02 (2011: RMB0.20) per ordinary share	**128,700**	1,287,004
	579,151	1,287,004

11. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**1,173,583**	899,222
Less: Provision for impairment	**(137,655)**	(135,321)
Trade receivables – net	**1,035,928**	763,901
Notes receivables	**58,972**	63,602
Deposits	**80,468**	47,663
Entrusted loans to jointly-controlled entities and associates	**76,600**	72,515
Value added tax recoverable	**208,306**	224,066
Prepayments	**364,746**	465,835
Dividends receivable	**982,330**	874,091
Other receivables	**495,740**	467,996
	3,303,090	2,979,669

(a) Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 2 to 170 days. Ageing analysis of trade receivables at respective balance sheet dates is as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Within 3 months	**610,317**	573,843
Between 3 months and 1 year	**402,522**	183,398
Between 1 and 2 years	**23,325**	4,003
Between 2 and 3 years	**3,243**	4,242
Over 3 years	**134,176**	133,736
	1,173,583	899,222

12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade payables	**2,817,243**	1,850,408
Bills payable	**1,110,902**	677,860
Advances from customers	**398,296**	335,058
Employee benefits payable	**335,440**	226,577
Other taxes	**119,166**	76,011
Commission fee payables	**18,038**	36,075
Interest payable	**192,105**	186,833
Other payables	**1,403,080**	770,807
	6,394,270	4,159,629
Less: non-current portion of trade and other payables	**(18,530)**	(90,733)
Current portion	**6,375,740**	4,068,896

As at 31 December 2012 and 2011, the ageing analysis of the Group's trade payables is as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Within 1 year	**2,771,967**	1,823,937
Between 1 and 2 years	**37,959**	20,151
Between 2 and 3 years	**3,612**	2,701
Over 3 years	**3,705**	3,619
	2,817,243	1,850,408

CHAIRMAN'S STATEMENT

In 2012, affected by factors including slowdown of growth of domestic macro-economy, continued increase of oil price, the implementation of purchase restriction in major cities, the production and sales of vehicles in the PRC during the year were 19,271,800 units and 19,306,400 units, representing an increase of 4.63% and 4.33%, respectively compared to the corresponding period last year, among which, the production and sales of passenger vehicles amounted to 15,523,700 units and 15,495,200 units, representing an increase of 7.17% and 7.07% respectively compared to the corresponding period last year; the production and sales of commercial vehicles amounted to 3,748,100 units and 3,811,200 units, representing a decrease of 4.71% and 5.49% respectively compared to the corresponding period last year. China's automotive industry is showing a slight growth. In 2012, China's motorcycle industry encountered decline in both domestic and export sales, being the first time in the past five years. Sales of motorcycles amounted to 23,650,000 units in the year, representing a decrease of 12% compared to the corresponding period last year, among which domestic sales and export amounted to 14,710,000 units and 8,940,000 units, representing a decrease of 9% and 17% respectively compared to the corresponding period last year. During the reporting period, especially due to factors such as the Sino-Japanese Diaoyu Island incident and the new enterprises being at their initial stage, production and sales of vehicles of the Group together with its joint ventures and associated companies were 703,300 units and 712,200 units, representing a decrease of 5.57% and 3.8%, respectively compared to the corresponding period last year, among which, the production and sales of passenger vehicles amounted to 670,700 units and 680,100 units, representing a decrease of 7.73% and 5.69% respectively compared to the corresponding period last year; the production and sales of commercial vehicles amounted to 32,600 units and 32,100 units, representing an increase of 82.49% and 66.54% respectively compared to the corresponding period last year; and the production and sales of motorcycles amounted to 943,600 units and 951,000 units, representing an increase of 0.95% and 5.65% respectively compared to the corresponding period last year.

During the reporting period, operating income of the Group together with its joint ventures and associated companies amounted to approximately RMB147,704 million, representing a decrease of approximately RMB10,022 million or 6.35% compared to the corresponding period last year. Operating income of the Group amounted to approximately RMB12,964 million, representing an increase of approximately 18.03% compared to the corresponding period last year. Net profit attributable to owners of the parent company amounted to approximately RMB1,134 million, representing a decrease of approximately 73.46%.

The Board adhered to its general work instruction principles of "spurring development and coping with future challenges by innovation and reform", rose to challenges by grasping opportunities amid crises and pushing forward aggressively in adversity and thus ensured stability in production and operation of the Group to the greatest possible extent. It also made breakthroughs in aspects including listing of A shares, business development of proprietary brands, deepening of joint venture cooperation, improvement in the incentive mechanism, strengthening of internal control and risk management.

Looking forward to 2013, although there remain many uncertainties in the global economy. China's economy is expected to keep up its steady growth. With such objective conditions as gradual development of urbanization and rigid demand for automobiles, there is still room for sustainable growth of China's automobile market, energy-saving and new energy vehicles are also expected to have greater development opportunities and the industry growth rate is expected to be 8%.

In 2013, on the foundation of former business and industrial layout, the Group will focus more on enhancing product competitiveness, strengthening establishment of its own systems, improving industrial structure, innovating in operation and management systems, and increasing brand competitiveness and market share, so as to further utilise the synergy of its complete production chain and achieve stable recovery of its business result.

BUSINESS OVERVIEW

1. Summary of Business of the Group

The Group's main business consists of researching and developing, manufacturing and sales of passenger vehicles, commercial vehicles, motorcycles, engines and auto parts, as well as car sale and leasing, after-sale services, import and export of automobile-related products, logistics services, automobile finance and automobile insurance and brokerage services.

(1) Vehicles

The Group produces a variety of passenger vehicles mainly through JCEs, namely Guangqi Honda, GAC Toyota, GAC Fiat and GAC Mitsubishi, and a wholly-owned subsidiary, GAMC, a subsidiary, GAC Gonow and others. As at 31 December 2012, the Group produced more than ten series of sedans, SUV and MPV, including GAC Toyota Camry, GAC Toyota Highlander, Guangqi Honda Accord, Guangqi Honda Odyssey, GAC Fiat viaggio, GAC Mitsubishi ASX, GAC Trumpchi, GAC Trumpchi GS5 and GAC Gonow Aoxuan G5 etc. The Group also participates in the production of Jazz sedans through its associated company Honda (China).

The commercial vehicles of the Group are mainly manufactured by its subsidiary, GAC Bus and JCE, GAC Hino. Main products include light and heavy trucks, construction vehicles, large-to-medium-sized passenger vehicles (including new energy vehicles purely electrically powered and hybrid).

