



广汽集团
GAC GROUP

Guangzhou Automobile Group Company Limited
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

Interim Report **2014**



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IMPORTANT NOTICE

- (I) The Board, the supervisory committee and the directors, supervisors and senior management of the Company warrant that the contents contained herein are true, accurate and complete, there are no false representations or misleading statements contained in or material omissions from this report, and will jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents contained herein.
- (II) The interim financial report of the Company is unaudited. The Audit Committee of the Company has reviewed the unaudited interim results of the Company for the six months ended 30 June 2014 and agreed to submit it to the Board for approval.
- (III) Zhang Fangyou, the Chairman of the Company, Zeng Qinghong, the General Manager of the Company, Wang Dan, the person in charge of accounting function and Li Canhui, the manager of the accounting department (Chief of Accounting), warrant the truthfulness, accuracy and completeness of the financial report contained in this interim report.
- (IV) There is no non-operational appropriation of the Company's funds by its controlling shareholders and their connected parties.
- (V) The Company has not provided any third-party guarantees in violation of stipulated decision-making procedures.

CORPORATE PROFILE

(I) CORPORATE INFORMATION

| | |
|--------------------------------------|--------------------------------------|
| Legal name of the Company in Chinese | 廣州汽車集團股份有限公司 |
| Chinese abbreviation | 廣汽集團 |
| Legal name of the Company in English | Guangzhou Automobile Group Co., Ltd. |
| English abbreviation | GAC GROUP |
| Legal representative | Zhang Fangyou |

(II) CONTACT PERSON AND CONTACT METHOD

| | |
|-----------|--|
| Name | Lu Sa |
| Title | Secretary to the Board |
| Address | GAC Centre, Xingguo Road, No. 23, Zhujiang New Town, Tianhe District, Guangzhou |
| Telephone | 020-83150886 |
| Facsimile | 020-83151081 |
| E-mail | lus@gagc.com.cn |

(III) BASIC INFORMATION

| | |
|---------------------------------------|--|
| Registered address | 23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou |
| Postal code of the registered address | 510030 |
| Office address | GAC Centre, Xingguo Road, No. 23, Zhujiang New Town, Tianhe District, Guangzhou |
| Postal code of the office address | 510030 |
| International website of the Company | www.gagc.com.cn |
| E-mail | ir@gagc.com.cn |

(IV) INFORMATION DISCLOSURE AND PLACE OF INSPECTION

| | |
|---|--|
| Newspapers selected by the Company for information disclosure | China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times |
| Website designated by the China Securities Regulatory Commission (the "CSRC") for publishing the interim report | www.sse.com.cn |
| Place of inspection of the interim report of the Company | 22/F, GAC Centre, Xingguo Road, No. 23, Zhujiang New Town, Tianhe District, Guangzhou |

(V) INFORMATION ON THE COMPANY'S SHARES

| Class of shares | Stock Exchange of listing shares | Stock abbreviation | Stock code |
|-----------------|----------------------------------|--------------------|------------|
| A Shares | Shanghai Stock Exchange | GAC GROUP | 601238 |
| H Shares | Stock Exchange of Hong Kong | GAC GROUP | 02238 |

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I am pleased to present the 2014 interim report of the Group for your review.

BUSINESS REVIEW

During the first half of the year, through scientific overall planning, China stabilized growth, promoted the reform, adjusted the structure and benefited the people's livelihood, further changed the government's functions, fully exerted the role of market adjustment, and improved the efficiency of resources allocation. The national economy made progresses in stability during its structural adjustment and realized overall and stable growth. GDP grew by 7.4% as compared with the corresponding period last year.

In the first half of the year, domestic automobile industry presented a stable and upward trend; major economic indicators continued to improve, and key enterprises achieved good economic benefits. From January to June, production and sales of vehicles amounted to 11,783,400 units and 11,683,500 units, representing an increase of 9.60% and 8.36% as compared with the corresponding period last year; among others, the production and sales of passenger vehicles amounted to 9,708,500 units and 9,633,800 units, representing an increase of 12.05% and 11.18% as compared with the corresponding period last year; the production and sales of commercial vehicles amounted to 2,074,900 units and 2,049,700 units, representing a decrease of 0.59% and 3.18% as compared with the corresponding period last year. The motorcycle market experienced constant downturn, the production and sales amounted to 10,372,100 units and 10,417,400 units, representing a decrease of 8.00% and 9.05% as compared with the corresponding period last year.

In the first half of the year, the Group seized the market opportunities and maintained the good trend of rapid development. The growth rates of production and sales of vehicles were both more than 10 percentage points higher than that of the industry, and the market share increased by 0.4%.

Production and sales of vehicles of the Group were 581,100 units and 503,700 units, representing an increase of 33.43% and 18.68% as compared with the corresponding period last year; among others, production and sales of passenger vehicles amounted to 571,500 units and 494,200 units, representing an increase of 35.30% and 19.46% as compared with the corresponding period last year; both of the production and sales of commercial vehicles amounted to 9,600 units, representing a decrease of 27.05% and 11.23% as compared with the corresponding period last year. The Group realized production and sales of motorcycle of 470,200 units and 460,400 units, representing an increase of 3.31% and a decrease of 3.90% as compared with the corresponding period last year.

In the first half of the year, the operating income of the Group together with its joint ventures and associated companies amounted to approximately RMB92.943 billion, representing an increase of approximately 13.67% as compared with the corresponding period last year; the consolidated operating income amounted to approximately RMB10.766 billion, representing an increase of 30.55% as compared with the corresponding period last year; and the net profit attributable to owners of the parent company amounted to approximately RMB1.725 billion, representing an increase of 41.52% as compared with the corresponding period last year.

In the first half of the year, the Group, with faith, innovation and groundbreaking drive and passion, created new achievements, mainly including: (1) the operation of the Group achieved a new high: along with the gradual release of the newly increased production capacity, and the successive introduction of strategic products, the product line was further enriched; preliminary results were achieved in the synergetic development of automobile industry chain promoted by the integration of industry and finance; (2) there were more project constructions: a number of new projects were successfully promoted or initiated to optimize capacity layout and fill in new vitalities for the development of the Group; (3) new outstanding achievements were made in independent innovation: in the circumstances of minimal growth of self-owned brands, the brand "Trumpchi" of the Group realized production and sales of more than 50,000 units, representing an increase of 51% as compared with the corresponding period last year; the new energy and overseas strategy was promoted steadily and the capability in independent research and development were enhanced; (4) there was new splendor in joint venture cooperation: with the deepened cooperation with Fiat-Chrysler, and the cooperation with BYD Company Limited in the field of new energy passenger vehicles, the Group initially formed the pattern of capital and brand pattern of "three pillars" consisting of the Japanese vehicles, European vehicles and independent brands, strengthening risk resistance capacity and promoting the steadily development of the "Great GAC".

PROSPECTS

In the second half of the year, there are both advantageous and disadvantageous conditions. On one hand, affected by the slowing growth rate of the economy, environment, energy and transportation concerned issues and the increase in consumption costs of the vehicles will inhibit consumption of vehicles; on the other hand, due to the continuous deepening of the reform in China, the continuous increase in residents' income, the promotion of new urbanization and the gradual release of potential demands for purchase of vehicles brought by consumption and upgrading, the rigid demands for automobile consumption will continue. It is expected that in the second half of the year, the domestic automobile market will overall maintain a stable development trend and the growth rate of annual sales will be at around 10%.

It is easy to know but difficult to act. In the second half of the year, faced with the complicated world economy and the increasingly fierce global competition, the Group will constantly expand the scope of its sustainable development through structural adjustment and industrial upgrading; continue to deepen the innovation and reform, practically improve the quality and efficiency of economic operation; continue to improve the development planning, optimize resources allocation, and strive to make better use of resources; promote the mutual development of independent brands and joint venture cooperation, and focus on the improvement of independent innovation; enhance capital operation and improve ability of the industry cooperation effectively; and reinforce the construction of featured brands, and enhance the soft power of the Group comprehensively.

ACKNOWLEDGEMENT

Finally, on behalf of the Group, I would like to express sincere gratitude to the shareholders, business partners, management and all employees for their constant support and the contribution they have made to the Group. Adhering to its corporate philosophy of "people as foundation, integrity as principle, innovation as priority", the Group will make concerted and dedicated efforts to achieve development, realize the annual operating targets of 2014, promote a new round of development of the Group with a high sense of mission and responsibility, and persistently create maximum value for shareholders.



REPORT OF THE BOARD

(1) SUMMARY OF BUSINESS

The Group's main businesses consist of research and development, 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 credit, automobile insurance and brokerage services. The Group has become the most comprehensive automobile group within the domestic industry chain.

1. Vehicles

The Group produces a variety of passenger vehicles mainly through Guangqi Honda, GAC Toyota, GAC Fiat and GAC Mitsubishi, GAMC and GAC Gonow. As at 30 June 2014, the Group had more than ten series of sedans, SUV and MPV, including Guangqi Honda Accord, Crider, Odyssey, Fit, Everus, etc; GAC Toyota Camry, Highlander, Yaris L, E'Z, Levin, etc; GAC Fiat Viaggio, Ottimo, etc; GAC Mitsubishi ASX, Pajero, etc; GAC Trumpchi (GA5, GS5, GA3 and GA3S•Vision), GAC Gonow Aoxuan G5, Xinglang etc. The Group also participates in the production of Jazz and Accord sedans through Honda (China).

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

As at 30 June 2014, production capacity of passenger vehicles and commercial vehicles of the Group was 1,450,000 units.

2. Motorcycles

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

As at 30 June 2014, 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 production of engines is mainly carried out through GAC Toyota Engine, Shanghai Hino and GAMC, and that of other vehicles parts and components including gearboxes, car seats, HVAC systems, auto lamps, automation accessories, redirectors and shock absorbers through other subsidiaries, jointly controlled companies and investees of GAC Component, a wholly-owned subsidiary.



4. Automobile-related services

The Group's businesses of automobile services and financial investments are mainly carried out through GAC Commercial, GAC-SOFINCO, Urtrust Insurance, GAC Capital, Guang Ai Brokers, Tong Fang Logistics to provide automobile sales, automobile credit, automobile insurance, automobile leasing, logistics and import and export and other services.

(2) MAJOR PERFORMANCE OF THE BOARD

In the first half of the year, with a development target of doing well, the Group actively seized the favorable timing of structural adjustment and economy stabilization, and continued to deepen innovative changes, optimize system and mechanism, comply with the development trend and market demand, and realized growth in production and sales of vehicles and motorcycles higher than industry level, reached the expected targets determined by the Board.

