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

Annual Report 2014

Important Notice

1. **The Board, Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant the authenticity, accuracy and completeness of the information contained in the annual report and there are no misrepresentations, misleading statements contained in or material omissions from the annual report for which they shall assume joint and several responsibilities.**

2. **All directors of the Company have attended the meetings of the Board.**

3. **Zhang Fangyou, the Chairman of the Company, Zeng Qinghong, the General Manager, Wang Dan, the person in charge of accounting function and Li Canhui, the manager of the accounting department (Accounting Chief), represent that they warrant the truthfulness and completeness of the financial statement contained in this annual report.**

4. **The plan for profit distribution or conversion of capital reserve fund into share capital for the reporting period considered by the board of directors:**

   The Board proposed payment of cash dividend of RMB0.8 per 10 shares (tax inclusive), and together with the cash dividend paid of RMB0.8 per 10 shares (including tax) during the interim period, the ratio of total cash dividend payment for the year to net profit attributable to the shareholders' equity of listed company for the year was approximately 32.32%.

5. **Risks relating to forward-looking statements**

   The forward-looking statements contained in this annual report regarding the Company's future plans and development strategies do not constitute any substantive commitment to investors and investors are reminded of investment risks and to exercise caution in their investment.

6. **No appropriation of funds of the Company by the Controlling Shareholder or its related parties for non-operational activities.**

7. **There are no guarantees granted to external parties by the Company without complying with the prescribed decision-making procedures.**


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I DEFINITIONS

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

"associated companies"	all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
"Board"	the board of directors of the Company
"Company" or "GAC"	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
"Company Law"	Company Law of the PRC
"China Lounge Investments"	China Lounge Investments Limited (中隆投資有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong
"CSRC"	China Securities Regulatory Commission
"Denway Motors"	Denway Motors Limited (駿威汽車有限公司), a wholly-owned subsidiary of the Company incorporated on 23 June 1992 in Hong Kong
"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 incorporated on 18 January 1993 under PRC law by the Group
"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 under PRC law by the Company
"GAC Changfeng"	GAC Changfeng Motor Co., Ltd. (廣汽長豐汽車股份有限公司) (formerly known as Hunan Changfeng Motor Co. Ltd. (湖南長豐汽車製造股份有限公司)), a company incorporated in November 1996 under PRC law, in which the Company currently holds 100% equity interest
"GAC Commercial"	Guangzhou Automobile Group Business Co., Ltd (廣州汽車集團商貿有限公司), a wholly-owned subsidiary incorporated on 21 March 2000 under PRC law by the Group

"GAC Component"	Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司), wholly-owned subsidiary incorporated on 29 August 2000 under PRC law and jointly funded by the Group and its subsidiary
"GAC Fiat Chrysler"	GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司), a jointly controlled entity incorporated on 9 March 2010 under PRC law by the Company and Fiat Group Automobiles S.P.A. and on 19 January 2015 the name of this company was changed to GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司)
"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 jointly controlled entity 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 jointly controlled entity incorporated on 25 September 2012 under PRC law 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 jointly controlled entity incorporated on 25 May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)
"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
"GAC Toyota"	GAC Toyota Motor Co. Ltd (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co. Ltd (廣州豐田汽車有限公司)), a jointly controlled entity incorporated 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, and the Company holds 30% of its equity interest
"GAEI"	Guangzhou Automobile Group Company Automotive Engineering Institute, a subsidiary of the Company, established on 29 June 2006 for the purpose of conducting research and development of the products and technologies in which the Company has proprietary right

"GAIG"	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated on 18 October 2000 under PRC law, a controlling shareholder of the Company
"Group"	The Company and its subsidiaries, joint venture companies, associated companies
"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 jointly controlled entity incorporated on 13 May 1998 under PRC law by the Company and Honda Motor Co. Ltd.
"Guang Ai Brokers"	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, in which the Company accumulatively (directly and indirectly) holds 75.1% equity interest
"HAVECO"	Hangzhou HAVECO Automotive Transmission Co., Ltd. (杭州依維柯汽車變速器有限公司), a jointly controlled entity incorporated on 26 September 1996 under PRC Law, and GAC Component holds 1/3 of its equity interests
"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, and the Company holds 25% of its equity interest
"Independent Director"	independent non-executive director
"joint venture", "JV", or "jointly controlled entity"	joint venture companies under direct or indirect joint control, and the direct or indirect joint control causes no participating party has any unilateral control power over the economic activities of that jointly controlled entity or 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" or "China"	the People's Republic of China

"RMB"	Renminbi, the lawful currency of the PRC
"Securities Law"	Securities Law of the PRC
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"SSE"	the Shanghai Stock Exchange
"Shanghai Hino"	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated 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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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, and the Company holds 25% of its equity interest
"Urtrust Insurance"	Urtrust Insurance Co., Ltd (眾誠汽車保險股份有限公司), a subsidiary incorporated on 8 June 2011 under PRC law, and in which the Group totally (directly and indirectly) holds 60% equity interest
"Wuyang-Honda"	Wuyang-Honda Motors (Guangzhou) Co., Ltd. a jointly controlled entity 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

II NOTICE OF MATERIAL RISKS

The Company has described in detail the existing risk factors in this report, please refer to the contents of "Discussion and Analysis by the Board on Future Development" in the section headed "Report of the Board" of the Annual Report.


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Dear shareholders,

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

BUSINESS REVIEW

During 2014, faced with the complex and changing international environment and the pressure of a decline in the macro economy, the central government insisted on the general principle of stability and progress, it carried out advance adjustments, minor adjustments in a targeted way, adequately made use of the market adjustment mechanism, optimized resource allocation, the domestic economy maintained stability while making progress during the structural adjustments, the economy and the society realized stable development, the year-on-year GDP growth was 7.4%.

In 2014, the production and sales of vehicles in China were 23,722,900 units and 23,491,900 units respectively, recording a global historic high, and were the first in the world for six consecutive years. The increases in the production and sales of vehicles for the year were 7.26% and 6.86% respectively, the growth rates fell substantially, representing a decrease of 7.54% and 7.04% as compared with the corresponding period last year; among them, the production and sales of passenger vehicles amounted to 19,919,800 units and 19,700,600 units, representing an increase of 10.15% and 9.89% respectively compared to the corresponding period last year; the growth rates fell 6.35 % and 5.81% respectively compared to last year; the production and sales of commercial vehicles amounted to 3,803,100 units and 3,791,300 units, representing a decrease of 5.69% and 6.53% respectively compared to the corresponding period last year.