As at 31 December 2012, production capacity of passenger vehicles and commercial vehicles of the Group together with its JCEs and associated companies was 1,350,000 units.

(2) Motorcycles

The Group manufactures motorcycles mainly through Wuyang Honda. Main products include standard motorcycles, sport bikes and scooters.

For the year ended 31 December 2012, the production capacity of motorcycles of Wuyang-Honda was 1 million units.

(3) Parts and components

The Group's auto-part products include engines, gearboxes, car seats, HVAC systems, auto lamps, shock absorbers and accessories. The Group's research and development and production of engines is mainly carried out through GAC Toyota Engine, Shanghai Hino, in each of which the Group holds 30% interest and the subsidiary, GAMC, that of gearboxes through HAVECO, and that of other vehicles parts and components including car seats, HVAC systems, auto lamps, automation accessories, redirectors and shock absorbers through other subsidiaries, jointly-controlled companies and investees of GAC Component.

(4) Automobile-related services

The Group's business of trading, automobile finance, insurance and brokerage, automobile logistics are mainly carried out through its subsidiaries, GAC Commercial and investees thereof, Urtrust Insurance, Guang Ai Insurance Brokers and the JCE, GAC-SOFINCO and the associated company Tong Fang Global (Tianjin) Logistics Co., Ltd. to provide automobile sales, automobile finance, automobile insurance, automobile leasing, logistics and import and export and other services.

After strategic and business development in recent years, the Group has established a complete production chain, centring upon manufacture of vehicles and covering research and development and parts and components in the upper stream and trading, finance, insurance, leasing and logistics of automobiles in the lower stream, and become one of the automobile groups having the most integrated production chain in China.

II. Performance of the Board

In 2012, the Group listed its A shares, rapidly developed business of proprietary brands, accelerated innovative reforms, began to see fruit of its resource integration in production chain and further deepened cooperation of joint ventures, when it was also faced with severe challenges. Under the influence of such factors as slowdown of macro-economic growth, intensified competition in the automobile industry and the Sino-Japanese Diaoyu Island incident, the Board, adhering to its general work instruction principles of "spurring development and coping with future challenges by innovation and reform", assessed the situation and put effort in integrating and utilizing synergy of the production chain of the Group and pushed forward with further development of business of proprietary brands and joint venture cooperation. It advanced in the adversity in unity and secured a stable operation. It also made breakthroughs in aspects including proprietary brands, joint venture cooperation, capital operation, reorganization and integration, improvement of the incentive mechanism, reinforcing internal control and risk management, which laid a solid foundation for further development of the Group.

1. *Actively responded to severe situation and secured stable production and operation*

   In 2012, affected by factors including intensified industry competition, the license restriction in certain cities and the Sino-Japanese Diaoyu Island incident, the Group and its investees conducted in-depth market research and adopted various proactive and effective measures, which included full production and operation, implementing proposals to broaden sources of income and reduce expenditure and launching activities to reduce cost and boost efficiency. Especially after the Diaoyu Island incident, when the disadvantageous situation was such that "normal operation of franchises was disrupted, and confidence of consumers, franchisees and operating team was affected", the Group actively made responses to stabilize its staff and calm customers, while it worked together to increase synergy among business sectors by leveraging on its complete production chain. Urtrust Insurance, a subsidiary of the Group, promptly designed and developed an insurance product specially for devastated vehicles, which gained extensive recognition from customers after launch and effectively redeemed confidence of customers and consumers and secured a relatively stable production and operation for the Group.

2. *Elaborately developed research and development platform for breakthrough in proprietary innovation*

   In 2012, the Group reached a new height in the establishment of its proprietary research platform. Phase I of GAEI Hualong new base has been completed after two and a half years of construction. The base contains 15 laboratories for different purposes, a trial production space, a trial lane for vehicle adjustment and software and hardware facilities and equipment among the top class in China and the most advanced internationally. The completion and coming-into-operation of the new base will rapidly enhance efficiency and the development quality and quantity of proprietary brand vehicles and parts and components and provide strong support and protection to subsequent product development. In the year, GAEI completed 188 technical summaries, 95 design blueprints, 249 technical standards and 45 development processes. Among 214 patent applications made by the Group and its major investee companies in the year, 124 patents were granted. It was granted the "government-certified Enterprise Technology Center" qualification and "Guangzhou Patent Excellence Award".

In the year, the Group successively launched its proprietary brands, Trumpchi GS5 2.0L and 1.8T and 2-wheel-drive/4-wheel-drive SUV products and started their mass production. GS5 was ranked the third in C-NCAP collision safety assessment among the SUV class with a five-star score of 49.1 and was well-received by the market.

3. *Steadily promoted resources integration and achieved breakthrough in joint venture cooperation*

By further improving the coordination mechanism with all investees and deepening joint venture cooperation, the Group steadily proceeded with major joint venture and cooperative projects, further deepened cooperation with them and improved its industrial and regional strategic layout. In June 2012, a new plant of GAC Fiat was completed and production of the first model Viaggio commenced. In October 2012, establishment of GAC Mitsubishi was announced in Changsha, Hunan, along with the commencement of production of its first model ASX, which was put into the market in Guangzhou Auto Show in November. New joint ventures and completion and commencement of operation of plants will facilitate further development of joint venture business of the Group.

To coordinate complementary advantages of resources of the Group, rapidly enhance core competitiveness of the Group and achieve win-win development, on 6 November 2012, the Group entered into a strategic alliance cooperative agreement with Chery Automobile Co., Ltd. to commence cooperation in vehicle development, power train, key parts and components, research and development resources, energy saving and new energy vehicles, international business, production management and other fields, which opened up a new mode of cooperation between automobile companies.

4. *Listed its A shares for better capital operation*

In 29 March 2012, the Group reorganized GAC Changfeng by way of share exchange. Upon completion of its industrial layout and business integration, it listed its A shares on the main board of SSE and it became the first state-owned automobile group that has its H shares and A shares concurrently listed on the main board, and this laid a solid foundation for the Company in further optimizing its management structure and product and industrial layout, establishing a A+H double capital operation platform, expanding financing channels, reducing management costs, enhancing operating efficiency and becoming stronger. It was for the same reason that it was granted the "best innovative listed company award" for A shares in 2012 at the "China Business Network • China Capital Annual".

Furthermore, to meet needs of existing capital structure and future capital needs, the Group proposed to issue RMB6,000 million corporate bonds in the year, which was approved by the Public Offering Review Committee of the CSRC on 21 December 2012 and the approving document was received in January 2013.