1. Improving quality and efficiency of development, and ensuring the accomplishment of annual operating targets

In the first half of the year, the Company persisted with steady and progressive working methods, and steadily improved operating efficiency.

The Group enhanced the linkage mechanism of production, supplies and sales, improved the quality of products and brand value, introduced new products and released new capacity, thus improving its market share. In particular, the self-owned brands bucked the trend with a breakthrough in overseas business, and the brand effect of "Trumpchi" has been increasingly enlarged.

The Group not only improved traditional marketing models, but also highly emphasized the construction of e-commerce platform, and actively promoted network marketing model using internet thinking, integrated internal favorable resources, established core businesses which could create values for customers, thus ensuring the accomplishment of annual targets and the improvement of corporate value.



2. Optimizing product structure and enhancing sustainable development

In the first half of the year, in the field of joint venture cooperation, the first SUV model of Guangqi Honda “Vezel” and the first medium grade model of GAC Toyota “Levin” were officially launched; the executive version of GAC Mitsubishi Pajero Sport and the sport version of GAC Fiat Ottimo were successively launched. In terms of self-owned brand, GAMC launched its A+ sedan “Trumpchi GA3S•Vision (視界), GAC Gonow 2014 Xinglang MPV and first sedan “E Beauty (E美)” were officially introduced; the first model of sedan of GAC-ZX (Yichang) Auto Co., Ltd (廣汽中興(宜昌)汽車有限公司) was removed from sale; in the field of motorcycles, 3 brand new motorcycle products of Wuyang-Honda were successfully launched into the market.

Meanwhile, the Group promoted the construction projects of new production capacity according to the determined strategic plans.

- (1) The 240,000-unit expansion and productivity construction of 120,000 gasoline engine projects of factory of Guangqi Honda in Zengcheng, and independent research and development construction was conducted as scheduled;
- (2) The 200,000-unit expansion of GAMC completed equipment switch and was expected to accomplish by the end of October;
- (3) The construction of the 160,000-unit expansion of factory of GAC Fiat in Guangzhou started on 18 June; and
- (4) The new energy passenger vehicles project of GAC BYD was progressing.

3. Strengthening independent innovation, enhancing independent research and development capability

Full-scale development of more than 20 whole vehicles and key parts and components, including traditional power vehicles, new energy vehicles, smart vehicles and lightweight vehicles was launched; the research of 26 leading technologies was advanced; 224 new effective patent applications were approved (including 56 applications for invention patents), with a total of 131 new patent rights granted, which provided strong product planning and technical support for the development of GAC.



4. Improving industry cooperation capability and deepening the advantages in the entire industry chain

In the first half of the year, the Group kept enhancing the resources integration and coordination, promoted the co-development of high end service industry and advanced manufacturing industry, formed a complete closed-loop industry chain. The overall production scale of GAC Component was enlarged to keep the percentage of business beyond the system of over 20%; GAC Commercial vigorously expanded the post automobile market service system, acquired the qualification for recycling and dismantling automobiles, and established the first domestic finance leasing in Guangzhou to pilot GAC lease company; the scale of automobile credit business of GAC-SOFINCO developed rapidly; the number of activated distributors amounted to 1,190, and GAC-SOFINCO initialized the capital securitization of personal automobile mortgage loan of RMB800 million for the first time; Urtrust Insurance and Guang Ai Brokers developed well in the automobile insurance business.

5. Leveraging on capital market platform and enhancing operational management of capital

In the first half of the year, the Group completed the strategic planning of capital operation, actively seized the dynamics of capital market, expanded the investing and financing channel, reduced the capital costs, improved the financial structure and supported key projects. The Group finished the registration of short-term financing bonds in the amount of RMB11 billion and the issuance of first tranche of bonds in the amount of RMB1 billion; and initiated the application and issuance of A share convertible bonds in the amount of RMB6 billion. Meanwhile, the Group enriched utilization methods of capital, conducted direct investments in domestic and overseas capital markets, and increased capital return.

6. Continuously implementing internal control management, preventing corporate risks

The Group continuously improved internal control and risk management system, promoted multi-layer trainings on risk management and internal control, established a mechanism combining internal control inspection and self-appraisal, and formulated and revised over 10 systems regarding internal control management, thus continuously enhancing the risk management senses and risk identification level of all staff, improving the capability of risk management and ensuring the sustainable and stable development of the Company.



7. Strengthening management of information disclosure and investor relations, ensuring standard operation

Based on the “transparent, open and authentic” principles, the Group further standardized the information disclosure and inside information management. In the first half of the year, the Group uploaded a total of 118 regular reports and temporary announcements in Hong Kong Stock Exchange and SSE, and was rated Grade A by SSE in the evaluation of information disclosure (the percentage of listed companies rated Grade A by SSE does not exceed 30%).

In the first half of the year, the Group communicated with around 300 investors and analysts through activities such as annual result release conference, domestic and overseas on-site and internet roadshows, open day for investors and annual auto show. The Group established the mechanism of handling complaints from investors to protect the legal rights of investors.

8. Improving incentive mechanism and promoting the benign development of the Company

In the first half of the year, for providing medium and long-term incentive to the directors, senior management of the Company and key technical and management employees of the Group, totaling over 600 people, the Company introduced the A share option incentive scheme, which makes the Group the first state holding listed company in the PRC to launch share option incentive scheme.

9. Actively supporting public welfare, striving to be an excellent enterprise

The Group regards being an excellent enterprise as its responsibility, actively supports public welfare, and shares the results of harmonious development. In the first half of the year, the Group has made donations to different public welfare activities, including the “Education Support and Ambition Promotion Education Fund Program of Qingyuan City” (清遠市助學扶志教育基金項目), the “Caring for the Elders Who Lost Their Only Child Program” (失獨老人關愛項目), the “Construction Project of the First Retirement Home in Tianhe District” (天河區第一老人院建設項目), the “Aiding Program for the Specially Challenged” (特殊困難人員救助項目), the “Relief Program for Financially Challenged Employees” (困難職工生活救助項目), the “Golden Autumn Education Support Program” (金秋助學項目), and to poor college students in Luoding county, as well as the renovation of dangerous buildings of schools in Luoding county. The accumulative donations to public welfare activities made by the Group and its employees amounted to over RMB22.60 million, and the Group was awarded with the golden prize of “Guangdong Province Hongmian Cup of Poverty Alleviation”.



DISCUSSION AND ANALYSIS BY THE BOARD ON OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, revenue of the Group together with its JVs and associated companies amounted to approximately RMB92.943 billion, representing an increase of approximately RMB11.176 billion or 13.67% as compared to the corresponding period last year.

During the reporting period, revenue of the Group amounted to approximately RMB10.766 billion, representing an increase of approximately 30.55% as compared to the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB1.725 billion, and earnings per share amounted to RMB0.27, both representing an increase of approximately 41.52% compared to the corresponding period last year.

The major factors leading to variation of results during the reporting period included: (1) the gradual release of new production capacity, successive introduction of strategic products and successive launch of new products into the markets promoted the growth of sales of the Group; (2) along with the continuous strengthening of industry synergistic effect, the businesses in the upstream and downstream of the industry chain such as the business of auto parts and components, commercial and trade services, automobile credit and insurance developed rapidly.

(1) ANALYSIS ON PRINCIPAL BUSINESS

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

Unit: RMB100 million

| Item | Current period | Corresponding period last year | Change (%) |
|---|----------------|--------------------------------|------------|
| Revenue | 107.66 | 82.47 | 30.55 |
| Cost of sales | 97.05 | 76.15 | 27.45 |
| Selling and distribution costs | 5.95 | 4.97 | 19.72 |
| Administrative expenses | 6.41 | 6.61 | -3.03 |
| Finance costs | 3.59 | 2.95 | 21.69 |
| Interest income | 1.55 | 1.32 | 17.42 |
| Share of profit of JVs and associated companies | 21.30 | 18.45 | 15.45 |
| Net cash flow generated from operating activities | -4.64 | -4.51 | -2.88 |
| Net cash flow generated from investing activities | -5.54 | -20.38 | 72.82 |
| Net cash flow generated from financing activities | -26.52 | 39.32 | -167.45 |

2. Revenue

During the reporting period, revenue of the Group amounted to approximately RMB10.766 billion, representing an increase of approximately 30.55% as compared with the corresponding period last year, mainly due to the strong growth of the independent brand "Trumpchi" of the Group and the rapid development of businesses in the upstream and downstream of the industry chain such as the automobile parts and components, insurance and commerce and trade service.

3. Cost of sales and gross profit

During the reporting period, the cost of sales of the Group amounted to approximately RMB9.705 billion, representing an increase of approximately RMB2.09 billion or 27.45% as compared with the corresponding period last year, lower than the growth rate of the revenue from operations; the gross profit amounted to approximately RMB1.061 billion, representing an increase of approximately RMB429 million or 67.88% as compared with the corresponding period last year, far higher than the grow rate of the revenue from operations. The profitability was improved.

4. Expense

- (1) The increase of approximately RMB98 million in selling and distribution costs as compared with the corresponding period last year was mainly attributable to the increase of labor costs, after-sales service fees and sales bonus;
- (2) The decrease of approximately RMB20 million in the administrative expenses as compared with the corresponding period last year was mainly attributable to the government grants received by subsidiaries of the Group and the increase in labor costs, technical research and development expenditure and depreciation and amortization along with the expansion of the Group;
- (3) The increase of approximately RMB64 million in the finance costs as compared with the corresponding period last year was mainly attributable to the increase of average borrowings of the Group during the reporting period, resulting in the increase of interests expenses;
- (4) The increase of approximately RMB23 million in interest income as compared with the corresponding period last year was mainly attributable to the increase of average bank deposits during the reporting period.

5. Profits of JVs and associated companies attributable to the Group

During the reporting period, profits of JVs and associated companies attributable to the Group amounted to approximately RMB2.13 billion, representing an increase of approximately RMB285 million as compared with the corresponding period last year, which was mainly attributable to the following factors that (a) the gradual release of the newly increased production capacity and the successive launch of new products into the market promoted the increase of sales of joint ventures for vehicles; and (b) along with the continuous strengthening of industry synergistic effect, the businesses in the upstream and downstream of the industry chain such as the business of automotive parts and components, automobile financing and automobile logistics service developed rapidly.