In 2014, the scale of production and sales of motorcycles continued to drop, the production and sales of motorcycles in China were units and 21,267,800 and 21,294,400 units respectively, representing a decrease of 7.08% and 7.59% respectively compared to last year, their production and sales fell for three consecutive years, being the lowest since 2007, among them, the domestic sales of motorcycles amounted to 12,710,600 units, representing a decrease of 8.41% compared to the corresponding period last year, and the export of motorcycles were 8,583,800 units, representing a decrease of 6.37% compared to the corresponding period last year.

During the year, the production and sales of vehicles of the Group together with its joint ventures and associated companies were 1,218,500 units and 1,172,300 units respectively, representing an increase of 20.95% and 16.69% respectively compared to the corresponding period last year; being 10% above the industry compared to the corresponding period last year. It realized the production and sales of 1,072,100 units and 1,062,300 units, representing an increase of 10.92% and 6.22% respectively compared to the corresponding period last year, the motorcycles business maintained a growth despite a falling trend of China.

Operating income of the Group together with its joint ventures and associated companies amounted to approximately RMB204.517 billion, representing an increase of approximately 7.96% as compared with the corresponding period last year; the consolidated operating income amounted to approximately RMB22.376 billion, representing an increase of 18.87% as compared with the corresponding period last year; the net profit attributable to owners of the parent company amounted to approximately RMB3.185 billion, earning per share was RMB0.49, representing an increase of 20.07% as compared with the corresponding period last year. Return on net assets was 9.25%, representing an increase of 1.03% as compared with the corresponding period last year.

During the year 2014, under the circumstances of a decline pressure of the macro economy and the narrowing of growth in the automobile industry, the Group seized in time the policy trend and market direction, active in overcoming difficulties and taking actions, achieved stability with some progress in its operation as a whole, favourable trend in co-ordinated development the above can be specifically seen in: 1. steady growth: the new output capacity was gradually released, new products were introduced one after another, the main business indicators registered double-digit growth; 2. Exploration and development: a group of key projects were started and constructed successively and the construction work of projects were carried out steadily according to schedule; 3. Emphasis on innovation: The independent development strategy was established and started, an independent industry system was built, the study and development of new products, new techniques were promoted systematically, the demonstration and operation of new energy vehicle were made; 4. Strict management: the coordination and service functions of the Group were further strengthened; the internal control, risk management and clean practice were strengthened; the long term incentive mechanism was improved, the long and medium term incentive scheme was implemented; 5. Optimize layout: All business segments speeded up their consolidation, faster development of the capital operation and auto credit, insurance and investment and other auto related to the services, the synergies continued to appear, the level of industry and financing integration was enhanced step by step.

PROSPECTS

Currently, the economies in the world are still undergoing intensive adjustment, the recovery lacks momentum, increasing significance of geopolitics, uncertain factors increase, the promotion of growth, increase employment level, structural adjustment have gradually become the consensus of the international society. 2015 is a critical year in which China pushes ahead a comprehensive deepening of reform, the economy of China will, according to the "four comprehensive" strategic layout, in general persist to maintain stability while making progress, maintaining that economic operation will remain in a reasonable range.

In 2015 the development of the automobile industry is still in a period with promising and significant strategic opportunities, and it will have huge potential, resilience and room for maneuvering. The continuous promotion of new industrialisation, informatisation and urbanization will give rise to sustaining rigid demands for automobile consumption. It is expected that in 2015 sales of vehicles in China will grow by approximately 7% when compared with the same period last year, as a whole, a stable development trend will be maintained in the industry.

In 2015, the Group will proactively adapt to the New Normal of economic development, seize favourable conditions and positive factors, commit to development, deepen the reform, further push forward the Group to do well in the followings: First, organizational bottleneck and habits were broken down to accelerate transformation in development; secondly, economic quality and efficiency were raised to ensure stable growth; thirdly, independent development was accelerated to speed up the implementation of overseas strategy; fourthly, contemporary corporate governance was constantly improved and internal control and risk management were strengthened; fifthly, the development approach of integration with the Internet was expanded to increase the Group's vigour and competitiveness in development.

ACKNOWLEDGEMENT

Finally, I would like to express sincere gratitude to all friends, investors, business partners, management and all employees for their constant support for the development of 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 with more enthusiasm, firm confidence and practical ways of working and persistently create maximum value for shareholders.


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Chapter 3 Corporate Information

I. CORPORATE INFORMATION

Chinese name of the Company	廣州汽車集團股份有限公司
Chinese abbreviation	廣汽集團
English name of the Company	GUANGZHOU AUTOMOBILE GROUP CO., LTD.
English abbreviation	GAC GROUP
Legal representative	Zhang Fangyou

II. CONTACT PERSON AND CONTACT METHOD

	Secretary to the Board
Name	Lu Sa
Address	GAC Center, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Telephone	020-83150886
Facsimile	020-83150319
E-mail	lus@gagc.com.cn

III. BASIC INFORMATION

Registered office of the Company	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou, Guangdong
Postal code of the Company's registered office address	510030
Office address of the Company	GAC Center, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Postal code of the Company's office address	510623
Company's website	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 Times and Securities Daily
Designated website for publishing the annual report	www.sse.com.cn/www.hkex.com.hk
Place of inspection of the annual report of the Company	22/F, GAC Center, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou

V. INFORMATION ON THE COMPANY'S SHARES

Information on the Company's Shares

Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code
A Shares	SSE	GAC GROUP	601238
H Shares	Stock Exchange	GAC GROUP	02238

VI. REGISTRATION ALTERATION OF THE COMPANY DURING THE REPORTING PERIOD

(i) Basic Profile

There was no registration alternation of the Company during the reporting period.

(ii) Inspection index to the initial business registration of the Company

Details of the initial business registration of the Company are set out in the "Chapter 3 Corporate Information" in annual report of 2012.