5. *Innovative reform, exploring management system and mechanism*

At the beginning of 2012, the Group set an operational direction of "spurring development by innovation and reform" against existing development issues of urgency, and, based on situation of the time, proposed innovative measures in five aspects, namely "strengthening proprietary innovation to enhance core technology; strengthening reorganization and integration to enhance strategic management capability; strengthening joint venture cooperation to enhance corporate competitiveness; strengthening management system to enhance managing effectiveness; and strengthening internal management to enhance corporate efficiency". It looked for differences inside and learnt from outside to implement the innovations with participation of the whole Group.

6. *Continued standardized operation to improve internal control and risk prevention*

In the year, the Group, taking the opportunity of its listing of A shares, continued its standardised operation and organized trainings in relation to corporate management of listed companies for its directors, supervisors and senior management to comprehensively enhance their level and awareness thereof. Based on its business development needs and requirements of China's and foreign listing rules and relevant regulations, it also reviewed its entire internal management system and revised its articles and association, implementing rules of special Board committees, including the strategic committee, the audit committee, the remuneration and evaluation committee and the nomination committee, and implementing rules of secretary to the Board. Based on regulatory requirements, it formulated an inside information management system to strengthen regulations on inside information management and enhance corporate management level of the Company.

Continuously promoted the establishment of the internal control and risk management system and formulated internal control management manual and risk management manual to lay a foundation for the establishment of the Group's internal control and risk management system.

7. *Strict information disclosure to strengthen investor relation management*

Subject to regulatory requirements of China's and foreign listing rules and the principle of strict information disclosure, the Group registered inside information and made relevant announcements in a timely manner when dealing with sensitive information. In the year, the Group uploaded a total of 100 periodic reports and extraordinary announcements to the Stock Exchange and a total of 87 periodic and extraordinary announcements and disclosure documents to the SSE, which ensured that investors can understand the operation of the Company in a timely, fair, accurate and complete manner.

Through multi-level and diverse investor communicating activities, the Group incorporated investor relation management into its corporate capital market strategy. In the year, in addition to conventions such as regular visits for investors and analysts, investor open days, conference calls, roadshows in China and other places and participation in summits for investment banks, the Group also arranged for investors to attend large functions such as automobile show, ceremonies of establishing new joint ventures and commencing production of new models, so as to strengthen bilateral communication with investors and analyst by various methods. It received more than 600 analysts and investors and gradually strengthened confidence of investors in future development of the Company.

The Group's efforts in investor relation during the year were recognized by the capital market in being granted "Golden Bauhinia" Award- "Best Investor Relation Management Listed Companies" by Ta Kung Pao and "2012 Best Investor Relation Listed Companies in the Tenth China Financial List" by CBN, and being selected as one of the top 100 strongest companies in the 2012 100 strongest shares listed in Hong Kong selection sponsored by www.QQ.com and Xinhua News Agency.

8. *Implemented share appreciation rights to build a long-term incentive mechanism*

To better protect owners' interest and achieve its goals of long-term and sustainable healthy development, the Group completed its first proposal to grant H share appreciation rights based on works done in 2011, which was implemented upon approval of the general meeting and further improved long-term incentive mechanism of the Company. The implementation of such mechanism actively explored and innovated in the Group's establishment of mid-to-long-term incentive mechanisms, further improved the Group's systems of long-term incentive mechanism and overall remuneration structure and has laid a solid foundation for drawing in talents and sustainable development.

9. *Focused on increased establishment of corporate culture to perform social responsibility*

Adhering to its corporate philosophy of "people as foundation, integrity as principle, innovation as priority" and aiming to "build a public company with social trust", the Group actively supported social welfare activities such as sports, cultural education, environmental protection and charity works. Similarly, it continued to enhance product and service quality in performance of its social responsibility. In the year, the Group and its major investees actively participated in the large environmental protection and social welfare activity "Thanksgiving Guangdong" (感恩東江) organized by Guangdong Provincial Environmental Protection Foundation and "Giving a Helping Hand Day Guangdong" (廣東扶貧濟困日) and "One-to-one Charity" (對口幫扶工程). During the reporting period, the Group and its investees invested approximately RMB67 millions in aggregate into various social welfare activities.

During the year, facing the impact of the Diaoyu Island incident, the Group actively responded and strengthened the communication with partners, suppliers and customers, which reflected the concern of the Company. Meanwhile, the Group also formulated the policy of "full compensation for affected customers" for customers who were affected by the incident, which showcased our concern for customers with full compensation and relieved the worries of customers using the Group's products.

In the year, GAC Toyota, a major investee of the Group, was granted awards related to environmental protection and social responsibility including "2012 China's auto enterprises charitable contribution award", "2012 China Corporate Social Responsibility Ranking Enterprise Award" by CBN, "Company of the Year in Social Responsibility" by XINHUANET.com and the "21st Century Best Chinese Business Model Green Innovation Award" by "21st Century Business Review".

Furthermore, centering upon strategic development, the Group placed effort in fostering a unique corporate culture through quality education of staff and various cultural activities to put establishment of its corporate culture into practice. The "innovation pioneer in contesting excellence" activities launched by its investees were praised as "the southern Guangdong pioneer" advanced grassroots communists in the Guangdong Province. Talent cultivating systems in investees were accelerated and front-line staff trainings were extensively launched. More than 5,000 managements, 80,000 technical staff and 250,000 front-line staff of the Group received such trainings, which substantially enhanced their technical and comprehensive quality, raised morale and increased corporate efficiency. A number of investees of the Group were conferred the title of "role model of corporate culture in Guangzhou".

MANAGEMENT DISCUSSION AND ANALYSIS

III. Discussion and analysis by the Board on operation of the Company during the reporting period

During the reporting period, sales revenue of the Group together with its joint ventures and associated companies amounted to approximately RMB147,704 million, representing a decrease of approximately RMB10,022 million or 6.35% as compared to the corresponding period last year.

During the reporting period, sales revenue of the Group amounted to approximately RMB12,964 million, representing an increase of approximately 18.03% as compared to the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB1,134 million, representing a decrease of approximately 73.46%. Earnings per share amounted to approximately RMB0.18, representing a decrease of approximately 73.91% compared to the corresponding period last year.

The major factors of variations of results during the reporting period included the Sino-Japanese Diaoyu Island incident, new enterprises being at their initial stage, intensified industry competition and purchase restriction in major cities; at the same time, the Group successively launched new models (such as SUV GS5, a proprietary brand) in 2012. GAC Fiat and GAC Mitsubishi commenced production and promotion of new products during the reporting period. New businesses of the Group such as automobile finance and insurance recorded rapid development and resource integration effect of the production chain had gradually emerged.