6. Cash flow

- (1) During the reporting period, net cash outflows arising from operating activities amounted to approximately RMB464 million, representing an increase of approximately RMB13 million as compared with the net cash outflows of RMB451 million in the corresponding period last year, which was mainly attributable to the increase in sales collection along with the increase of sales, increase of restricted cash and increase in the interests paid in the reporting period.
- (2) During the reporting period, net cash outflows arising from investing activities amounted to approximately RMB554 million, representing a decrease of approximately RMB1,484 million as compared with the net cash outflows of RMB2,038 million in the corresponding period last year, which was mainly attributable to improvement of production capacity, increase of research and development investment and reduced increase in the amount of time deposits during the reporting period.
- (3) During the reporting period, net cash outflows arising from financing activities amounted to approximately RMB2,652 million, representing a decrease of approximately RMB6,584 million as compared with net cash inflows of approximately RMB3,932 million of the corresponding period last year, which was mainly attributable to repayment of the medium term notes due in the amount of RMB6.7 billion.
- (4) As at 30 June 2014, cash and cash equivalent of the Group amounted to approximately RMB10.415 billion, representing a decrease of approximately RMB334 million as compared with approximately RMB10.749 billion as at 30 June 2013.

7. Others

Income tax expense amounted to approximately RMB92 million, representing an increase of approximately RMB60 million as compared with the corresponding period last year, which was mainly attributable to the decrease of losses of certain enterprises in the period.

In conclusion, the net profit attributable to the parent company of the Group during the reporting period was approximately RMB1.725 billion, representing an increase of approximately 41.52% as compared with the corresponding period last year; earnings per share was approximately RMB0.27, representing an increase of approximately RMB0.08 as compared with the corresponding period last year.

(2) ANALYSIS BY INDUSTRY OR REGIONAL OPERATION**1. Revenue by industry***Unit: RMB100 million*

| Industry | Revenue | Cost of sales | Profit margin (%) | Changes in revenue compared with last year (%) | Changes in cost of sales compared with last year (%) | Changes in profit margin compared with last year (%) |
|---------------------------------|---------|---------------|-------------------|--|--|--|
| Vehicles and related operations | 103.99 | 94.67 | 8.97 | 29.97 | 27.79 | 1.55 % increase |
| Others | 3.67 | 2.38 | 35.15 | 49.80 | 14.98 | 19.64 % increase |
| Total | 107.66 | 97.05 | 9.86 | 30.55 | 27.45 | 2.20 % increase |

During the reporting period, the increase of 2.20% in the profit margin of the Group was mainly attributable to a combination of the scale effects resulted from the increase in sales of passenger vehicles, and the reduced unit cost caused by strengthening cost control.

2. Revenue by region*Unit: RMB100 million*

| Region | Revenue | Changes in revenue as compared with last year (%) |
|----------------|---------|---|
| Mainland China | 107.66 | 30.55 |
| Hong Kong | 0.00 | -43.71 |
| Total | 107.66 | 30.55 |

(3) ANALYSIS ON ASSETS AND LIABILITIES**1. Table of assets and liabilities analysis***Unit: RMB100 million*

| Item | Balance at the end of the current period | Balance at the end of the period to total assets (%) | Balance at the end of previous year | Balance at the end of previous year to total assets (%) | Change (%) |
|--|---|--|---|---|---------------|
| Property, plant and equipment | 80.55 | 14.30 | 73.66 | 12.73 | 9.35 |
| Land use rights | 13.47 | 2.39 | 11.51 | 1.99 | 17.03 |
| Intangible assets | 32.70 | 5.81 | 30.84 | 5.33 | 6.03 |
| Investments in JVs and associated companies | 177.65 | 31.54 | 184.25 | 31.85 | -3.58 |
| Inventories | 21.96 | 3.90 | 20.36 | 3.52 | 7.86 |
| Trade and other receivables | 49.04 | 8.71 | 47.25 | 8.17 | 3.79 |
| Time deposits | 58.20 | 10.33 | 46.65 | 8.06 | 24.76 |
| Cash and cash equivalents | 104.15 | 18.49 | 140.83 | 24.35 | -26.05 |
| Borrowings | 112.11 | 19.91 | 141.72 | 24.50 | -20.89 |
| Government grants | 5.88 | 1.04 | 7.94 | 1.37 | -25.94 |
| Trade and other payables | 92.15 | 16.36 | 86.41 | 14.94 | 6.64 |

2. Analysis on change of items:

During the reporting period, there was no material change in the main assets and liabilities items.

(4) ANALYSIS ON FINANCIAL POSITION**1. Financial indicators**

As at 30 June 2014, the Group's current ratio was 1.56 times, representing an increase from approximately 1.47 times as at 31 December 2013, and quick ratio was approximately 1.35 times, representing an increase from approximately 1.30 times as at 31 December 2013; both at normal levels.

2. Financial resources and capital structure

As at 30 June 2014, the Group's current assets amounted to approximately RMB24.378 billion, current liabilities amounted to approximately RMB15.669 billion and current ratio was 1.56 times. As at 30 June 2014, the Group's total borrowings amounted to approximately RMB11.211 billion, mainly consisting of debenture issued by the Group with nominal value of RMB600 million, corporate bonds issued with nominal value of RMB4 billion, short-term financing bonds with nominal value of RMB1 billion, and loans from bank and financial institutions amounting to approximately RMB5.653 billion, which resulted in a gearing ratio of 24.17%. 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, changes in foreign exchange did not have any material effect on the Group's operating results and cash flow during the reporting period.

4. Contingent liabilities

As at 30 June 2014, third-party guarantee committed by the Group amounted to RMB2,266,668, whereas that as at 31 December 2013 was RMB3,966,667; as at 30 June 2014, financial guarantee of the Company for its subsidiaries amounted to RMB0, whereas that as at 31 December 2013 was RMB0.

(5) ANALYSIS ON CORE COMPETITIVENESS

The core competitiveness of the Group is mainly characterized as:

1. Complete industry chain and industry layouts with optimized structure

After years of resources integration and operation of industry re-organization, the Group has formed a complete closed-loop industry chain centering upon manufacture of vehicles and covering research and development and parts and components in the upstream and automobile service and financial investment in the downstream; it has formed the industry layout based on South China and radiating to North China, Central China, East China and Bohai Rim Region; and has become one of the automobile groups with the most integrated industry chain nationally, and the most optimized industry layout. The cooperation effects in the upstream and downstream of the industry chain will appear gradually; the new profit growth points are coming into existence and the comprehensive competitiveness of the Group will constantly be enhanced.

2. Advanced manufacturing, craftsmanship, quality and procedure management

The Group has comprehensive advantages in terms of manufacturing, craftsmanship, quality and procedure management, mainly including: (1) world leading quality advantage; (2) innovation advantage brought about by "continued improvement"; (3) cost advantage brought by seeking for ever greater perfection.

3. Enriched product line and optimized product structure

The Group has a full range of sedans, SUV, MPV and other types of products, and it actively promotes the upgrading of products based on the changes in the markets and the demands of consumers, continuously launches new products and seizes the market structural growth opportunities, which will maintain a widely recognized brand popularity and higher customer loyalty in the fierce market competition, and realize the long-term and solid development of the Company.

4. Worldwide connecting capital operation platforms

The Group is the first large state-owned automobile group to achieve listing in both A share and H share markets, so that it may realize capital appreciation in various forms by leveraging on domestic and overseas capital market, and achieve the maximization of capital profits by improving financing and investing efficiency by capital operation.

SIGNIFICANT EVENTS

(1) MATERIAL LITIGATIONS, ARBITRATIONS AND MATTERS GENERALLY QUESTIONED BY THE MEDIA

During the reporting period, the Company was not involved in any material litigation, arbitration or matters generally questioned by the media.

(2) MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

The Company did not have any matter relating to insolvency or restructuring during the reporting period.

(3) TRANSACTION OF ASSETS AND MERGER OF BUSINESS

I. Matters concerning acquisition and disposal of assets as well as merger of business of the Company that had been disclosed in the relevant announcements and had no changes in subsequent implementation:

Description

Acquisition of equity interest of GAC Hino (Shenyang) Automobile Co., Ltd (廣 汽 日 野 (瀋 陽) 汽 車 有 限 公 司) (currently, acquisition of 80.02% equity interests has been completed and GAC Hino (Shenyang) Automobile Co., Ltd becomes a subsidiary controlled by the Company)

Query Index

On 18 February 2014, the “Announcement on the Decision of the 30th Meeting of the 3rd Session of the Board of Guangzhou Automobile Group Co., Ltd.” was disclosed on the websites of SSE and Hong Kong Stock Exchange, in which the matter concerning acceptance of the transfer of 80.02% equity interest in GAC Hino (Shenyang) Automobile Co., Ltd was considered and passed.

On 20 March 2014, the “Announcement on the Decision of the 31st Meeting of the 3rd Session of the Board of Guangzhou Automobile Group Co., Ltd.” was disclosed on the websites of SSE and Hong Kong Stock Exchange, in which the matter concerning acceptance of the transfer of 10% equity interest in GAC Hino (Shenyang) Automobile Co., Ltd was considered and passed.

(4) REMUNERATION POLICY AND LEGAL RIGHTS OF EMPLOYEES

As at 30 June 2014, the number of registered employees of the Group (including its major joint ventures) amounted to 42,636.

The Group has put much emphasis on the research and analysis of market remuneration data, and strived to offer reasonable and competitive salaries for its employees. The Group always advocated the implementation of performance-linked remuneration policy and improved the incentive and constraint mechanism. By focusing more on the key management and professional technical positions, it is able to attract, encourage and retain talented personnel, thereby promoting the sustainable growth of our performance. The Group is also concerned about the establishment and improvement of employee benefits system, and apart from making timely contributions to social insurance, housing provident funds and other statutory benefit schemes, certain investee companies of the Group have established and improved their benefits systems, including supplementary medical insurance, supplementary pension insurance (or enterprise annuity systems).

(5) IMPLEMENTATION OF THE SHARE OPTION INCENTIVE SCHEME AND ITS EFFECT**I. Matters concerning share option incentives that had been disclosed in the relevant announcements and had no changes in subsequent implementation:****Description**

The Group approved the “Scheme of H Share Appreciation Rights and the first grant scheme”. The targeted participants included the directors, senior management, key technical and management staff of the Group.

As the grant condition with respect to the results was not met, the first session of H share appreciation rights were invalid.

The Group intended to implement the A share option incentive scheme, and the targets targeted participants included the directors, senior management, key technical and management staff of the Group.

Query Index

The “Poll Results of the First Extraordinary General Meeting of 2012 Held on 29 February 2012 and Grant of H Share Appreciation Rights” was disclosed on the website of Hong Kong Stock Exchange on 29 February 2012 (H share announcement). The “Announcement on Implementation Progress of First Grant Plan of H Share Appreciation Rights” was disclosed on the websites of SSE and Hong Kong Stock Exchange on 3 March 2014 stating the retirement of the targets and the reasons for invalidity of the first grant plan, and currently the total number of unvested share appreciation rights amounts to 23,899,981 shares.