VII. OTHER RELEVANT INFORMATION

Auditors (Domestic)	Name:	BDO China Shu Lun Pan Certified Public Accountants LLP
	Business address:	4th Floor, 61 Nanjing East Road, Huangpu District, Shanghai
	Name of signatory Accountants:	Liu Jiesheng, Xu Dan
Auditors (Hong Kong)	Name:	PricewaterhouseCoopers
	Business address:	22/F, Prince's Building, Central, Hong Kong
	Name of signatory Accountants:	Xavier Zee
Sponsor performing the continuous supervisions duties during the reporting period	Name:	China International Capital Corporation Limited
	Business address:	28th Floor, World Tower 2, 1 Jian Guo Men Wai Avenue, Beijing
	Name of signatory representative of Sponsor:	Long Liang, Xu Lei
	Period of continuous supervisions:	from 29 March 2012 to 31 December 2014

VIII. OTHERS

Principal place of business in Hong Kong	: Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
H share registrar of the Company	: Tricor Investor Services Limited
H share registrar of the Company's address	: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

I. DIFFERENCE IN ACCOUNTING DATA UNDER DIFFERENT ACCOUNTING STANDARDS

The differences in net profits and net assets in accordance with Hong Kong Financial Reporting Standards and PRC Accounting Standards are set out as follow:

Unit: RMB'000

	Net profits		Net assets	
	Current period	Last period	End of period	Beginning of period
In accordance with PRC Accounting Standards	2,927,498	2,544,938	36,115,227	34,062,813
Adjusted items and amounts under Hong Kong Financial Reporting Standards:				
(1) Amortization of equity investment difference	416	1,438	44,461	44,045
(2) Difference in accounting treatment of the reversal of impairment of non-current assets	-378	-272	8,961	9,338
(3) Staff and workers' Bonus and Welfare Fund included in profit or loss restored to profit distribution	-1,117	-17,596	0	0
In accordance with Hong Kong Financial Reporting Standards	2,926,419	2,528,508	36,168,649	34,116,196

I. SUMMARY OF BUSINESS

The main businesses consist of the research and development, manufacturing, sales and after-sales services of passenger vehicles, commercial vehicles, motorcycles, engines and other auto parts, the import and export of automobile-related products, automobile leasing, logistics services, automobile disassembling and automobile credit, insurance, insurance brokerage services and equity interest investment. 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 JVs, namely Guangqi Honda, GAC Toyota, GAC Fiat Chrysler and GAC Mitsubishi, GAMC, a subsidiary, and GAC Gonow. As at 31 December 2014, the Company had more than ten series of sedans, SUV and MPV, including Guangqi Honda Accord, Crider, VEZEL of Guangqi Honda, Crosstour of Guangqi Honda, Odyssey, Fit, Everus, etc.; GAC Toyota Camry, Highlander, Yaris L, E'Z, Levin, etc.; GAC Fiat Chrysler Viaggio, Ottimo, etc.; GAC Mitsubishi ASX, Pajero, etc.; GAC Trumpchi (GA5, GA6, GS5, GS5 SUPER, GA3 and GA3S•Vision), GAC Gonow Aoxuan G5, Xinglang etc.

The Group also participates in the production of Accord sedans through its associates 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 energy saving and new energy vehicles such as purely electrically powered and hybrid), and pickups, etc.

During the reporting period, vehicle production capacity increased 180,000 units. As at 31 December 2014, production capacity of passenger vehicles and commercial vehicles of the Group was 1,550,000 units.

2. Motorcycles

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

During the reporting period, the motorcycle production capacity increased 250,000 units. As at 31 December 2014, the production capacity of motorcycles of the Group was 1.25 million units.

3. Parts and components

The Group's auto-part products mainly 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 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, financial investment, automobile leasing, logistics and import and export and other services.

II. MAJOR PERFORMANCE OF THE BOARD

During 2014, the Group, under the situations of a slowdown in growth in the automobile industry, actively grasped market opportunities, continued to deepen innovation and reform, and made good achievements in enhancing its management systems, improving industrial system capacity, strengthening capital operation ability and perfecting corporate governance structure, with the rapid growth in various indicators maintained. In 2014 the major performance of the Board is as below:

1. Maintain operation growth

During the reporting period, due to the addition of new capacity of the Group, the further enrichment of product lines and synergies and contribution of the emerging segment business, the slowdown of growth rate of the industry, the quality and benefits of the development of the Company were stable and enhanced, the major economic indicators obtained a double-digit growth, the growth of sales and production of vehicles outperformed the counterparts in the industry by approximately 10%, in particular the brand "Trumpchi" made a year-on-year growth of 37.48% despite the fact that the market share of independent brands fell 1.9% for the whole year; GAC Mitsubishi, GAC Fiat Chrysler also realized year-on-year growth of sales of more than 40%.

2. Promotion of key projects

During the reporting period, the Group completed key projects including the 240,000-unit expansion of the Zengcheng plant of Gaungqi Honda, the construction of phase 1 of the plant of the 240,000-unit petrol engine project, the 200,000-unit expansion of GAMC, the 130,000-unit technical expansion of GAC Mitsubishi and the 250,000-unit expansion of phase 2 of the workshop of Wuyang-Honda. The 160,000-unit capacity building of the branch factory of GAC Fiat Chrysler in Guangzhou was initiated. The progress achieved in the key projects solidly enhanced the comprehensive competitiveness of the Group.

3. Further enrichment of product lines

The Group actively promoted the launching of new products and the implementation of product strategic planning, a total of 14 new car models were launched during the reporting period. The product line of the Group was enriched and comprehensive, enhancing the Group's ability to meet market demands. New car models in 2014 include: Guangqi Honda launched the 3 new SUV car models Vezel and the new Fit, the new Odyssey; the first medium car – Levin of GAC Toyota, GAMC launched Trumpchi sedan GA6 for the first time in the world, the SUV models GS5 SUPER, GA3S VISION, added the programmed electric car Trumpchi GA5, the executive edition and new ASX special edition of Pajero of GAC Mitsubishi, 2015 models of Ottimo and Viaggio of GAC Fiat Chrysler, the SUV model GX6 and MPV Xinglang model of GAC Gonow.

4. **Strengthening of independent innovation**

During the reporting period, the Group promoted systematically the independent research and development and development of new products, continued to strengthen the research and development and ability building of new energy. The Group (including its investment companies) applied for 448 new patents, of which 136 invention patents, accounting for 30.36%, it was granted 297 patents, of which 11 invention patents, accounting for 3.70%, it actively promoted the research and development of new energy, new technologies, intelligent cars and other advanced technologies and the research and development of key parts. The Group obtained the Class one prize in technological advancement of the automobile industry of China for its "Research and application of automobile forward development technology based on cross platform module structure", its independent research and development strength gradually strengthened, the research and development system was gradually improved. The Group's project listed in the national 863 plan – the "research and development and industrialization techniques of programmed pure electric sedan" was inspected by the technological department of the state, the product was for demonstration and in operation. The independent brands were highly recognized by professional institutions, in the new car quality study report in China of J. D. Power in 2014, GAC Trumpchi ranked 14th among all car brands which had entered into the Chinese market, and was ranked the first for two consecutive years in the domestic brands.

During the reporting period, the Group announced the development strategies of independence, which will centre on the "Two centres, four platforms", that means GAEI was used as a technological research and development centre, GAMC was used as the production and manufacturing centre, they shared the research and development, sourcing, brand sales and service channels, human resources and other resources; development strategies, production standards, resources sharing and overseas business were centralized according to the principles of "Four centralization" to carry out coordination and planning, facilitate sharing of module resources, building the layout of the independent industry.