(1) ANALYSIS ON PRINCIPAL BUSINESS

1. Analysis on changes of items in the income statement and the cash flow statement

Unit: RMB100 million

Item	Current period	Corresponding period last year	Change (%)
Sales revenue	129.64	109.84	18.03
Cost of sales	122.74	105.60	16.23
Selling and distribution cost	8.15	5.89	38.37
Administrative expenses	13.33	12.16	9.62
Finance costs	5.29	4.15	27.47
Interest income	3.36	3.74	-10.16
Investment gain	26.37	46.39	-43.16
Net cash flow arising from operating activities	4.85	-6.33	176.62
Net cash flow arising from investing activities	23.29	-2.67	972.28
Net cash flow arising from financing activities	-17.49	-2.01	-770.15
Research and development expenses	11.26	7.44	51.34

2. Sales revenue

During the reporting period, sales revenue of the Group amounted to approximately RMB12,964 million, representing an increase of approximately 18.03% compared with the corresponding period last year, mainly due to the launch of the well-received GS5, a new SUV model, by the Group in April 2012 and the addition of a company into consolidation last April, and led to additional sales volume for the Group.

Sales to major clients

Unit: RMB100 million

Client	Sales revenue	Ratio to sales revenue (%)
Total sales to top 5 clients	16.32	12.59

3. Cost

(1) Cost of sales and gross profit

During the reporting period, the cost of sales of the Group amounted to approximately RMB12,274 million, representing an increase of approximately RMB1,714 million from approximately RMB10,560 million last year, mainly due to the corresponding increases resulting from the expansion of the Group's scale and the growth in sales revenue;

Gross profit margin increased by 1.46% from 3.86% of last year to 5.32% of this year, mainly due to the decrease in apportionment of fixed costs resulting from the increase in production and sales volume.

(2) Major suppliers

Unit: RMB100 million

Client	Amount of procurement	Ratio to total procurement (%)
Total procurement amount of top 5 suppliers	45.25	38.36

4. Expenditure

(1) Selling and distribution cost increased by approximately RMB226 million compared with the corresponding period last year, mainly due to: a. an increase in advertising and marketing expenses correspondent to the launch of new models; b. an increase in expenses resulting from consolidating two companies in April and June last year;

(2) Management expenses increased by approximately RMB117 million compared with the corresponding period last year, mainly due to the increase in number of employees due to the expansion of the Group's scale and the increase of wage level due to the rise in CPI and resulting in the increase of labor costs;

(3) Finance cost increased by approximately RMB114 million compared with the corresponding period last year, mainly due to an increase in average borrowing balance of the Group during the reporting period resulting in an increase in finance expenses;

(4) Interest income decreased by approximately RMB38 million compared with the corresponding period last year, mainly due to the decrease of bank deposits of the Group during the reporting period resulting in a decrease of interest income.

5. Investment income

During the reporting period, investment income of the Group from associated companies and joint ventures amounted to approximately RMB2,637 million, representing a decrease of approximately RMB2,002 million as compared with the corresponding period last year, mainly as a result of the combined effect of the following factors: a. the Sino-Japanese Diaoyu Island incident, intensified competition within the industry and the implementation of purchase restriction in major cities which significantly decreased the profit as compared with the corresponding period last year; b. new companies being at their initial stage and the capacity of which was not adequately utilized and efficiency took time to emerge.

6. Research and development expenditure

(1) Amounts of research and development expenditure

Unit: RMB100 million

Current research and development expenditure expensed	1.39
Current research and development expenditure capitalized	9.87
Total research and development expenditure	11.26
Total research and development expenditure to net assets (%)	3.51
Total research and development expenditure to sales revenue (%)	8.69

(2) Explanation

In 2012, the Group increased development of proprietary products and promoted several vehicle and power train developing projects and other pilot research projects. It invested approximately RMB950 million in total and completed GAEI Hualong new base, which contained 15 laboratories for different purposes, a trial production space, a trial lane for vehicle adjustment and software and hardware facilities and equipment among the top class in China and the most advanced internationally, and was granted the "government-certified Enterprise Technology Center" qualification.

7. Cash flow

(1) During the reporting period, net cash inflow generated from operating activities amounted to approximately RMB485 million, representing an increased inflow by approximately RMB1,118 million as compared with net cash outflow of approximately RMB633 million of the corresponding period last year, mainly due to increased production and sales in the reporting period which led to an increase in sales receivables.

(2) During the reporting period, net cash inflow generated from investing activities amounted to approximately RMB2,329 million, representing an increased inflow of approximately RMB2,596 million as compared with net cash outflow of approximately RMB267 million of the corresponding period last year, mainly due to the decrease in the balance of fixed deposits during the reporting period.

(3) During the reporting period, net cash outflow used in financing activities amounted to approximately RMB1,749 million, representing an increase at approximately RMB1,548 million as compared with net cash outflow of approximately RMB201 million of the corresponding period last year, mainly due to increase in cash paid for dividend distribution in the reporting period.

(4) As at 31 December 2012, cash and cash equivalent of the Group amounted to approximately RMB9,316 million, representing an increase of approximately RMB1,077 million as compared with approximately RMB8,239 million as at 31 December 2011.

8. Others

(1) Income tax income amounted to approximately RMB65 million, representing a decrease of approximately RMB45 million as compared with the corresponding period last year, mainly due to decrease in loss of certain companies in the period.

(2) Earnings per share amounted to approximately RMB0.18, representing a decrease of approximately 73.91% as compared with approximately RMB0.69 of the corresponding period last year, mainly because the Group's net profit attributable to the parent company was approximately RMB1,134 million, representing a decrease by 73.46% as compared with the corresponding period last year, and because of increased total share capital resulting from issuance of A shares in the reporting period.