According to the “Announcement on Overview of the Scheme of Share Option Incentive Scheme (Draft) of Guangzhou Automobile Group Co., Ltd.” disclosed on the websites of SSE and Hong Kong Stock Exchange on 11 July 2014, upon the deliberation of the 39th meeting of the 3rd session of the Board, the Company intended to implement the A share option incentive scheme.

(6) MATERIAL CONTRACTS AND THEIR PERFORMANCE**1. Trusts, contracts and lease arrangements**

The Company had no trusts, contracts or lease arrangements during the reporting period.

2. Guarantee

Unit: RMB

| External Guarantee of the Company (excluding those provided to subsidiaries) | | | | | | | | | | | |
|---|---|--|-------------------|---|--------------------------------|--------------------------|---|----------------------------------|---------|--------------------------------|---|
| Guarantor | Relationship between guarantor and listed company | Guarantee | Guaranteed amount | Date of guarantee (Date of signing agreement) | Commencement date of guarantee | Expiry date of guarantee | Type of guarantee | The guarantee is fully performed | Overdue | Is counter guarantee available | Guarantee provided to the related parties |
| GAC Bus | Wholly-owned subsidiary | Shaoguan City Public Motor Company (韶關市公共汽車公司) | 2,266,668 | 20 July 2011 | 16 February 2012 | 16 February 2015 | Suretyship of joint and several liability | No | No | No | No |
| Total guarantee incurred during the reporting period (excluding those provided to subsidiaries) | | | | | | | | | | | 0 |
| Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries) | | | | | | | | | | | 2,266,668 |
| Total guarantee of the Company (including those provided to subsidiaries) | | | | | | | | | | | |
| Total guarantee (A+B) | | | | | | | | | | | 2,266,668 |
| Proportion of total guarantee in the net assets of the Company (%) | | | | | | | | | | | 0.01 |

3. Other material contracts or transactions

During the reporting period, the Company had no other material contracts or transactions.

(7) CONVERTIBLE BOND OF THE COMPANY

The Company held the 37th meeting of the third session of the Board on 23 June 2014, in which relevant resolutions such as the “Proposal on Issuing A Share Convertible Bonds of the Company” were passed. The Company intended to issue A share convertible bonds in the amount of no more than RMB6 billion, which should be approved at the general meeting of the Company after matters concerning issuance of such bonds were approved by the regulatory authority of the state-owned assets.

(8) CORPORATE GOVERNANCE

The Group strictly complied with the requirements relating to corporate governance under the “Company Law”, the “Securities Law”, “Corporate Governance Guidelines of Listed Companies”, “Listing Rules of the Shanghai Stock Exchange”, “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” and its appendix, “Corporate Governance Code”. The Group has established relatively sound governance structure, and to adapt to the need of sustainable development, further enhanced management structure, standardized operations and established new systems and mechanisms through innovation and reform. During the reporting period, the corporate governance of the Company was the same as required by the Company Law and relevant provisions of CSRC.

During the reporting period, a total of 1 general meeting, 8 Board meetings, 3 meetings of the Supervisory Committee were held, and the procedures of the convening, holding and considering and voting for meetings have been in strict compliance with the Articles of Association and rules of proceedings.

During the operational decision-making process, the special committees of the Board fully played their roles. During the reporting period, a total of 2 Strategy Committee meetings, 3 Audit Committee meetings and 1 Remuneration and Evaluation Committee meeting were held, which provided effective decision-making support for the investments in significant projects, and provided active and effective recommendations and advices for the preparation of periodic reports in compliance with applicable regulations and the continuous improvement of internal control mechanism of the Company.

During the reporting period, the Company formulated the working system of GAC Group for the complaints from investors, the financial management system of GAC Group and the measures of GAC Group on investment, further improved the basic management system and provided solid foundation for the continuous improvement of working efficiency and management level for the corporate governance.

In addition, in accordance with the requirement of Basic Principles for Internal Control of Enterprises and Guidelines of Shanghai Stock Exchange for the Internal Control of Listed Companies, the Company prepared and disclosed 2013 evaluation report of internal control and engaged intermediaries to audit the internal control of the Company.

During the reporting period, the Company has been in full compliance with the Corporate Governance Code under the Listing Rules.

The Company has adopted the Model Code for “Securities Transactions by Directors of Listed Issuers” of the Listing Rules. After making specific enquiries with all Directors by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the reporting period.

(9) PROFIT DISTRIBUTION OR PLAN OF INCREASE OF SHARE CAPITAL WITH CAPITAL RESERVE**1. Implementation or adjustment of profit distribution plan during the reporting period**

Upon the consideration and approval of 2013 annual general meeting of shareholders of the Company held on 30 June 2014, the Company intended to declare dividend of RMB1 for each 10 shares to all shareholders and such dividend had already been distributed.

2. Declared half-year profit distribution plan

The Board declared a cash dividend of RMB0.08 per share (tax inclusive) to all shareholders of the Company.

(10) OTHER DISCLOSURES**1. Production safety**

The Group adhered to the guidelines of “safety first, focus on prevention, comprehensive control” and the principles of “people orientation and safe development”, strictly implemented accountability system for production safety, continued to enhance the targeted management of safety production responsibilities, comprehensively carried out the standardized production safety, improved the emergency rescue system for production safety accidents, actively carried out the propaganda and training of safety production and handling of potential accident hazards, actively and practically enhanced the cultural construction of safety.

During the reporting period, no accidents causing serious injury or death occurred, and the safety production condition remained stable.

2. Environmental protection

The Group focused on the targets of energy conservation, emission reduction, sewage reduction and efficiency improvement, conducted various activities of energy conservation and emission reduction, vigorously developed eco-friendly vehicles; took on the green and eco-friendly philosophy and promoted construction of intelligence intensive eco-friendly factories when constructing factories.

During the reporting period, the Group had no circumstances that fell short of environmental standards.

CHANGES IN SHARES AND SHAREHOLDERS

(1) STATEMENT OF CHANGES IN SHARE CAPITAL

Statement of changes in shares

During the reporting period, there was no change to the total number of shares and share capital structure of the Company.

Changes in restricted shares

During the reporting period, there was no change in restricted shares of the Company.

(2) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company had not redeemed any of its listed securities during the reporting period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the reporting period.

(3) SHARE INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the end of the reporting period, the interests and short positions of the persons (other than directors and supervisors of the Company) interested in 5% or more of the respective classes of issued share capital, as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO are set out below:

| Name | Class of shares | Capacity | Number of shares (Note 1) | Percentage in the class of issued share capital (%) | Percentage of total share capital |
|--|-----------------|--------------------------------------|---------------------------|---|-----------------------------------|
| GAIG (Note 2) | A Shares | Beneficial owner | 3,679,503,529(L) | 87.16 | 58.81 |
| | H Shares | Interest of a controlled corporation | 79,276,000(L) | 3.58 | 1.23 |
| Templeton Asset Management Ltd. | H Shares | Investment manager | 509,631,208(L) | 23.03 | 7.92 |
| Massachusetts Financial Services Company | H Shares | Investment manager | 245,721,362(L) | 11.10 | 3.82 |
| Sun Life Financial Inc. | H Shares | Investment manager | 245,721,362(L) | 11.10 | 3.82 |
| BlackRock, Inc. | H Shares | Interest of a controlled corporation | 130,806,265(L) | 5.91 | 2.03 |
| | | | 62,000(S) | 0.00 | 0.00 |

Notes:

- (L) – Long Position, (S) – Short Position, (P) – Lending Pool
- The number of shares reflects the number of A Shares held by GAIG on 29 March 2012, the date of listing of A Shares of the Company, of which 3,617,403,529 shares were subject to trading moratorium and 62,100,000 shares were not subject to trading moratorium. As at 30 June 2014, GAIG held in total 3,705,129,384 A Shares (of which 3,617,403,529 shares were subject to trading moratorium), approximately representing 87.76% of the share capital of A Shares. Meanwhile, it through its wholly-owned subsidiary in Hong Kong, Guangzhou Auto Group (Hong Kong) Limited, held 79,276,000 shares of the H Shares, representing approximately 3.58% of the share capital of H Shares. Hence, it held in aggregate 3,784,405,384 A and H Shares, approximately representing 58.81% of the total share capital of the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) CHANGES OF SHAREHOLDING

There was no change in shareholding held by directors, supervisors and senior management of the Company during the reporting period.

(2) MOVEMENT IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

There was no change to the directors, supervisors and senior management of the Company during the reporting period.

(3) INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES

1. Interest in shares

As at 30 June 2014, the interests of the directors, supervisors and senior management of the Company in the shares of the Company and its associated corporations (as defined in Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") of the Listing Rule, to be notified to the Company and the Hong Kong Stock Exchange, were as follows (unit: share):

| Name | Capacity | Number of shares held at the beginning of the reporting period | Number of shares held at the end of the reporting period | Increase/decrease during the reporting period |
|-------------|------------------------|--|--|---|
| Gao Fusheng | Supervisor | 87 | 87 | 0 |
| Yao Yiming | Deputy General Manager | 536,597 | 536,597 | 0 |

2. H Share Appreciation Rights

According to the H share appreciation rights scheme (details of which were set out in the circular of the Company dated 14 January 2012). As at 30 June 2014, the following directors were granted with the number of H share appreciation rights set out below:

| Name | Date of grant | Number of units of Share Appreciation Rights granted as at the beginning of the reporting period | Number of units of Share Appreciation Rights granted during the reporting period | Number of units of Share Appreciation Rights lapsed during the reporting period | Number of units of Share Appreciation Rights granted that are still valid at the end of the reporting period | Percentage of issued share capital of the category (%) | Percentage of the total issued share capital (%) |
|----------------|------------------|--|--|---|--|--|--|
| Zhang Fanyou | 29 February 2012 | 740,000 | 0 | 246,667 | 493,333 | 0.02 | 0.01 |
| Zeng Qinghong | 29 February 2012 | 580,000 | 0 | 193,333 | 386,667 | 0.02 | 0.01 |
| Yuan Zhongrong | 29 February 2012 | 550,000 | 0 | 183,333 | 366,667 | 0.02 | 0.01 |
| Liu Huilian | 29 February 2012 | 550,000 | 0 | 183,333 | 366,667 | 0.02 | 0.01 |
| Lu Sa | 29 February 2012 | 550,000 | 0 | 183,333 | 366,667 | 0.02 | 0.01 |
| Wei Xiaoqin | 29 February 2012 | 550,000 | 0 | 183,333 | 366,667 | 0.02 | 0.01 |
| Li Tun | 29 February 2012 | 550,000 | 0 | 183,333 | 366,667 | 0.02 | 0.01 |

Save as disclosed above, as at 30 June 2014, none of the directors, supervisors or senior management had any interests or short position in any shares, underlying shares and debentures of the Company and its associated corporations. As at 30 June 2014, the Company had not granted any rights to subscribe for shares or debentures of the Company or any of its associated corporations to any director, supervisor or senior management of the Company or their respective spouses or children under 18 years of age.