5. **Enhancement of integration of industry and financing**

The Group vigorously promoted the development of contemporary service industry. As the industry chain and finance sector business were constantly enhanced, the synergy of the industry gradually takes effect.

During the reporting period, the Group received the qualification of scrap vehicles recycling and dismantling, entering the business of recycling economy. The Group completed the preparation of capital operation planning and strategic planning, specified the business layout of using financial means to promote the development of the main automobile business, seized the favourable time in the capital market and issued two tranches of short term financing bond for a total of RMB5 billion, and initiated the project of issuance of A share convertible bonds, actively explored the financing channels, realized low finance costs and promoted the pilot business of financial lease. The efficiency of automobile credit, automobile insurance, insurance brokerage, financial investment and financial leasing were gradually raised and their synergies were further realised.

6. **Enhancement of management**

During the period, the Group continued to deepen reform and changes, continued to improve the system mechanism, made partial adjustments and refinement of some institutions and duties of the Group; strengthened the promotion of integrity as Party conduct, promoted multi-layered risk management and training of internal control, set up a combined mechanism of internal control inspection and self-assessment, revised 9 internal management systems including the "Articles of Association", the "Financial management system", the "Regulatory measures for internal control and audit", and made 4 internal management systems of "Regulatory measures for internal control of investment companies", the "Working system for complaints from investors", continued to improve the internal control and risk management system, enhanced the risk management ability, ensured that the Company continued its healthy development.

7. **Implementation of incentive scheme**

During the reporting period, the Group amended the "Proposal on the Remuneration and Performance Management of Senior Management Officers (《高級管理人員薪酬和績效管理方案》)" which further improved the appraisal of the senior management officers. It also formulated a medium and long-term incentive scheme and successfully implemented the grant of A share option incentive scheme, the incentive scheme covers a total of 620 of directors, senior management, core management, technical personnel of the Company and the core personnel of the major investment companies, it became the first whole vehicle manufacturer which comprehensively implemented the share option incentive scheme during the reporting period.

8. Ensuring regulated operation

The Group increased proactive information disclosure and made better information disclosure under the principles of truth, accuracy, completeness, timeliness, compliance, openness, fair and justice during the reporting period. For the year, 130 and 151 regular reports and ad hoc announcements were disclosed in HKEX and SSE respectively, there was no "delay, omission and errors, supplementary" disclosure; at the same time, it strengthened the management of inside information such as annual results of the Company, and reminded the persons with knowledge of the sensitive information and made filing and registration.

At the same time, investor relationship activities such as annual result release conference, overseas roadshows, open day for investors and auto show were made for the year, positive interaction was made between the Company and the investors; a total of more than 80 communication meetings were arranged for the year, corresponding to almost 500 person-times of investors and analysts, and established the mechanism of handling complaints from investors to protect the legal rights of investors.

9. Performing social responsibilities

The Group strongly promoted energy saving, emission reduction and environmental protection, used quality products, services to devote to create a harmonious company, undertook the responsibilities towards the staff, the society and the biological environment, supported sports, environmental protection, cultural education, charity, medical relief, assistance and other public welfare. During the reporting period, the Group and its staff raised a total of around RMB89.24 million to donate to assistance and charitable bodies.

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

During the reporting period, sales revenue of the Group together with its joint ventures and associated companies amounted to approximately RMB204.517 billion, representing an increase of approximately RMB15.072 billion or 7.96% as compared to the corresponding period last year.

During the reporting period, sales revenue of the Group amounted to approximately RMB22.376 billion, representing an increase of approximately 18.87% as compared to the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB3.185 billion, and earnings per share amounted to approximately RMB0.49, representing an increase of approximately 20.07% 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 and the successive introduction of new products boosting the sales growth of the Group; 2. Following the growth in sales of passenger cars, 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.

For the year ended 31 December 2014, according to the proportion of shareholdings of the Group in the joint ventures, the total jointly controlled liabilities and total revenues were RMB33,401,753,152 and RMB70,274,691,266 respectively, which will be used in the calculation of waivers granted by the Stock Exchange to the Company in respect of asset and revenue ratios.

(1) ANALYSIS ON PRINCIPAL BUSINESS

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

Unit: 100 million Currency: RMB

Item	Current period	Corresponding period last year	Change (%)
Revenue	223.76	188.24	18.87
Cost of sales	198.29	168.30	17.82
Selling and distribution costs	18.41	10.71	71.90
Administrative expenses	18.74	17.13	9.40
Finance costs	7.45	6.45	15.50
Interest income	4.39	4.77	-7.97
Share of profit of joint ventures and associates	41.81	40.20	4.00
Net cash flow generated from operating activities	3.48	5.48	-36.50
Net cash flow (used in)/ generated from investment activities	-32.52	7.08	-559.32
Net cash flow (used in)/generated from generated from financing activities	-9.09	35.12	-125.88

2. Revenue

During the reporting period, revenue of the Group was approximately RMB22.376 billion, representing a growth of approximately 18.87% compared to the corresponding period last year, mainly because the Group successively launched new products, there was a substantial growth in sales of the independent brand "Trumpchi" and the rapid development of businesses such as the automobile parts and components, insurance, logistics and commerce and trade service.

Sales to major customers

Unit: 100 million Currency: RMB

Customers	Revenue	Ratio to revenue (%)
Total sales to top 5 clients	18.57	8.30

3. Cost of sales and gross profit

During the reporting period, the cost of sales of the Group was approximately RMB19.829 billion, representing an increase of approximately RMB2.999 billion or 17.82% as compared to the corresponding period last year, which is lower than the growth of revenue; total gross profit was approximately RMB2.547 billion representing an increase of approximately RMB553 million or 27.73% as compared to the corresponding period last year. The increase was mainly due to the combined effect of economy of scale brought by sale increase in passenger cars and strengthened cost control resulting in lower unit costs.

Major Suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	39.75	18.63

4. Expenditures

(1) Selling and distribution costs increased by approximately RMB770 million compared with the corresponding period last year, mainly due to an increase in marketing expenses, sales incentives, logistics expenses and after-sales service expenses corresponding to the increase in sales volume;

(2) Administrative expenses increased by approximately RMB161 million compared with the corresponding period last year, mainly due to the increase in labour costs, research and development costs and depreciation and amortisation;

(3) Finance costs increased by approximately RMB100 million compared with the corresponding period last year, mainly due to the increase in the average borrowings of the Group during the reporting period;

(4) Interest income decreased by approximately RMB37 million as compared to the corresponding period last year, mainly due to decrease in average bank deposits during the reporting period.