(2) ANALYSIS ON INDUSTRY, PRODUCTS OR REGIONAL OPERATION

1. Principal businesses by industry and by product

Unit: RMB100 million

Industry	Sales revenue	Cost of sales	Profit margin (%)	Change in sales revenue as compared with last year (%)	Change in cost of sales as compared with last year (%)	Change in profit margin as compared with last year (%)
Automobile and relevant businesses	127.13	120.31	5.36	18.60	16.81	1.46
Others	2.51	2.42	3.59	-5.64	-6.92	1.33
Total	129.64	122.74	5.32	18.03	16.23	1.46

2. Principal businesses by region

Unit: RMB100 million

Region	Sales revenue	Change in sales revenue as compared with last year (%)
Mainland China	129.62	19.27
Hong Kong	0.02	-98.28
Total	129.64	18.03

(3) ANALYSIS ON ASSETS AND LIABILITIES

1. Table of assets and liabilities analysis

Unit: RMB100 million

Item	Balance at the end of the year	Amount at the end of the year to total assets	Amount at the end of previous year	Amount at the end of previous year to total assets	Change
Property, plant and equipment	59.27	11.99	43.09	9.66	37.55
Land use rights	10.65	2.15	9.83	2.20	8.34
Intangible assets	30.76	6.22	22.73	5.10	35.33
Investment in jointly controlled entities and associates	168.82	34.15	143.82	32.24	17.38
Deferred income tax assets	5.68	1.15	3.39	0.76	67.55
Prepayments	13.96	2.82	4.65	1.04	200.22
Inventories	13.97	2.83	15.37	3.45	-9.11
Trade and other receivables	33.03	6.68	29.80	6.68	10.84
Time deposits	55.59	11.25	86.04	19.29	-35.39
Cash and cash equivalents	93.16	18.85	82.39	18.47	13.07
Trade and other payables	63.94	12.93	41.60	9.32	53.70
Borrowings	102.91	20.82	98.37	22.05	4.62
Other reserves	101.90	20.61	78.69	17.64	29.50

2. Explanation on the changes

(1) Due to addition of a company into consolidation in the reporting period, there was more than 30% increase in intangible assets, accounts receivables and other payables, as compared with the corresponding period last year;

(2) Property, plant and equipment: mainly due to increased investment in fixed assets for further increase in production capacity and new products during the reporting period;

(3) Deferred income tax assets: increased mainly due to recorded losses of certain new companies at their initial stage of operation;

(4) Prepayments: due to the purchase of headquarter office building during the reporting period;

(5) Fixed deposits: mainly due to expansion of operating scale resulting in the increased demand for capital during the reporting period;

(6) Other reserves: increased by approximately RMB287 million due to the Group's issue of A shares in March 2012 which increased share premium by approximately RMB2,250 million.

(4) ANALYSIS ON FINANCIAL POSITION

1. Financial indicators

As at 31 December 2012, the Group's current ratio was approximately 2.25 times, representing a decrease from approximately 3.49 times as at 31 December 2011; quick ratio was approximately 2.01 times, representing a decrease from approximately 3.19 times as at 31 December 2011.

2. Financial resources and capital structure

As at 31 December 2012, the Group's current assets amounted to approximately RMB20,274 million, current liabilities amounted to approximately RMB9,030 million and current ratio was approximately 2.25 times. As at 31 December 2012, the Group's total borrowings amounted to approximately RMB10,291 million, mainly consisted of mid-term notes issued by the Group with nominal value of RMB6,700 million, corporate bonds issued by the Group with nominal value of RMB600 million and loans from bank and financial institutions amounting to approximately RMB3,020 million, which resulted in a gearing ratio of approximately 24.30%. The above loans and bonds were payable upon maturity. The Group generally funds its business and operational capital needs with its own working capital. (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 purchases of the Group in the PRC were denominated in RMB. The Group's operating results and cash flow were not exposed to any foreign currency risk during the reporting period.

4. Contingent liabilities

   As at 31 December 2012, third-party guarantee committed by the Group amounted to RMB7,366,667, whereas that as at 31 December 2011 was RMB0; as at 31 December 2012, financial guarantee of the Company for its subsidiaries amounted to RMB0, whereas that as at 31 December 2011 was RMB12,000,000.

(5) ANALYSIS ON CORE COMPETITIVENESS

1. Complete production chain

After years of strategic development, the Group has established a complete production chain centring upon manufacture of vehicles and covering research and development and parts and components in the upper stream and trading, finance, insurance, leasing and logistics of automobiles in the lower stream, and has become one of the automobile groups having the most integrated production chain in China. The Group recorded greater profit contribution from businesses related to automobile in the upper and lower stream and is fostering profit growth points.

2. Advanced manufacture, workmanship, quality and process management

Amid intensified market competition and years of joint venture cooperation, the Group accumulated abundant experience in production management and quality control techniques and established modernized process management systems and production operation mechanisms. The Group has comprehensive competitive advantages over aspects such as manufacture, workmanship, quality and process management.

It mainly included: (1) quality came first, it kept its promise of "integrity as principle" and gave zero tolerance to defects; (2) people as foundation, it encouraged all staff to give suggestion to management and production and continuously improved work flow and process through various methods including improving suggestions, quality control, comprehensive quality management and technical innovation to enhance its operational efficiency and competitiveness; (3) continued innovation, it applied the idea of "innovation as priority" in operational stages of research, production and sales and sought innovation and breakthrough in techniques, operating efficiency and environmental-friendliness and energy saving to achieve green operation and harmonic development.

3. **A+H double capital operation platform**

With listing of its A and H shares, the Group expanded financing channels, strengthened capital capability and enhanced brand influence, which placed the Group in a good position to appreciate its capital through combination of various channels and to expand and snowball through capital operation to maximize capital return.

IV. DISCUSSION AND ANALYSIS BY THE BOARD ON FUTURE DEVELOPMENT OF THE COMPANY

(1) Industrial competition and development trend

1. Competition in the automobile industry

After years of development, China's automobile industry became more intensive and major automobile manufacturers in the industry had achieved economies of scale. In 2012, production and sales of vehicles in the PRC were 19,271,800 units and 19,306,400 units.

At present, China has become the largest automobile market in the world. International automobile companies changed their "China strategy" to "global strategy" and their strategy from "cooperation" to "control". They are accelerating introduction of strategic models into joint ventures, launching proprietary brands, increasing localization, testing the lower bound of price range, paying more attention to low-emission vehicles, accelerating sales and import of high-end models and increasing investment in research and development of new energy vehicles to expand market share. On the other hand, major automobile manufacturers in China, aiming to increase their market share, are all expanding their production capacity and launching new products, thereby increasing their technological innovation and cost control ability. In future, product competition in aspects including technology, quality and quantity, service, price, equipment and design, will intensify, and this pose greater pressure and challenges to the development of their peers in China.