Condensed Consolidated Interim Financial Information

INTERIM CONSOLIDATED BALANCE SHEET

| | Note | Unaudited 30 June 2014 RMB'000 | Audited 31 December 2013 RMB'000 |
|---|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Land use rights | 7 | 1,346,611 | 1,150,803 |
| Property, plant and equipment | 7 | 8,055,438 | 7,366,265 |
| Investment properties | 7 | 142,728 | 143,474 |
| Intangible assets | 7 | 3,269,830 | 3,083,630 |
| Investments in joint ventures and associates | 8 | 17,765,121 | 18,424,546 |
| Deferred income tax assets | | 480,406 | 529,587 |
| Available-for-sale financial assets | | 382,379 | 152,228 |
| Held-to-maturity investments | | 79,554 | 49,853 |
| Prepayments and long term receivables | | 422,035 | 429,063 |
| | | 31,944,102 | 31,329,449 |
| Current assets | | | |
| Inventories | | 2,196,145 | 2,036,360 |
| Trade and other receivables | 9 | 4,903,792 | 4,724,819 |
| Available-for-sale financial assets | | 376,054 | 688,183 |
| Held-to-maturity investments | | 22,908 | 22,334 |
| Financial assets at fair value through profit or loss | | 2,562 | 2,562 |
| Time deposits | | 5,819,764 | 4,665,056 |
| Restricted cash | | 641,298 | 291,173 |
| Cash and cash equivalents | | 10,415,000 | 14,083,345 |
| | | 24,377,523 | 26,513,832 |
| Total assets | | 56,321,625 | 57,843,281 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 10 | 6,435,019 | 6,435,019 |
| Other reserves | | 10,562,982 | 10,562,909 |
| Retained earnings | | 17,395,162 | 16,313,263 |
| – Proposed dividend | 17 | 514,802 | 643,502 |
| – Others | | 16,880,360 | 15,669,761 |
| | | 34,393,163 | 33,311,191 |
| Non-controlling interests | | 780,021 | 805,005 |
| Total equity | | 35,173,184 | 34,116,196 |

| | Note | Unaudited 30 June 2014 RMB'000 | Audited 31 December 2013 RMB'000 |
|--|------|---|---|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Trade and other payables | 11 | 15,937 | 4,134 |
| Borrowings | 12 | 4,758,349 | 4,775,127 |
| Deferred income tax liabilities | | 21,753 | 21,339 |
| Provisions | | 95,814 | 74,221 |
| Government grants | | 587,678 | 793,541 |
| | | 5,479,531 | 5,668,362 |
| Current liabilities | | | |
| Trade and other payables | 11 | 9,199,293 | 8,637,253 |
| Current income tax liabilities | | 17,283 | 24,704 |
| Borrowings | 12 | 6,452,334 | 9,396,766 |
| | | 15,668,910 | 18,058,723 |
| Total liabilities | | 21,148,441 | 23,727,085 |
| Total equity and liabilities | | 56,321,625 | 57,843,281 |
| Net current assets | | 8,708,613 | 8,455,109 |
| Total assets less current liabilities | | 40,652,715 | 39,784,558 |

The notes on pages 27 to 45 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Unaudited Six months ended 30 June | |
|---|------|---------------------------------------|-----------------|
| | | 2014 RMB'000 | 2013 RMB'000 |
| Revenue | 6 | 10,766,397 | 8,247,265 |
| Cost of sales | | (9,705,066) | (7,615,291) |
| Gross profit | | 1,061,331 | 631,974 |
| Selling and distribution costs | | (595,185) | (496,794) |
| Administrative expenses | | (641,427) | (660,547) |
| Interest income | | 107,286 | 100,560 |
| Other gains – net | | 56,205 | 37,466 |
| Operating loss | 13 | (11,790) | (387,341) |
| Finance costs | 14 | (359,089) | (294,893) |
| Interest income | | 47,271 | 31,728 |
| Share of profit of joint ventures and associates | 8 | 2,129,634 | 1,844,554 |
| Profit before income tax | | 1,806,026 | 1,194,048 |
| Income tax expense | 15 | (92,434) | (32,048) |
| Profit for the period | | 1,713,592 | 1,162,000 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss – fair value loss on available-for-sale financial assets, net of tax | | (433) | (804) |
| Total comprehensive income for the period | | 1,713,159 | 1,161,196 |
| Profit/(loss) attributable to: | | | |
| – Equity holders of the Company | | 1,725,401 | 1,219,179 |
| – Non-controlling interests | | (11,809) | (57,179) |
| | | 1,713,592 | 1,162,000 |
| Total comprehensive income/(loss) attributable to: | | | |
| – Equity holders of the Company | | 1,723,944 | 1,218,697 |
| – Non-controlling interests | | (10,785) | (57,501) |
| | | 1,713,159 | 1,161,196 |
| Earnings per share attributable to owners of the Company (expressed in RMB per share) | | | |
| – basic and diluted | 16 | 0.27 | 0.19 |

The notes on pages 27 to 45 form an integral part of these interim consolidated financial statements.

| | Note | Unaudited Six months ended 30 June | |
|-----------|------|---------------------------------------|-----------------|
| | | 2014 RMB'000 | 2013 RMB'000 |
| Dividends | 17 | 514,802 | 386,101 |

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Unaudited | | | | | |
|--|---|---------------------------|------------------------------|------------------|--------------------------------------|-------------------------|
| | Attributable to equity holders of the Company | | | | Non-controlling interests RMB'000 | Total equity RMB'000 |
| | Share capital RMB'000 | Other reserves RMB'000 | Retained earnings RMB'000 | Total RMB'000 | | |
| Balance at 1 January 2014 | 6,435,019 | 10,562,909 | 16,313,263 | 33,311,191 | 805,005 | 34,116,196 |
| Comprehensive income | | | | | | |
| Profit/(loss) for the period | - | - | 1,725,401 | 1,725,401 | (11,809) | 1,713,592 |
| Other comprehensive (loss)/income – Available-for-sale financial assets, net of tax | - | (1,457) | - | (1,457) | 1,024 | (433) |
| Total comprehensive (loss)/income | - | (1,457) | 1,725,401 | 1,723,944 | (10,785) | 1,713,159 |
| Total contributions by and distributions to equity holders of the Company recognised directly in equity | | | | | | |
| Dividends declared by the Company and subsidiaries | - | - | (643,502) | (643,502) | (18,450) | (661,952) |
| Others | - | 1,530 | - | 1,530 | 401 | 1,931 |
| Total contributions by and distributions to equity holders of the Company | - | 1,530 | (643,502) | (641,972) | (18,049) | (660,021) |
| Contribution from non-controlling shareholders of subsidiaries | - | - | - | - | 3,850 | 3,850 |
| Total transactions with owners | - | 1,530 | (643,502) | (641,972) | (14,199) | (656,171) |
| Balance at 30 June 2014 | 6,435,019 | 10,562,982 | 17,395,162 | 34,393,163 | 780,021 | 35,173,184 |
| Balance at 1 January 2013 | 6,435,019 | 10,190,029 | 14,517,023 | 31,142,071 | 921,760 | 32,063,831 |
| Comprehensive income | | | | | | |
| Profit/(loss) for the period | - | - | 1,219,179 | 1,219,179 | (57,179) | 1,162,000 |
| Other comprehensive loss – Available-for-sale financial assets, net of tax | - | (482) | - | (482) | (322) | (804) |
| Total comprehensive (loss)/income | - | (482) | 1,219,179 | 1,218,697 | (57,501) | 1,161,196 |
| Total contributions by and distributions to equity holders of the Company recognised directly in equity | | | | | | |
| Dividends declared by the Company and subsidiaries | - | - | (128,700) | (128,700) | (17,500) | (146,200) |
| Others | - | 316 | - | 316 | 268 | 584 |
| Total contributions by and distributions to equity holders of the Company | - | 316 | (128,700) | (128,384) | (17,232) | (145,616) |
| Contribution from non-controlling shareholders of subsidiaries | - | 10 | - | 10 | 30,583 | 30,593 |
| Total transactions with owners | - | 326 | (128,700) | (128,374) | 13,351 | (115,023) |
| Balance at 30 June 2013 | 6,435,019 | 10,189,873 | 15,607,502 | 32,232,394 | 877,610 | 33,110,004 |

The notes on pages 27 to 45 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited | |
|--|--------------------------|--------------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Cash flows from operating activities | | |
| Cash used in operations | (164,243) | (135,861) |
| Interest received | 303,414 | 132,408 |
| Interest paid | (552,160) | (337,592) |
| Income tax paid | (51,113) | (109,686) |
| Net cash flows used in operating activities | (464,102) | (450,731) |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment, land use rights, investment properties and intangible assets | (1,785,173) | (611,986) |
| Proceeds from sales of property, plant and equipment | 113,755 | 142,337 |
| Disposal of a joint venture | 53,046 | – |
| Additional capital injection in joint ventures | (60,000) | (212,150) |
| Additional capital injection in associates | (6,690) | (115,777) |
| Acquisition and set-up of associates | – | (30,646) |
| Acquisition of financial assets | (409,052) | (753,425) |
| Disposal of financial assets | 652,671 | 157,600 |
| Issue of entrusted loans | (534,180) | (60,000) |
| Proceeds from repayment of entrusted loans | 17,500 | 21,600 |
| Receipt of government grant | 11,731 | 3,650 |
| Dividends received from joint ventures and associates | 2,547,009 | 2,894,336 |
| Increase in time deposits | (1,154,708) | (3,551,097) |
| (Increase)/decrease in restricted cash | (327) | 77,635 |
| Net cash flows used in investing activities | (554,418) | (2,037,923) |
| Cash flows from financing activities | | |
| Contribution from non-controlling shareholders of subsidiaries | 3,850 | 30,593 |
| Distribution to shareholders of the Company and non-controlling shareholders of subsidiaries | (13,383) | (8,212) |
| Proceeds from borrowings | 4,522,113 | 1,387,982 |
| Repayments of borrowings | (1,462,647) | (1,435,555) |
| Proceeds from bonds | 998,080 | 3,956,840 |
| Repayment of middle-term notes | (6,700,347) | – |
| Net cash flows (used in)/generated from financing activities | (2,652,334) | 3,931,648 |
| Net (decrease)/increase in cash and cash equivalents | (3,670,854) | 1,442,994 |
| Cash and cash equivalents at beginning of the period | 14,083,345 | 9,315,874 |
| Exchange gains/(losses) on cash and cash equivalents | 2,509 | (10,013) |
| Cash and cash equivalents at end of the period | 10,415,000 | 10,748,855 |

The notes on pages 27 to 45 form an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Guangzhou Automobile Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) are 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 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 of 30 June 2004 into 3,499,665,555 shares at RMB 1 each. In 2009, the Company issued additional 435,091,902 shares at par value of RMB 1 each to all its shareholders. After the capital injection and as of 31 December 2009, the Company’s total issued domestic shares were 3,934,757,457.