5. Share of profit of joint ventures and associates

During the period, the Group's share of profit of joint ventures and associates was approximately RMB4.181 billion, representing an increase of approximately RMB161 million as compared with the corresponding period last year, mainly as a result of the combined effect of the following factors: a. the gradual release of new capacity and launching of new products in the market facilitated the growth of sales of whole vehicles of the joint ventures; b. the synergies of industries continued to strengthen, the auto parts business and the service businesses of auto financing and auto logistics in the upstream and downstream of the industry chain developed rapidly.

6. Research and development expenditure

(1) Table of research and development expenditure

Unit: 100 million Currency: RMB

Current period expensed research and development expenditure	2.99
Current period capitalised research and development expenditure	12.94
Total research and development expenditure	15.93
Total research and development expenditure to net assets (%)	4.40
Total research and development expenditure to sales revenue (%)	7.12

(2) During the reporting period, the Group increased the investment in independent research and development, strengthened the research and development innovation and capability building, it actively promoted the research and development of new technologies, intelligent cars, new energy and other advanced technologies and the research and development of key parts, the independent research and development strengths gradually increased, the research and development system was gradually improved.

7. **Cash flow**

(1) During the reporting period, net cash inflow generated from operating activities amounted to approximately RMB348 million, representing a decreased inflow by approximately RMB200 million as compared with net cash inflow of approximately RMB548 million of the corresponding period last year, mainly due to an increase in sales, increase in employee salary payment and the increase in interest payment.

(2) During the reporting period, net cash outflow generated from investment activities amounted to approximately RMB3.252 billion, representing an increased outflow by approximately RMB3.960 billion as compared with net cash inflow of approximately RMB708 million of the corresponding period last year, mainly due to the combined effect of the increase of purchase of long-term assets including fixed assets and the increase in time deposits.

(3) During the reporting period, net cash outflow generated from financing activities amounted to approximately RMB909 million, representing an increased outflow by approximately RMB4.421 billion as compared with net cash inflow of approximately RMB3.512 billion of the corresponding period last year, mainly due to the combined effect of repayment of RMB6.7 billion medium term notes falling due, issuance of RMB5 billion short term financing bonds and increase in payment of cash dividend in the reporting period.

(4) As at 31 December 2014, cash and cash equivalent of the Group amounted to approximately RMB10.268 billion, representing a decrease of approximately RMB3.815 billion as compared with approximately RMB14.083 billion as at 31 December 2013.

8. Others

Income tax amounted to approximately RMB126 million, representing an increase of approximately RMB25 million as compared with the corresponding period last year, mainly due to the increase in profit of subsidiaries in the period.

To sum up, the Group's net profit attributable to the parent company for the reporting period was approximately RMB3.185 billion, representing an increase by 20.07% as compared with the corresponding period last year; earnings per share amounted to approximately RMB0.49, representing an increase of approximately RMB0.08 as compared with the corresponding period last year.

(2) ANALYSIS ON INDUSTRY OR REGIONAL OPERATION

1. Revenue by industry

Unit: 100 million Currency : RMB

By industry	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue as compared with last year (%)	Change in cost of sales as compared with last year (%)	Change in gross profit margin as compared with last year (%)
Vehicles and related operations	215.53	192.41	10.73	18.92	18.01	0.69
Others	8.23	5.87	28.68	17.57	11.81	3.68
Total	223.76	198.29	11.38	18.87	17.82	0.79

2. Revenue by region

Unit: 100 million Currency : RMB

Region	Revenue	Change in revenue as compared with last year (%)
Mainland China	223.73	18.87
Hong Kong	0.03	50.00
Total	223.76	18.87

(3) ANALYSIS ON ASSETS AND LIABILITIES

1. Table of assets and liabilities analysis

Unit: 100 million Currency: RMB

Item	Balance at the end of the period	Balance at the end of the period to total assets (%)	Balance at the end of previous period	Balance at the end of the previous period to total assets (%)	Change in balance at the end of the period to the end of the previous period (%)
Land use rights	15.01	2.41	11.51	1.99	30.41
Inventories	26.61	4.27	20.36	3.52	30.70
Available-for-sale financial assets	11.28	1.81	8.40	1.45	34.29
Time deposits	74.22	11.90	46.65	8.06	59.10

2. Explanation on the changes:

1) Land use rights: Mainly due to the purchase of land by subsidiaries during the reporting period;

2) Inventories: Mainly due to the increase in production and sales volume which in turn led to the increase of inventories during the reporting period;

3) Available-for-sale financial assets: Mainly due to the increase in investment expenses by subsidiaries;

4) Time deposits: Mainly due to the reasonable arrangement of deposits structure in accordance with capital needs.

(4) ANALYSIS ON FINANCIAL POSITION

1. Financial indicators

As at 31 December 2014, the Group's current ratio was approximately 1.33 times, representing a decrease from approximately 1.47 times as at 31 December 2013; quick ratio was approximately 1.15 times, representing a decrease from approximately 1.30 times as at 31 December 2013, mainly due to the increase in short term borrowings in the reporting period.

2. Financial resources and capital structure

As at 31 December 2014, the Group's current assets amounted to approximately RMB26.974 billion, current liabilities amounted to approximately RMB20.222 billion and current ratio was approximately 1.33 times. As at 31 December 2014, the Group's total borrowings amounted to approximately RMB14.310 billion, mainly consisted of corporate bonds with nominal value of RMB600 million, enterprise bonds with nominal value of RMB4,000 million, short term financial bonds with nominal value of RMB5,000 million and loans from bank and financial institutions amounting to approximately RMB4.773 billion, which resulted in a gearing ratio of approximately 28.35%. The above borrowings and bonds will be payable upon maturity. The Group generally funded 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

The Group mainly conducted its business in the PRC and the sales and purchases of the Group in the PRC are denominated in RMB. The Group's operating results and cash flow were not exposed to any significant foreign currency risk during the reporting period.

4. Contingent liabilities

As at 31 December 2014, third-party guarantee committed by the Group amounted to RMB12,637,594, whereas that as at 31 December 2013 was RMB3,966,667; as at 31 December 2014, financial guarantee of the Company for its subsidiaries was RMB0, whereas that as at 31 December 2013 was RMB0.

(5) ANALYSIS ON CORE COMPETITIVENESS

In the reporting period, the core competitiveness of the Group is mainly reflected in:

1. Industry layouts with complete industry chain and optimized structure

After years of internal 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 strategic layout based in 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 synergistic 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, the Group implemented the development strategy of "three pillars" consisting of the European vehicles, Japanese vehicles and independent brands, and it actively promotes the upgrading of products based on the changes in the markets and the demand 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 has capital operation platforms 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.