2. Development trend of the automobile industry

Firstly, China's automobile industry will keep up its steady growth. With continued urbanization and industrialization, China will enter its second ten-year growth period (2011-2020) subsequent to its admission to the World Trade Organisation, and the automobile market will become mature. The overall automobile market in China will grow at a slower yet steady rate in mid-to-long term. Higher disposable income of citizens means more consumption in sub-markets of high-end sedans, SUV and MPV, prospects of which are bright.

Secondly, automobile technology will be directed to energy saving, intelligence and safety. With higher demand in energy saving, safety and user interface of automobile across the world, international automobile manufacturers will focus its research and development of future automobile techniques on energy saving technologies symbolized by efficient power train, lighter new energy models, safety technologies symbolized by intelligent driver assistance and vehicle intelligence technologies symbolized by interactive driving systems. Being overall short of energy and dependent on foreign supply, China is exposed to higher energy safety risk, and citizens' awareness of environmental protection is rising. Under this dual pressure, consumption in conventional vehicles will be suppressed to a certain extent. Meanwhile, Chinese government attaches great importance to development and industrialization of energy saving green vehicles and new energy vehicles, which steers future automobile technological innovation towards energy saving, intelligence and safety.

(2) Development strategy of the Company

The Group aims to become a large-scale market-oriented leading international car manufacturer and the most trusted and cohesive international automobile enterprise group with the highest investment value and with good social responsibility and corporate image.

To this end, the Group will firstly continue to develop proprietary innovation and strengthen establishment of proprietary systems and capacity according to the world's leading standards, enhance capability of proprietary brands in developing core technology and enhance brand image, facilitate development of key parts and components synchronized with vehicles, and enhance quality of proprietary brand products, reduce production cost, expand sales channels and obtain economies of scale. Meanwhile, it will carry on implementing new modes of joint venture and cooperation to comprehensively enhance product competitiveness and accelerating introduction and development of new models to promptly establish a rational structure classifying all vehicle types and enabling synergy development of products and will proceed with adjustments to parts and components supply system and structure. Thirdly, it will continue to improve its industrial strategy by expanding scope of its finance business in order to provide diversified quality automobile finance and insurance products and services, thereby facilitating synergy development of its production chain.

(3) Operational plan

In 2013, the Group will centre upon enhancing quality and efficiency of economic growth. It believes in rising to challenges, seeking steady advancement, making innovation, continuing with joint venture cooperation and striving in mutual development. It will remain committed to proprietary innovation and strengthen capability. It will open up new sources of income and reduce cost and strengthen cost control. It will bring about changes and reorganization for new systems and mechanism. The major measures of operation are as follows:

1. Further improve the operation and sales system and strengthen research on and penetration into emerging markets, innovation in sales mechanism and mode, speed up the expansion in three-to-four-tier cities, enhance the support for shop establishment in secondary network and sales training, improve the adaptability of the sales team and the innovation of marketing ideas.

2. Improve the strategic planning for medium and long-term brand management of each enterprise, expand brand influence, perfect the brand management system and inspire potential innovation momentum.

3. Promote the advance of key projects, ensure the introduction of products and further improve product structure.

4. Facilitate modification and reform of manufacturing technologies for improvement in production efficiency and product competitiveness.

5. Further enhance the cost control for research and development and introduction of new products, manufacturing and administrative expenses and procurement costs for parts and components.

6. Continue to optimize the domestic and overseas capital operation platform, improve market value management, capture the dynamic of capital market, set up equity investment operations platform of the Group, cultivate new growth points for profit, further standardize information disclosure and inside information management, establish countermeasures for crises, foster a good image for the Company in the capital market and increase our value.

7. Promptly improve and update the management system of the Group and its invested enterprises, refine the internal control processes to create a rule-based and standardized management environment and atmosphere of following protocol. Strengthen management of the Group's deployed directors, supervisors and chief financial officers team and promote the Group's sustainable, healthy and stable development.

8. Adjust and optimize the Group's management and decision-making mechanism, improve the corporate governance structure, achieve a more simple and efficient management system which is more adaptable to the operation of listed companies, improve the wage performance appraisal program and incentive mechanism for business operators, introduce diversified evaluation standards and perfect the reform of the remuneration system.

(4) Potential risks

1. Risks of the industry

(1) Risk of changes in macro economy

The overall automobile industry significantly depends on level of development of the national economy, where economic growth rate would stimulate or suppress consumption in automobile. Moreover, due to globalization of economy, the automobile industry depends on international macro environment and circumstances the same way. In recent years, sustained growth in China's economic scale, steady growth in citizen's disposable income, prompt economic policies promulgated by the Chinese government and relatively favourable international circumstances resulted in an overall growth trend in demand of China's automobile industry. However, with slower macroeconomic growth, the demand for China's automobile industry is currently gradually slowing down. In future, such demand will continue to be influenced by China's macroeconomic policies, industrial structural adjustments and international circumstances.

(2) Risks of industrial competition and rapid growth in China's vehicle production capacity

The Group is prominent in middle-to-high-end passenger car sub-markets. However, as there is a large number of automobile manufacturers in China, market shares of the leading ones are relatively even. This on one hand gives the Company room for industrial integration and sustainable development, but on the other exposes the Company to the risk of challenges from competitors for its position within the industry.

In light of the expanding automobile market, manufacturers are all expanding their production capacity, which intensifies competition in the industry. The competition between joint ventures and local companies, international brands and proprietary brands, among vehicles with similar emission volume and new and old models is relatively intense. The Company is exposed to the risk of intense competition in China's automobile industry.

China's automobile industry showed an overall growth trend in the past 10 years. Since 2009, China has become the top in the world in terms of automobile sales. Taking this market opportunity, companies all set out plans to expand production capacity, resulting in continued lowering of automobile sales price. Although products of the Group are relatively well-known in China and have relatively high market shares in their individual sub-markets, intensified competition may lead to lower price of its products and force it to further increase marketing and development costs, which may result in lower sales profit margin.

(3) Impact of new energy vehicle products and technological research on conventional vehicle products and risks of technological development

Under shortage of energy and higher awareness of energy saving and environmental protection, new energy vehicles are the direction of future automobile technological innovation and consumption in conventional vehicles will be suppressed to a certain extent. Although the Company is currently committed to development and industrialization of new energy vehicles, technology in such aspect is not mature enough to completely replace conventional fuel vehicles, and there is uncertainty in its prospects and direction.

(4) Risks of changes in oil price

In recent years, oil price in the world fluctuated violently, behind which there are complicated factors. Recent rapid development of oil futures market also enhanced the financial nature of crude oil and increased the volatility of oil prices.