The Company privatised Denway Motors Limited (“Denway”) through the issuance of 2,213,300,218 foreign shares 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 for privatisation of Denway were then listed on the Stock Exchange 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”). Subsequent to the approval by the Company’s shareholders and China Securities Regulatory Commission, the Company paid cash and issued 286,962,422 RMB ordinary shares of the Company to acquire the remaining interests of GAC Changfeng. GAC Changfeng was then delisted from SSE and became a wholly-owned subsidiary of the Company. On 29 March 2012, the Company was listed on the SSE.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”) Yuan, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 26 August 2014.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with HKFRSs.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the condensed consolidated financial information are consistent with those described in the annual financial statements for the year ended 31 December 2013.

Taxes on income in the interim periods have been accrued using the tax rate that would be applicable to the estimated annual earnings.

- (a) The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2014:

| Standards/Interpretation | Subject of amendment |
|---|---|
| Amendments to HKAS 32 | Offsetting financial assets and financial liabilities |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Consolidation for investment entities |
| Amendments to HKAS 36 | Recoverable amount disclosures for non-financial assets |
| Amendments to HKAS 39 | Financial Instruments: Recognition and Measurement |
| HK(IFRIC) Interpretation 21 | Levies |

The adoption of above new standards and amendments, revisions and interpretation to existing standards does not have material impact on the results and financial position of the Group.

- (b) The following new standards and amendments, revisions and interpretations to standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

| Standards/Interpretation | Subject of amendment |
|-----------------------------------|--|
| Amendment to HKAS19 | Regarding defined benefit plans |
| Annual Improvement Project | Annual improvements 2010-2012 cycle |
| Annual Improvement Project | Annual improvements 2011-2013 cycle |
| HKFRS 14 | Regulatory Deferral Accounts |
| Amendment to HKFRS 11 | Accounting for acquisitions of interests in joint operation |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortization |
| HKFRS 15 | Revenue from Contracts with Customers |

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(continued)***4 ESTIMATES**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

5 FINANCIAL RISK MANAGEMENT**5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Compared to year end, except for new issuance of RMB 1,000,000,000 short term bonds and redemption of medium-term note of RMB 6,700,000,000 during the period, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2014:

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|---|--------------------|--------------------|--------------------|------------------|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Fund investments | 2,562 | – | – | 2,562 |
| Available-for-sale financial assets | | | | |
| – Stock investments | 54,678 | – | 146,807 | 201,485 |
| – Bond investments | 172,500 | – | – | 172,500 |
| – Fund investments | 42,761 | – | 15,787 | 58,548 |
| – Financial products | – | – | 222,000 | 222,000 |
| – Trust products | – | – | 103,900 | 103,900 |
| Total assets | 272,501 | – | 488,494 | 760,995 |

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013:

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|---|--------------------|--------------------|--------------------|------------------|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Fund investments | 2,562 | – | – | 2,562 |
| Available-for-sale financial assets | | | | |
| – Bond investments | 163,567 | – | – | 163,567 |
| – Fund investments | 14,367 | – | 32,477 | 46,844 |
| – Financial products | – | – | 590,000 | 590,000 |
| – Trust products | – | – | 40,000 | 40,000 |
| Total assets | 180,496 | – | 662,477 | 842,973 |

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors reviews 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, 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, insurance and investment 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.

| | Vehicles and related operations RMB'000 | Others RMB'000 | Eliminations RMB'000 | Unallocated RMB'000 | Consolidated RMB'000 |
|---|---|-------------------|-------------------------|------------------------|-------------------------|
| Six months ended 30 June 2014 | | | | | |
| Total segment revenue | 10,417,106 | 408,368 | (59,077) | | 10,766,397 |
| Inter-segment revenue | (17,522) | (41,555) | 59,077 | | - |
| Revenue (from external customers) | 10,399,584 | 366,813 | - | | 10,766,397 |
| Segment results | 15,694 | (33,759) | - | | (18,065) |
| Unallocated income – Headquarter interest income | | | | 54,450 | 54,450 |
| Unallocated costs – Headquarter expenditure | | | | (48,175) | (48,175) |
| Operating losses | | | | | (11,790) |
| Finance costs | (116,502) | (867) | - | (241,720) | (359,089) |
| Interest income | 19,891 | 710 | - | 26,670 | 47,271 |
| Share of profit of joint ventures and associates | 2,033,581 | 96,053 | - | - | 2,129,634 |
| Profit before income tax | | | | | 1,806,026 |
| Income tax (expense)/credit | (90,146) | 4,669 | - | (6,957) | (92,434) |
| Profit for the period | | | | | 1,713,592 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 SEGMENT INFORMATION (continued)

| | Vehicles and related operations RMB'000 | Others RMB'000 | Eliminations RMB'000 | Unallocated RMB'000 | Consolidated RMB'000 |
|---|--|---------------------------|---------------------------------|--------------------------------|---------------------------------|
| Six months ended 30 June 2013 | | | | | |
| Total segment revenue | 8,015,658 | 272,295 | (40,688) | | 8,247,265 |
| Inter-segment revenue | (13,428) | (27,260) | 40,688 | | – |
| Revenue (from external customers) | 8,002,230 | 245,035 | – | | 8,247,265 |
| Segment results | (308,276) | (47,718) | – | | (355,994) |
| Unallocated income – Headquarter interest income | | | | 66,333 | 66,333 |
| Unallocated costs – Headquarter expenditure | | | | (97,680) | (97,680) |
| Operating losses | | | | | (387,341) |
| Finance costs | (92,569) | (1,143) | – | (201,181) | (294,893) |
| Interest income | 16,090 | 2,495 | – | 13,143 | 31,728 |
| Share of profit of joint ventures and associates | 1,760,475 | 84,079 | – | – | 1,844,554 |
| Profit before income tax | | | | | 1,194,048 |
| Income tax (expense)/credit | (25,374) | 4,744 | – | (11,418) | (32,048) |
| Profit for the period | | | | | 1,162,000 |
| | Vehicles and related operations RMB'000 | Others RMB'000 | Eliminations RMB'000 | Unallocated RMB'000 | Consolidated RMB'000 |
| Total assets | | | | | |
| At 30 June 2014 | 36,219,517 | 3,798,354 | (859,083) | 17,162,837 | 56,321,625 |
| At 31 December 2013 | 35,022,645 | 3,512,778 | (853,804) | 20,161,662 | 57,843,281 |
| Total liabilities | | | | | |
| At 30 June 2014 | 11,528,459 | 882,466 | (859,083) | 9,596,599 | 21,148,441 |
| At 31 December 2013 | 11,874,456 | 551,172 | (853,804) | 12,155,261 | 23,727,085 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

| | Land use rights RMB'000 | Property, plant and equipment RMB'000 | Investment properties RMB'000 | Intangible assets RMB'000 |
|---|----------------------------|--|-------------------------------------|---------------------------------|
| Six months ended 30 June 2014 | | | | |
| Opening net book amount as at 1 January 2014 | 1,150,803 | 7,366,265 | 143,474 | 3,083,630 |
| Additions | 207,708 | 1,021,619 | 1,792 | 415,582 |
| Disposals | – | (19,533) | – | – |
| Depreciation and amortisation | (11,900) | (312,913) | (2,538) | (229,382) |
| Closing net book amount as at 30 June 2014 | 1,346,611 | 8,055,438 | 142,728 | 3,269,830 |
| Six months ended 30 June 2013 | | | | |
| Opening net book amount as at 1 January 2013 | 1,064,581 | 5,927,416 | 30,580 | 3,076,492 |
| Additions | 2,629 | 539,090 | 15,870 | 273,899 |
| Disposals | – | (58,076) | – | (30,415) |
| Impairment | – | – | – | (5) |
| Depreciation and amortisation | (10,411) | (241,834) | (1,173) | (161,174) |
| Closing net book amount as at 30 June 2013 | 1,056,799 | 6,166,596 | 45,277 | 3,158,797 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

| | As at | |
|-----------------------------------|---------------------------------|--------------------------------|
| | 30 June 2014 RMB'000 | 31 December 2013 RMB'000 |
| Investments in joint ventures | 12,841,728 | 13,200,531 |
| Investments in associates | 4,923,393 | 5,224,015 |
| | 17,765,121 | 18,424,546 |
| | Six months ended 30 June | |
| | 2014 RMB'000 | 2013 RMB'000 |
| Share of profit of joint ventures | 1,576,447 | 1,400,849 |
| Share of profit of associates | 553,187 | 443,705 |
| | 2,129,634 | 1,844,554 |

8.1 Investments in joint ventures

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

| | Six months ended 30 June | |
|----------------------------|--------------------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 |
| At beginning of the period | 13,200,531 | 12,313,895 |
| Additions | 60,000 | 184,500 |
| Share of profit | 1,547,378 | 1,395,856 |
| Disposals | (57,471) | – |
| Dividend declared | (1,908,710) | (1,533,419) |
| End of the period | 12,841,728 | 12,360,832 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(continued)*8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(continued)*8.1 Investments in joint ventures *(continued)*

- (b) Set out below are the joint ventures of the Group as at 30 June 2014, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

| Name of joint ventures | Place of business/ country of incorporation | % of ownership interest | Nature of the relationship | Measurement method |
|---|--|-------------------------|----------------------------|--------------------|
| Guangqi Honda Automobile Co., Ltd. ("Guangqi Honda") | Mainland China | 50 | Note 1 | Equity |
| GAC Toyota Motor Co., Ltd. ("GAC Toyota") | Mainland China | 50 | Note 1 | Equity |
| GAC Fiat Automobiles Co., Ltd. ("GAC Fiat") | Mainland China | 50 | Note 1 | Equity |
| GAC Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi") | Mainland China | 50 | Note 1 | Equity |
| GAC Hino Motors Co., Ltd. ("GAC Hino") | Mainland China | 50 | Note 1 | Equity |
| GAC-SOFINCO Automobile Finance Co., Ltd ("GAC Sofinco") | Mainland China | 50 | Note 1 | Equity |
| Wuyang-Honda Motors(Guangzhou) Co., Ltd. ("Wuyang-Honda") | Mainland China | 50 | Note 1 | Equity |