IV. DISCUSSION AND ANALYSIS BY THE BOARD ON FUTURE DEVELOPMENT

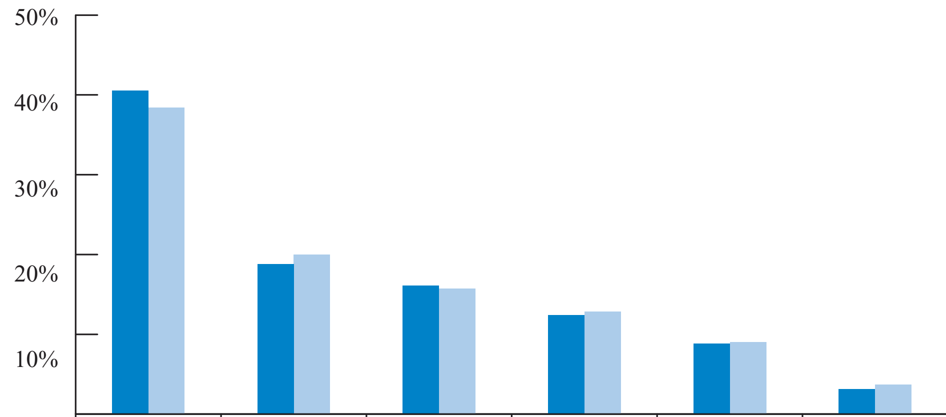
(1) Industrial competition and development trend

1. Competition in the industry

Being the largest automobile market, China has been the number one in sales volume for 6 consecutive years, various international auto companies speeded up the exploration of business in China, increased investment in research and development in their joint venture companies in China, accelerated the launching of strategic car models, further raised the proportion of domestic vehicles, drove a downward movement of prices; at the same time, they accelerated sales and import of high-end models, increased investment in research and development of new energy vehicles, introduced energy saving environmental protection car models, intensified the competition in the domestic automobile market. According to the sorted statistics of the customs, 947,300 units of whole vehicles were exported in 2014, representing a decrease of 0.1% compared to the corresponding period last year; 1,426,000 units of whole vehicles were imported in 2014, representing an increase of 19.3% compared to the corresponding period last year.

In the recent years, the major independent brand automobile companies in China have always been aiming at capacity and output expansion, launching of new products, continuous enhancement of technological innovation ability and cost control ability, enhance the quality of products and brand influence, however as a whole, China still faces harsh challenges, in 2014, the sales volume in China's independent brand passenger vehicles was 38.4%, representing a decrease of 2.1% compared to the corresponding period last year. The sales volumes of German, Japanese, American, Korean and French passenger vehicles took up 20.0%, 15.7%, 12.8%, 9.0% and 3.7% respectively, indicating an upward trend.

In the future, it is expected that independent brand automobile companies will face more challenges in the technical, quality, services, pricing, equipment, design, brand influence aspects, the competition in the industry will tend to be fierce.



	China	German	Japanese	American	Korean	French
2013	40.5%	18.8%	16.1%	12.4%	8.8%	3.1%
2014	38.4%	20.0%	15.7%	12.8%	9.0%	3.7%

Following the enhancement in design and production capability of domestic automobile makers, the frequency of introduction of new products speeds up, the competition in the industry further intensifies; as a result of the keen market competition and economies of scale, selling prices of vehicles will continue to fall. At the same time, with the expansion of production scale, enhancement of technical level, gradual improvement of parts systems of automobile makers in China, the ratio of local procurement continues to raise, the procurement costs of some parts fall, consequently, the room for cost reduction of production and operation costs of vehicles are gradually shrinking.

The concentration of China's automobile industry further increased. According to the statistics of the automobile industry association, the top 10 automobile corporations in China accounted for a total sale of 21,076,500 vehicles in 2014. The total market share reached 89.7%, representing an increase of 1.7 % over the previous year.

	2014 sales		2014 industry concentration	
	Cumulative sales ('0000 units)	Compared with the same period last year	Cumulative ratio	Compared with the same period last year
Top 10 auto companies	2,107.65	8.9%	89.7%	1.7
Top 5 auto companies	1,742.10	10.0%	74.2%	2.2
Top 3 auto companies	1,247.24	8.3%	53.1%	0.7

In 2014 the production and sales of vehicles increased by 7.3% and 6.9% when compared with the corresponding periods last year, they continued to maintain higher speed, since the domestic economy continue to develop steadily, the urbanization reform of China speeded up and the reform of civil servant vehicles and the forthcoming peak of vehicle upgrade and replacement, the Chinese automobile car is still full of hope.

2. *Development trend of the automobile industry*

Despite the slowdown in sales growth of the automobile market in China in 2014, it still maintained faster growth, while the economic development has entered into the status of New Normal, the conditions for the automobile industry to maintain faster growth are still present. As far as the external environment is concerned, the demand for vehicles exists all the time; the continuous stable growth of the domestic economy and the continuous growth of income in the rural residents, the speeding up of the urbanization reform will continue to foster spending in automobile in China.

In particular, the development of independent brand has never been so much under the spot light, the reform of bus and the emphasis of "domestic vehicles" by governments at all level will have an important impact on the domestic consumption, the future may be a period of opportunities for the development of independent brand, innovation-driven and independent development will become the mainstream of the automobile industry; China's automobile enterprises speed up in overseas expansion, and strategic development in overseas markets is accelerated.

Besides, new energy vehicles will have an unprecedented development period. Under the pressure of resources scarcity and environmental protection, the world is paying great attention to developing new energy vehicles. Various car makers increase the R & D of new energy vehicle, and continue to launch more and more developed new energy car models. There was faster development of new energy vehicles in 2014, sales in the whole year was 75,000 units, representing an increase of 324% compared to the corresponding period last year. Among them, 45,000 pure electric cars were sold, representing an increase of 208% compared to the corresponding period last year; 30,000 chargeable electric cars (插電式) were sold, representing an increase of 878% compared to the corresponding period last year. Following the full promulgation of supportive policies by the state for the development of new energy vehicle and the upgrade and transformation of products by companies, it is expected that the recognition of new energy vehicles by the society will gradually increase, the advantages of quality-price ratio of new energy vehicle will gradually be seen, and sales will rise rapidly.

At last, following the changes in the trend of spending characteristics and preferences, the need for personalisation, intelligence and experience will continue to rise and the market for automobile modern services industry will continue to expand. Based on the development experience of the automobile industry of developed countries, the sources of profit growth of the Chinese automobile industry will gradually shift from the whole vehicle manufacturing stage to the automobile financing and services fields, the reform of the industry environment will promote cross-border integration, creating new competitive and cooperative relationships.