As oil price increases in international market, sales price of refined oil in China may also rise, thereby increasing the costs of car-users, leading to changes in consumers demand for automobile and affecting sales of products of the Company.

(5) Risk of change in exchange rate

Influenced by international politics and economic situations, there may be changes in exchange rate of the RMBagainst the U.S. dollar, the Japanese yen, the euro and other currencies. Revenue of the Group is denominated in RMB, while certain raw material and parts and components are imported, and certain subsidiaries, joint ventures and associated companies of the Company export their products to overseas markets, which are mainly denominated in the U.S. dollar, the Japanese yen and the euro. Any volatility in exchange rate of the RMBagainst the above currencies may have impact on purchasing cost, sales revenue and investment gains of the Company.

2. *Operational risks*

(1) Risks of fluctuation in price of major raw material

Major raw material of car manufacture includes steel, aluminium, rubber, plastics and paints, thinners and other chemical products, and that of manufacturing automobile parts and components includes metallic components, chemical components and electronic devices. In manufacturing passenger and commercial vehicles and products such as engines and parts and components, the Group has to purchase a large amount of raw material from upstream companies. If bulk raw material price is volatile, the production cost of those companies will significantly increase. They may raise their prices, which may have impact on profit of the Company if the prices rise abruptly to an overly high level, despite the fact that the Company may offset the rise through measures such as launching new products, resetting its product prices, passing the cost, optimizing work flow and reducing consumption.

(2) Risks of continuous ability to launch popular products

The continuous ability to launch popular products directly affects product sales and operating results of the Group. The Company must continue to improve existing products and develop and introduce new products promptly based on market demand in order to consolidate its market position and gain market share in targeted sub-markets. There is no warrant that the Company can continue to develop and produce competitive products by virtue of its existing technology research and development, raw material supply and production capability. At present, production, sales and imaging of the proprietary brand products of the Company is still in a developing stage. If proprietary brand products of the Company subsequently launched fail to gain a certain market share within a reasonable time period to obtain economies of scale, the Company may not be able to implement its business strategy and may be adversely affected in business and financial position. Furthermore, it takes substantial initial investment to launch new products, which, if unsuccessful in gaining market acceptance, may have impact on expected investment gain of the Company.

(3) Risks of ability to promptly optimize product structure

At present, major passenger automobile products of the Company centre upon middle-to-high-end sedans, and are mainly carried out through joint ventures established with Japanese companies. In 2012, due to the Diaoyu Island incident, production and operation was impeded. At present, the Group has further enhanced production and sales arrangements with non-Japanese joint ventures such as GAMC, GAC Gonow and GAC Fiat and technological cooperation with non-Japanese syndicates to enrich existing product structure and business strategic deployment in order to lower dependence on Japanese products. However, GAMC, GAC Gonow and GAC Fiat are still under development and adjustment at the initial stage and it takes time for their effect to emerge.

(4) Risks of ability to start downstream automobile service business

After years of strategic moves, the Group, based on its own principal businesses of research and development and manufacture of vehicles, is gradually embarking on downstream automobile service businesses such as automobile trading services, finance, insurance, leasing and logistics, which, however, are at an initial stage and not conventional to the Group. There is uncertainty whether the Group has sufficient manpower and resources in correspondence and whether it can develop such business smoothly.

(5) Risks of change in Sino-Japanese relationship to product sales of joint ventures of the Group

Automobile joint ventures of the Group are mainly Japanese, including those set up with Honda, Toyota, Hino and Mitsubishi. In the reporting period, major investees of the Group were significantly affected by the Diaoyu Island incident in their production and operation. In light of this, the Group promptly conveyed greetings to suppliers, distributors and customers, gave support and performed remedial work to rebuild confidence of outlets and customers in an attempt to minimize the impact on production and operation. Meanwhile, the Group, in accordance with the Chinese government's policy of automobile industry development and its own proprietary brand developing strategy, commenced development and establishment of proprietary brands back in 2010 which is bearing fruit. After the Diaoyu Island incident, the Group further strengthened production and sales arrangements with non-Japanese joint ventures such as GAMC, GAC Gonow and GAC Fiat and technological cooperation with non-Japanese syndicates to accelerate development of proprietary brands and to lower its dependence on Japanese products and offset the impact of lower sales of Japanese products. Currently, production and sales of automobiles of the Group are restoring to their normal level. However, such international political factor may still affect product sales of Japanese joint ventures of the Group and thus the Group's operating results in a certain period of time.

3. *Risks of policies*

(1) Risks of product recall and quality

In recent years, China has been stricter to the automobile industry in product quality and quantity regulations and technical standards. The Regulations for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理規定》), which came into effect on 1 October 2004, requires automobile manufacturers to offer repair services and recall. On 30 October 2012, the State Council passed at an executive meeting the Ordinance for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理條例》) by amending and supplementing the above Regulations, and the ordinance became effective from 1 January 2013. If products of the Company are recalled or have other quality issues, sales and results of the Company may be affected.

(2) Risks of increased corporate cost due to higher safety standards

Safety standards of the automobile industry mainly include those related to car collision safety. In recent years, China has been stricter on regulations in relation to safety standards of the automobile industry and technical standards, and successively promulgated regulations including Side Impact Protection for Automotive Passengers (《汽車側面碰撞的乘員保護》) and Collision Safety Requirements for Fuel System of Passenger Car (《乘用車後碰撞燃油系統安全要求》).

If regulatory authorities promulgate stricter safety standards of the automobile industry and technical standards in future, it may increase production cost and expenses of automobile manufacturers and thus affect the operating results of the Company.

(3) Risks of increased corporate cost due to stricter environmental and energy saving standards

China is facing severe environmental problems. Fog and haze resulted from air pollution is substantially undermining the quality of citizens' lives. To fulfill its goal of energy saving and consumption and emission reduction, the government may promulgate more stringent environmental and energy saving policies, which may increase research and production cost of the Group and thus affect operating results of the Company.

(4) Risks of amendments to vehicle consumption policies

With increasing traffic pressure in urban areas, certain municipalities put into place policies regulating the number of vehicles, which may negatively affect local consumption in automobile. If there is over-investment in automobile industry or automobile consumption causes increased environmental pollution and worsening of urban traffic congestion, the government may further amend vehicle consumption policies, which may have significant impact on automobile manufacture and consumption market.

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.

CORPORATE GOVERNANCE

During the year, the Company was in compliance with the Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and actively complied with the recommended best practices.