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

- (c) Summarised financial information for joint ventures

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

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

Summarised balance sheet

| | As at 30 June 2014 RMB'000 | 31 December 2013 RMB'000 |
|--|-------------------------------------|--------------------------------|
| Assets | | |
| Non-current assets | 25,805,312 | 24,756,458 |
| Current assets | | |
| – Cash and cash equivalents | 13,322,915 | 17,203,187 |
| – Other current assets | 42,482,230 | 37,482,874 |
| | 55,805,145 | 54,686,061 |
| Total assets | 81,610,457 | 79,442,519 |
| Liabilities | | |
| Non-current liabilities | | |
| – Financial liabilities (excluding trade and other payables) | 6,037,641 | 3,541,434 |
| – Other non-current liabilities (including trade and other payables) | 1,805,332 | 1,674,395 |
| | 7,842,973 | 5,215,829 |
| Current liabilities | | |
| – Financial liabilities (excluding trade and other payables) | 15,694,687 | 16,038,930 |
| – Other current liabilities (including trade and other payables) | 38,032,921 | 37,437,090 |
| | 53,727,608 | 53,476,020 |
| Total liabilities | 61,570,581 | 58,691,849 |
| Net assets | 20,039,876 | 20,750,670 |
| Less: Non-controlling interests | (12,952) | (18,569) |
| | 20,026,924 | 20,732,101 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

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

Summarised statement of comprehensive income

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 |
| Revenue | 62,129,970 | 56,936,456 |
| Cost of sales | (52,048,779) | (48,397,013) |
| Other expenditures | (6,936,924) | (5,680,228) |
| Profit after tax | 3,144,267 | 2,859,215 |
| Add: losses shared by non-controlling interests | 3,576 | 4,098 |
| | 3,147,843 | 2,863,313 |
| Other comprehensive income | – | – |
| Total comprehensive income | 3,147,843 | 2,863,313 |

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

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in the joint ventures:

| | As at 30 June 2014 | | | Carrying amount of investments in joint ventures RMB'000 |
|----------------|---|---|---------------------|---|
| | Net assets excluding non-controlling interests RMB'000 | Interests in joint venture@50% RMB'000 | Goodwill RMB'000 | |
| Guangqi Honda | 7,685,844 | 3,842,922 | – | 3,842,922 |
| GAC Toyota | 5,567,484 | 2,783,742 | – | 2,783,742 |
| GAC Fiat | 905,378 | 452,689 | – | 452,689 |
| GAC Mitsubishi | 1,304,356 | 652,178 | 2,895,293 | 3,547,471 |
| GAC Hino | 91,812 | 45,906 | – | 45,906 |
| GAC Sofinco | 1,872,666 | 936,333 | – | 936,333 |
| Wuyang-Honda | 1,134,438 | 567,219 | 21,259 | 588,478 |
| Total | 18,561,978 | 9,280,989 | 2,916,552 | 12,197,541 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

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

Summarised statement of comprehensive income (continued)

| | As at 31 December 2013 | | | |
|----------------|--|---|---------------------|---|
| | Net assets excluding non-controlling interests RMB'000 | Interests in joint venture@50% RMB'000 | Goodwill RMB'000 | Carrying amount of investments in joint ventures RMB'000 |
| Guangqi Honda | 6,747,682 | 3,373,841 | – | 3,373,841 |
| GAC Toyota | 7,011,566 | 3,505,783 | – | 3,505,783 |
| GAC Fiat | 1,223,302 | 611,651 | – | 611,651 |
| GAC Mitsubishi | 1,165,732 | 582,866 | 2,895,293 | 3,478,159 |
| GAC Hino | 149,996 | 74,998 | – | 74,998 |
| GAC Sofinco | 1,752,202 | 876,101 | – | 876,101 |
| Wuyang-Honda | 1,196,680 | 598,340 | 21,259 | 619,599 |
| Total | 19,247,160 | 9,623,580 | 2,916,552 | 12,540,132 |

8.2 Investments in associates

(a) Movements of investments in associates are set out as follows:

| | Six months ended 30 June | |
|-------------------------|--------------------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 |
| Beginning of the period | 5,224,015 | 4,568,056 |
| Additions | 6,690 | 142,792 |
| Share of profits | 553,187 | 443,705 |
| Disposals | (129,610) | – |
| Dividend declared | (730,889) | (497,187) |
| End of the period | 4,923,393 | 4,657,366 |

(b) In the opinion of the board, there are no associates individually material to the Group. Set out below is the Group's share of associates' results:

| | Six months ended 30 June | |
|-----------------------------------|--------------------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 |
| Associates | | |
| Profit from continuing operations | 553,187 | 443,705 |
| Other comprehensive income | – | – |
| Total comprehensive income | 553,187 | 443,705 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

9 TRADE AND OTHER RECEIVABLES

Sales of passenger vehicles were normally made with advance payment. Sales of other products were made on credit terms ranging from 2 to 170 days.

As at 30 June 2014 and 31 December 2013, the ageing analysis of trade receivables is as follows:

| | As at | |
|--------------------------------|------------------|-------------|
| | 30 June | 31 December |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Trade receivables | | |
| Within 3 months | 741,125 | 783,626 |
| Between 3 months and 1 year | 85,734 | 176,372 |
| Between 1 and 2 years | 19,438 | 58,743 |
| Between 2 and 3 years | 4,116 | 17,914 |
| Over 3 years | 138,965 | 130,394 |
| | 989,378 | 1,167,049 |
| Less: Provision for impairment | (141,432) | (142,431) |
| Trade receivables – net | 847,946 | 1,024,618 |

10 SHARE CAPITAL

| | RMB ordinary shares of RMB1 each | | Domestic legal person shares of RMB1 each | | Foreign H shares listed out of mainland China | | Total | |
|---|----------------------------------|----------------|---|----------------|---|----------------|------------------------------|----------------|
| | Number of shares (thousands) | Amount RMB'000 | Number of shares (thousands) | Amount RMB'000 | Number of shares (thousands) | Amount RMB'000 | Number of shares (thousands) | Amount RMB'000 |
| As at 31 December 2013 and 30 June 2014 | 286,962 | 286,962 | 3,934,757 | 3,934,757 | 2,213,300 | 2,213,300 | 6,435,019 | 6,435,019 |

11 TRADE AND OTHER PAYABLES

As at 30 June 2014 and 31 December 2013, the ageing analysis of the trade payables is as follows:

| | As at | |
|-----------------------|------------------|-------------|
| | 30 June | 31 December |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Trade payables | | |
| Within 1 year | 3,788,243 | 3,572,843 |
| Between 1 and 2 years | 32,365 | 35,449 |
| Between 2 and 3 years | 6,661 | 9,763 |
| Over 3 years | 9,427 | 6,040 |
| | 3,836,696 | 3,624,095 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

12 BORROWINGS

| | As at 30 June 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|-------------------------------------|--------------------------------|
| Non-current | | |
| Bank borrowings | 199,493 | 218,990 |
| Corporate bonds (a) | 4,558,856 | 4,556,137 |
| | 4,758,349 | 4,775,127 |
| Current | | |
| Borrowings from bank and other financial institutions | 5,453,903 | 2,702,378 |
| Middle-term notes (b) | – | 6,694,388 |
| Short term bonds (c) | 998,431 | – |
| | 6,452,334 | 9,396,766 |
| Total borrowings (d) | 11,210,683 | 14,171,893 |

- (a) In December 2007, the Company issued corporate bonds with par value of RMB 600,000,000 at an interest rate of 6.02% per annum. The related interest is payable on an annual basis. These corporate bonds will be fully redeemed at par in November 2017, and are guaranteed by China Development Bank, a state-owned financial institution.

In March 2013, the Company issued corporate bonds with par value of RMB4,000,000,000, there were two types of corporate bonds, including 5-year and 10-year. 5-year corporate bonds with par value of RMB 1,000,000,000, which bears interest rate of 4.89%, 10-year corporate bonds with par value of RMB 3,000,000,000, which bears interest rate of 5.09%. The related interest is payable on an annual basis. These corporate bonds will be fully redeemed at par in March 2018 and March 2023 respectively, for which Guangzhou Automobile Industry Group Co., Ltd. ("GAIGC"), the parent of the Company, has provided a full amount, unconditional, irrevocable and jointly-liable guarantee.

- (b) On 10 April 2009 and 27 April 2009, the Company issued two types of middle-term notes with principals of RMB 3,300,000,000 and RMB 3,400,000,000 which bear interest rate of 3.58% per annum and 3.83% per annum respectively. The related interest is payable on an annual basis, and have a term of 365 days.
- (c) On 11 March 2014, the Company issued short term bonds with principals of RMB 1,000,000,000 which bear interest rate of 5.15% per annum. These bonds will be fully redeemed at par in March, 2015.
- (d) Movements in borrowings are analysed as follows:

| | Six months ended 30 June 2014 RMB'000 | 2013 RMB'000 |
|-------------------------------------|---|-----------------|
| At the beginning of the period | 14,171,893 | 10,290,804 |
| Proceeds of new borrowings | 6,858,927 | 6,049,642 |
| Repayments of borrowings | (9,822,856) | (2,329,757) |
| Amortisation of bond issuance costs | 2,719 | 1,349 |
| At the end of the period | 11,210,683 | 14,012,038 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**13 OPERATING LOSSES**

The following items have been charged/(credited) to the operating losses during the period:

| | Six months ended 30 June | |
|---|---------------------------------|----------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Depreciation and amortisation | 556,733 | 414,592 |
| Impairment charge for intangible assets | – | 5 |
| Impairment of inventories | 2,270 | 40,876 |
| Provision/(reversal of) for impairment of trade and other receivables | 21,583 | (2,193) |
| Staff costs | 1,035,557 | 809,844 |
| Gain on disposal of property, plant and equipment | (950) | (3,611) |
| Government grants | (194,372) | (41,518) |
| Donation | 2,053 | 10,936 |

14 FINANCE COSTS

| | Six months ended 30 June | |
|---|---------------------------------|---------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Interest for borrowings from banks and other financial institutions | 337,002 | 284,166 |
| Others | 22,087 | 10,727 |
| | 359,089 | 294,893 |

15 INCOME TAX EXPENSE

Hong Kong profits tax and China enterprise income tax have been provided at the rate of taxation prevailing in the regions in which the Group operates respectively.