As the local economy maintained a high-speed development trend, the Chinese automobile market, especially the after-market, is filled with expectations.

(2) Development strategy of the Company

The Group aims to become a large-scale market-oriented leading international and the most trusted public company.

For this, the Group will, through focusing on the building of business capacity, allow the Group to realise the leap from production base to industry base, from asset operation to capital operation, from operating goods to operating brands; during this period, will focus on increasing the level of joint venture cooperation, increasing the ability of independent creations, improving the industry structure and industry layout, enriching the product line and promoting the coordinated development of the Group's industry chain business.

(3) Operational plan

In 2015, the working guidelines of the Group are: to continue to deepen system reform, implement management innovation, product innovation, marketing and sales innovation and service innovation thoroughly; to persist on the development model of independent innovation along side with joint venture cooperation, promote the implementation of the "3+e" strategy, facilitate the solid development of "Great GAC"; to continue to explore sustainable development potential through structural adjustment and industry upgrade, enhance the quality and operation efficiency of the Company thoroughly, strengthen the core competitiveness of the entire industry chain, ensure the achievement of the annual business plan.

It is expected that the growth of sales volume of vehicles for the whole year will not be lower than 15% when compared with the corresponding period last year, and the other major business indicators will maintain a stable growth. The specific working measures are:

1. Reach targets fiercely, complete each mission using best effort;
2. Improve management, increase quality and effectiveness of economic operation;
3. Deepen independent creativity, construct great independent industry layout;
4. Good grasp on project management, ensure its expected highly effective advance;
5. Persist on market-orientation, increase the speed of new product launches;
6. Strengthen creativity drive, to form new development advantage of the Group;
7. Increase market expansion, relentlessly strengthening the sales services capability;
8. Improve segment sources, turn around the difficult operation circumstances of certain enterprises;
9. Perfect corporate governance, strengthen market value management;
10. Continue the good grasp on doing business with integrity, safety production, comprehensive management and maintenance of stability and continue the work with reproduction planning.

(4) Potential risks

1. Risks of the industry

(1) *Risk of fluctuation in macro economy*

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

(2) *Risks of rapid growth in China's vehicle production capacity*

China's automobile industry showed an overall growth trend in the past 10 years. China has become the top in the world in terms of automobile sales of 13.64 million units since 2009, and annual sales in 2014 exceeded 23 million units, recording another global historic high, and became the number one in the world for six consecutive years; with the opportunities in the market, a large number of automobile companies target at the domestic market by implementing or formulating output expansion plans, the competition between joint ventures and local companies, international brands and independent brands, among vehicles with similar emission volume and new and old models is relatively intense.

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

Under shortage of energy and higher awareness of energy saving and environmental protection, the technological research and development of new energy vehicles are an important concern as well as the direction of future automobile technological innovation of all automobile companies, whereas the consumption in conventional vehicles will be suppressed and hindered to a certain extent. Although the Company is currently committed to development, promotion and industrialization of new energy vehicles, the technology of new energy vehicle is undergoing constant improvements and the ancillary systems are not yet complete, it is hard for new energy vehicles to completely replace conventional fuel vehicles in short term, and in the short run there is relatively large uncertainty in the future development prospects and direction of this technology.

2. **Operational risks**

(1) ***Risk of fluctuation in financial conditions and operating results of joint venture companies***

The Group has established close cooperation relationship with international cooperation partners such as Honda, Toyota, Fiat, Mitsubishi and Hino, the joint venture companies set up and funded jointly with them have a larger impact on the operating results of the Company. Although the Company has continued to nurture independent R & D ability and to accumulate core techniques, and it has successfully developed the first independent brand passenger car Trumpchi in September 2010, and successively introduced GA5, GS5, GA3 models, the production of which were made by GAMC, a wholly owned subsidiary of the Company, and in 2013 GAMC made a profit, the Group has initially formed a new layout of coordinated development of three series, namely the Japanese series, European, American series and independent brand series, yet judging from the present situations, joint ventures companies such as Guangqi Honda and Gaungqi Toyota, etc. still exert a larger impact on the operating results of the Group. If there are fluctuations in the financial conditions and operating results of the joint venture companies, the financial conditions and operating results of the Group may be affected in a negative way.

(2) ***Risk of fluctuation of prices of factors of production***

The factors of production for car manufacturing include labour, and different types of raw materials, including steel, aluminum, rubber, plastics and paints, thinners and other chemical products; and those of manufacturing automobile parts and components include metallic components, chemical components and electronic devices. In manufacturing passenger and commercial vehicles and products such as engines and parts and components, the Group has to purchase a large amount of raw materials from upstream companies. If bulk raw materials prices rise, the production costs of those companies will significantly increase. When the suppliers raise their prices, despite that the Group can offset the size, through measures such as launching new products, resetting its product prices, passing the cost, optimizing work flow and reducing consumption, it may have a negative impact on the profit of the Group if the prices rise abruptly to an overly high level.

(3) ***Risks of continuous ability to launch popular products***

The continuous ability to launch popular products directly affects product sales and operating results of the Group. The Company needs to continue to improve existing products and develop and introduce new products promptly based on market demand in order to consolidate its market position and gain market share in targeted sub-markets. In September 2010 the Group successfully developed the first independent brand passenger car Trumpchi, and successively introduced GA5, GS5, GA3 models, and they gradually obtained good comments from the market, and achieved better sales results. However, at present, the production, sales and brand building of independent brand products of the Company are still in the development stage, meanwhile, the vehicle products of the joint venture brands are gradually penetrating to the medium and low end markets, if subsequently the Company fails to continue to develop and produce competitive products in the market, and fails to reach a certain market share within a reasonable time, and forms economies of scale, it will not be able to realize the business strategies of the Company, and will have negative impact on the business, financial conditions and business results of the Company.

3. Risks of policies

(1) Risks of product recall

In recent years, China has been stricter to the automobile industry in product quality and quantity regulations and technical standards. The Ordinance for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理條例》) came into effect on 1 January 2013. The Ordinance amends and supplements the Regulations for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理規定》) and requires automobile manufacturers to offer repair services and recall. The Provisions on the Liability for the Repair, Replacement and Return of Household Automotive Products (《家用汽車產品修理、更換、退貨責任規定》) came into effect on 1 October 2013, which clearly provides the liability of repair, exchange and return of household automotive products. According to the data announced by the national quality supervisory and inspection bureau, in 2012, 2013, 2014 China recalled vehicles 113 times, 133 times and 176 times respectively, the total number of vehicles recalled amounted to 3.203 million units, 5.311 million units and 4.7863 million units respectively. If the products of the Group are recalled, the sales and results of the Company may be negatively affected.