AUDIT COMMITTEE

The audit committee of the Company comprised three independent non-executive directors, namely Mr. Law Albert Yu Kwan (Chairman), Mr. Ma Guohua and Mr. Xiang Bing. 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 internal control system. The audit committee has also reviewed the results and financial statements of the Group for the year ended 31 December 2012.

DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2012 of RMB0.02 per share (2011: RMB0.20 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.

DEFINITION

In this announcement, unless the context otherwise requires, all terms used shall have the following meaning:

"associated companies"	all entities over which the Group 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
"Company" or "GAC Group"	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
"Company Law"	Company Law of the PRC
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"GAC Bus"	Guangzhou Automobile Group Autobus Co., Ltd (廣州汽車集團客車有限公司) (formerly known as Guangzhou Denway Bus Co., Ltd (廣州駿威客車有限公司)), a company incorporated on 18 January 1993 under PRC law and a wholly-owned subsidiary of the Company
"GAC Changfeng"	GAC Changfeng Motor Co., Ltd. (廣汽長豐汽車股份有限公司) (formerly known as Hunan Changfeng Motor Co. Ltd. (湖南長豐汽車製造股份有限公司)), a company incorporated in November 1996 under PRC Law, in which the Company currently holds 100% equity interest
"GAC Commercial"	Guangzhou Automobile Group Business Co., Ltd (廣州汽車集團商貿有限公司), a company incorporated on 21 March 2000 under PRC law and a wholly-owned subsidiary of the Company
"GAC Component"	Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司), which was incorporated on 29 August 2000 under PRC law and which is directly owned as to 51% by the Company and is a subsidiary of the Company
"GAC Fiat"	GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司), a JCE incorporated on 9 March 2010 under PRC law by Fiat Group Automobiles S.P.A. and the Company, in which the Company holds 50% equity interest
"GAC Gonow"	GAC Gonow Automobile Co., Ltd (廣州吉奧汽車有限公司), a company incorporated on 8 December 2010 under PRC Law, in which the Company holds 51% of its equity interest
"GAC Hino"	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a JCE incorporated on 28 November 2007 under PRC law by the Company and Hino, in which the Company holds 50% equity interest

"GAC Mitsubishi"	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a joint venture and JCE incorporated on 25 September 2012 under PRC law held by the Company and Mitsubishi. The Company holds 50% equity interest in it
"GAC-SOFINCO"	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a joint venture company incorporated on 25 May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO), in which each of the Company and SOFINCO holds 50% equity interest
"GAC Toyota Engine"	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated on 24 February 2004, in which the Company holds 30% equity interest
"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 company incorporated on 1 September 2004 under PRC law, which is a joint venture company and a JCE held by the Company and Toyota. The Company holds 50% equity interest in GAC Toyota
"GAEI"	Guangzhou Automobile Group Company Automotive Engineering Institute, a subsidiary of the Company, established on 29 June 2006 for the purpose of conducting research and development of the products and technologies in which the Company has proprietary right
"GAIG"	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated on 18 October 2000 under PRC law, a controlling shareholder of the Company
"GAMC"	Guangzhou Automobile Group Motor Co. Ltd. (廣州汽車集團乘用車有限公司), a company incorporated on 21 July 2008 under PRC law and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Guang Ai Insurance Brokers"	Guangzhou Guang Ai Insurance Brokers Limited (廣州廣愛保險經紀有限公司), a company incorporated on 7 June 2006, in which the Company holds 75.1% equity interest
"Guangqi Honda"	Guangqi 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 company incorporated on 13 May 1998 under PRC law, which is a joint venture company and a JCE held by Guangzhou Auto Group Corporation and Honda

"HAVECO"	Hangzhou HAVECO Automotive Transmission Co., Ltd. (杭州依維柯汽車變速器有限公司), an associated company incorporated on 26 September 1996 under PRC Law, which is a sino-foreign joint venture equally held by Hangzhou Advance Gearbox Group Co., Ltd., GAC Components and IVECO Ltd
"Hino"	Hino Motors Ltd.(日野自動車株式會社), a company incorporated under the laws of Japan and a joint venture partner of the Company in GAC Hino and Shanghai Hino
"Honda (China)"	Honda Automobile (China) Co., Ltd. (本田汽車(中國)有限公司), a company incorporated on 8 September 2003 under PRC law, of which the Company holds 25% of its equity interest, and which is one of the Company's associated companies
"Honda"	Honda Motor Co. Ltd(本田技研工業株式會社), a company incorporated under the laws of Japan and a joint venture partner of the Company in Guangqi Honda
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Directors"	has the same meaning as independent directors of the Company
"jointly-controlled entity" or "JCE"	a joint venture company which is subject to direct or indirect joint control (shareholding ratio: 50%:50%), such that none of the participating parties has unilateral control over the economic activity of the jointly-controlled entity
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange and the Rules Governing the Listing of Shares on the SSE, as amended from time to time
"Mitsubishi"	Mitsubishi Motors Corporation(三菱自動車工業株式會社), a company incorporated in Japan
"MPV"	multi-purpose passenger vehicle
"PRC"	the People's Republic of China (for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan)
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Law"	Securities Law of the PRC
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

"Shanghai Hino"	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), a company incorporated on 8 October 2003 under PRC law. Shanghai Hino was held as to 50% by Hino, 30% by the Company and 20% by Shanghai Electric (Group) Corporation
"Shareholder(s)"	shareholder(s) of the Company
"SSE"	the Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUV"	sports utility vehicle
"Toyota"	Toyota Motor Co., Ltd.(豐田汽車有限公司), a company incorporated in Japan and a joint venture partner of the Company in GAC Toyota
"Urtrust Insurance"	Urtrust Insurance Co., Ltd (眾誠汽車保險股份有限公司), which was incorporated on 8 June 2011 and in which the Company holds 60% equity interest
Wuyang-Honda	Wuyang-Honda Motors (Guangzhou) Co., Ltd. a company jointly established by the Company, Honda and Honda, Technology & Research Industry (China) Investment Co., Ltd., in which the Company holds 50% equity interest

By order of the Board
Guangzhou Automobile Group Co., Ltd.
Zhang Fangyou
Chairman

Guangzhou, the PRC, 28 March 2013

As at the date of this announcement, the executive directors of the Company are ZHANG Fangyou, ZENG Qinghong, YUAN Zhongrong and LU Sa, the non-executive directors are FU Shoujie, LIU Huilian, WEI Xiaoqin, LI Tun, LI Pingyi and DING Hongxiang and the independent non-executive directors are WU Gaogui, MA Guohua, XIANG Bing, LAW Albert Yu Kwan and LI Zhengxi.