The amount of taxation credited to the interim condensed consolidated statement of comprehensive income:

| | Six months ended 30 June | |
|-----------------------------|---------------------------------|---------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Current income tax | | |
| – PRC enterprise income tax | 43,692 | 37,767 |
| Deferred income tax | 48,742 | (5,719) |
| | 92,434 | 32,048 |

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

The tax rates applicable to the Company and its major joint ventures for the period ended 30 June 2014 is 25% (the period ended 30 June 2013: 25%).

16 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during each period. During the relevant periods, there were no potential dilutive ordinary shares, diluted earnings per share was equal to the basic earnings per share.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

17 DIVIDEND

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 |
| Interim dividend declared: RMB 0.08 (2013: RMB 0.06) | 514,802 | 386,101 |

No dividend was paid in six months ended 30 June 2014 (2013: nil).

In addition, an interim dividend of RMB 0.08 per share (2013: RMB 0.06) was declared by the board of directors on 26 August 2014. This interim dividend, amounting to approximately RMB 514,802,000 (2013: RMB386,101,000), has not been recognised as a liability in this interim financial information.

18 CAPITAL COMMITMENTS

Capital expenditure at the balance sheet date but not yet incurred is as follows:

| | As at | |
|-------------------------------------|----------------------------|--------------------------------|
| | 30 June 2014 RMB'000 | 31 December 2013 RMB'000 |
| Property, plant and equipment | | |
| – Contracted but not provided for | 343,457 | 915,437 |
| – Authorised but not contracted for | 216,365 | 247,075 |
| | 559,822 | 1,162,512 |
| Intangible assets | | |
| – Contracted but not provided for | 233 | 16,031 |
| – Authorised but not contracted for | 947,030 | 1,168,833 |
| | 947,263 | 1,184,864 |
| Investments | | |
| – Contracted but not provided for | 2,116,039 | 374,195 |
| | 3,623,124 | 2,721,571 |

19 CONTINGENT LIABILITIES

As at 30 June 2014, the Group had provided financial guarantees to a third party for an amount of approximately RMB 2,267,000 (2013: RMB 3,967,000).

It is not anticipated that any material liabilities will arise from the financial guarantees given by the Company.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

20 RELATED-PARTY TRANSACTIONS

Guangzhou Automobile Group Co., Ltd's parent company is GAIGC, a state-owned enterprise established in the PRC and is controlled by the PRC Government.

In accordance with HKAS 24 (Revised) "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government ("State-owned Enterprises") are defined as related parties of the Group. On that basis, related parties include GAIGC and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and GAIGC as well as their close family members.

During the period, the Group had the following significant transactions with related parties.

These transactions were conducted in the ordinary and usual course of business in accordance with terms agreed between the Group and their related parties.

(a) Significant related party transactions

| | Six months ended 30 June | |
|---|---------------------------------|---------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Sales of goods | | |
| Sales of auto parts and materials | | |
| – Joint ventures | 554,802 | 343,529 |
| – Associates | 154,192 | 121,907 |
| | 708,994 | 465,436 |
| Sales of passenger vehicles | | |
| – Joint ventures | 1,822 | 7,344 |
| – Associates | 336 | 164 |
| | 2,158 | 7,508 |
| | 711,152 | 472,944 |
| Rendering of labour and insurance services | | |
| – Joint ventures | 270,029 | 245,668 |
| – Associates | 191,472 | 173,775 |
| | 461,501 | 419,443 |
| Purchases of goods | | |
| Purchases of auto parts and materials | | |
| – Joint ventures | 367,390 | 176,209 |
| – Associates | 258,364 | 220,683 |
| | 625,754 | 396,892 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

20 RELATED-PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 |
| Purchases of passenger vehicles | | |
| – Joint ventures | 1,866,107 | 1,732,434 |
| | 2,491,861 | 2,129,326 |
| Purchases of labour and insurance services | | |
| – Joint ventures | 18,226 | 8,807 |
| – Associates | 8,210 | 12,131 |
| | 26,436 | 20,938 |
| Provision of entrusted loans to related parties | | |
| – Joint ventures | 517,500 | 60,000 |
| Repayment of entrusted loans from related parties | | |
| – Joint ventures | 17,500 | – |
| – Associates | – | 21,600 |
| | 17,500 | 21,600 |
| Entrusted loans provided by related parties | | |
| – Joint ventures | 40,000 | 20,000 |
| – Associates | 50,000 | 50,000 |
| | 90,000 | 70,000 |
| Borrowings provided by related parties | | |
| – Joint ventures | 1,008,678 | 683,449 |
| Repayment of borrowings from related parties | | |
| – Joint ventures | 1,034,941 | 645,908 |
| Guarantees given by related party | | |
| – parent company (Note 12(a)) | 4,000,000 | 4,000,000 |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

20 RELATED-PARTY TRANSACTIONS (continued)

(b) Key management compensation

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 |
| Salaries and other short-term employee benefits | 8,817 | 10,914 |

(c) Transactions with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by State-owned Enterprises. During the Relevant Periods, the Group had transactions with State-owned Enterprises including, but not limited to, sales of automobiles and other automotive components and purchases of raw materials and automotive parts and components.

For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are State-owned Enterprises. However, many State-owned Enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs.

The Directors consider that transactions with other State-owned Enterprises are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other State-owned Enterprises are ultimately controlled or owned by the PRC Government. The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the Directors are of the opinion that except for the disclosure of transactions with state-owner financial institutions as follows, none of these transactions are material related party transactions that require separate disclosure.

(i) Balances with state-owned financial institutions

As at 30 June 2014 and 31 December 2013, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions.

(ii) Guarantees given by State-owned Enterprises

As at 30 June 2014, information of borrowings secured by guarantees given by a state-owned financial institution is presented in note 12(a).

21 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- (a) Details of the interim dividend proposed are given in Note 17.
- (b) On 11 July 2014, the Board of Directors of the Company considered and approved an additional capital contribution of RMB 110,000,000 to GAC Hino.
- (c) On 4 August 2014, the Board of Directors of the Company considered and approved the set up of a new company named GAC BYD New Energy Co., Ltd with BYD Co., Ltd.

DEFINITIONS

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

| | |
|-----------------------------------|--|
| “A Shares” | A shares of the Company |
| “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” 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 |
| “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 wholly-owned subsidiary of the Group incorporated on 18 January 1993 under PRC law |
| “GAC BYD” | Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), an associated company incorporated on 4 August 2014 under PRC law by the Group and BYD Company Limited, in which the Group holds 49% equity interest |
| “GAC Capital” | GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary incorporated in April 2013 |
| “GAC Commercial” | Guangzhou Automobile Group Business Co., Ltd (廣州汽車集團商貿有限公司), a wholly-owned subsidiary of the Group incorporated on 21 March 2000 under PRC law |
| “GAC Component” | Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司), which was a wholly-owned subsidiary incorporated on 29 August 2000 under PRC law with the joint capital contribution of the Group and the companies owned by the Group |
| “GAC Fiat” | GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司), a JV incorporated on 9 March 2010 under PRC law by Fiat Group Automobiles S.P.A. and the Company |
| “GAC Gonow” | GAC Gonow Automobile Co., Ltd (廣州吉奧汽車有限公司), a subsidiary incorporated on 8 December 2010 under PRC Law by the Company and Gonow Auto, 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 JV incorporated on 28 November 2007 under PRC law by the Company and Hino Motors, Ltd. |
| “GAC Mitsubishi” | GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a JV incorporated on 25 September 2012 under PRC law held by the Company and Mitsubishi Motors Corporation |
| “GAC-SOFINCO” | GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a JV incorporated on 25 May 2010 under PRC law by the Company and Société de Financement Industriel etCommercial (SOFINCO) |

| | |
|----------------------------|--|
| “GAC Toyota” | GAC Toyota Motor Co. Ltd (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co. Ltd (廣州豐田汽車有限公司)), a JV incorporated on 1 September 2004 under PRC law by the Company and Toyota Motor Company |
| “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 under PRC law by the Group and Toyota Motor Company, in which the Company held Company holds 30% equity interest |
| “GAIG” | Guangzhou Automobile Industry Group Co., Ltd., which was a state-owned enterprise incorporated on 18 October 2000, and is the 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 wholly-owned subsidiary incorporated on 21 July 2008 under PRC law by the Group |
| “Group” | the Company, its subsidiaries, joint ventures and associated companies |
| “Guang Ai” | Guangzhou Guang Ai Insurance Brokers Limited (廣州廣愛保險經紀有限公司), a subsidiary incorporated on 7 June 2006 under PRC law by the Company, in which the Company accumulatively (directly and indirectly) 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 JV incorporated on 13 May 1998 under PRC law by the Company and Honda Motor Co. Ltd. |
| “H Shares” | H Shares of the Company |
| “HAVECO” | Hangzhou HAVECO Automotive Transmission Co., Ltd. (杭州依維柯汽車變速器有限公司), a JV incorporated on 26 September 1996 under PRC Law, which is held by GAC Components, Hangzhou Advance Gearbox Group Co., Ltd., and IVECO Ltd with equal equity interest |
| “Honda (China)” | Honda Automobile (China) Co., Ltd. (本田汽車(中國)有限公司), an associated company incorporated by the Company, Honda Motor Co. Ltd. and Dongfeng Motor Company 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 |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Interim Report” | the 2014 interim report to be published by the Company in September 2014 |
| “joint venture” or “JV” | a joint venture which is subject to direct or indirect joint control, such that none of the participating parties has unilateral control over the economic activity of the joint venture |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Shares on the SSE, as amended from time to time |
| “MPV” | multi-purpose passenger vehicle |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |

DEFINITIONS

| | |
|-----------------------|--|
| “Securities Law” | Securities Law of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 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 Motors, Ltd., 30% by the Company and 20% by Shanghai Electric (Group) Corporation |
| “SSE” | the Shanghai Stock Exchange |
| “SUV” | sports utility vehicle |
| “Tong Fang Logistics” | Tong Fang Global (Tianjin) Logistics Co., Limited (同方環球(天津)物流有限公司), jointly established by China First Automobile Works Group and Toyota Motor Company in July 2007, in which the Company holds 25% equity interest |
| “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 Group totally (directly and indirectly) holds 60% equity interest |
| “Wuyang-Honda” | Wuyang-Honda Motors (Guangzhou) Co., Ltd. a JV jointly established in 1992 by the Company, Honda Motor Co. Ltd. and Honda Technology & Research Industry (China) Investment Co., Ltd., in which each company holds 50% equity interest |