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

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

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

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

Starting from 1 July 2007, the national motor vehicle pollutant discharge standard phase 3 upper limit, i.e. Guo III standard (equivalent to Euro III standard) was implemented on a nationwide scale, marking the control of car pollutant discharge of China has entered into a new phase. The state Ministry of Environmental Protection specifies that starting from 1 July 2011, all light weight vehicles such as passenger cars sold in China must meet Guo IV standard, i.e. starting from 1 July 2011, new cars failing to meet the Guo IV standard for discharge level will not be able to be listed on the new car list of the Ministry of Industrial Information.

The state may promulgate more stringent environmental and energy saving policies to fulfill its goal of energy saving and reduction of consumption and emission reduction. This will increase research and productions cost of the Group and thus affect the operating results of the Company.

(4) *Risks of amendments to vehicle consumption policies and fiscal policies*

The long length of the industry chain of the automobile industry exerts an apparent impact in boosting the economy, it is a pillar industry in the national economy, while it is also an industry operating with a higher degree of market mechanism with adequately high competition. Recently, the state encouraged more on the spending in new energy vehicle, for example, the Secretariat of the State Council announced the "Guided Opinion on the Speeding Up of promotion and application of new energy vehicles" (《關於加快新能源汽車推廣應用的指導意見》) in July 2014, it deployed the further speeding up of the promotion and application of new energy vehicles to relieve the pressure of energy shortage and environment protection, and facilitate the transformation and upgrade of the automobile industry.

Yet, on the other hand, with increasing pressure exerted from the urban transportation, some regions in China also promulgated policies to control the total number of vehicles, those policies may have a certain negative impact on the local automobile spending. In the future, the government may also carry out further adjustment of the automobile spending policy, such that this may have a larger impact upon the production and consumption of automobile market.

(5) *Risk of fuel price fluctuations*

In the recent year, the prices of crude oil in the world have great volatility, the factors affecting its prices include the demand and supply relationship of crude oil, and also include the financial attribute of crude oil, the fluctuations of crude oil prices are more uncertain. The finished oil pricing mechanism of China continues to be reformed following the fluctuations in crude oil prices. At present, the pricing of finished oil is not totally under market mechanism, if there are gaps between the international crude oil prices and prices of the finished oil products in China, then the prices of the finished oil products in China may be adjusted. If there are substantial fluctuations in the crude oil prices in the whole world, or the state changes the current pricing policy of finished oil products, this may lead to the corresponding fluctuations in selling prices of the finished oil products in China, thus affect the structure of automobile spending, which in turn will affect the sales of our products.

V. EXPLANATION FROM THE BOARD FOR THE ACCOUNTING FIRM'S "NON-STANDARD AUDIT REPORT"

(i) Explanation from the Board and the Supervisory Committee for the accounting firm's "non-standard audit report"

N/A

(ii) Analysis and explanation from the Board for reasons and impact of changes in accounting policy, accounting estimates and accounting methods

N/A

(iii) Analysis and explanation from the Board for reasons and impact of correction of major errors in the previous period

N/A

VI. PROPOSED PROFIT DISTRIBUTION PLAN OR CAPITAL RESERVES-TO-EQUITY

(i) Formulation, Implementation and Adjustments of Cash Dividend Policy

During the reporting period, the Group has made further amendments and improvement on its policies concerning profit distribution in its Articles of Association according to relevant requirements of Listed Companies Regulatory Guidance No.3-Distribution of Listed Companies issued by CSRC, setting out the profit distributed by the Company in cash annually shall not be less than 10% of the distributable profit for that year. Meanwhile, the dividend distribution plan for the shareholders (2012-2014) of Guangzhou Automobile Group Co., Ltd. implemented by the Company in November 2012 further set out the "cash dividend ratio shall not be less than 10% of the realized and distributable profit that year". During the reporting period, the Group has strictly complied with regulations of the Article of Associations and the dividend distribution plan for the shareholders (2012-2014) of Guangzhou Automobile Group Co., Ltd. During the reporting period, profit distribution for the year 2013 and profit distribution plan for the interim period 2014 were implemented and completed, among which, the standard and proportion of cash dividend were clear, and the related decision-making procedures and mechanisms were complete and in compliance with the regulations. Independent directors performed their duties diligently and expressed their independent opinions.

(ii) Schemes or plans for profit distribution and transfer of capital reserve to share capital in the latest 3 years (including the reporting period)

Unit: Yuan Currency: RMB

Year	Number of bonus shares issued for every 10 existing shares (share)	Dividends paid for every 10 shares (tax inclusive)	Number of shares transferred to share capital for every 10 existing shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to the shareholders of the Company in the consolidated financial statement during the year	Percentage of the net profit attributable to the shareholders of the Company in the consolidated financial statement (%)
2014		1.6		1,029,603,215.52	3,185,261,038	32.32
2013		1.6		1,029,603,215.52	2,652,838,308	38.81
2012		0.9		579,151,808.73	1,133,982,302	51.07

The Board proposed that a cash dividend for 2014 of RMB0.8 per ten shares (tax inclusive) to all shareholders.

(iii) Reserves available for distribution to shareholders

According to the articles of association of the Company, the distributable reserves of the Company are based on the profit after taxation determined pursuant to the Generally Accepted Accounting Principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2014, the Company's reserves available for distribution to shareholders amounted to RMB4,992,073,000 (2013: RMB5,599,854,000).

VII. FULFILLMENT OF SOCIAL RESPONSIBILITY

With the goal of developing into a preeminent international enterprise and a trustworthy public company, the Company always strives to build a green enterprise and actively fulfill its social responsibility. The Group, with high quality products and services, is committed to create harmonious internal and external corporate relationships, build a harmonious enterprise and serve the harmonious society, take its responsibilities for employees, society and ecological environment and enhance the harmonious development between human and nature.

VIII.PRODUCTION SAFETY

The Group adhered to the guidelines of "safety first, focus on prevention, comprehensive control" and the principles of "people-oriented and safe development", fostered the safety culture of the enterprise, strictly implemented accountability system for production safety, strengthened the responsibility, target and management of safe production, implemented the standardization of safe production in full, optimized the emergency rescue system for accidents during production and provided education and training of safe production and risk control. During the reporting period, the condition of safe production is generally stable and no serious injury and death incidents occurred.

IX. ENVIRONMENTAL PROTECTION

The Group is committed to environmental protection, energy conservation and emissions reduction, and the rational use of resources and energy. Centering on the targets of energy saving, consumption reduction, pollution reduction and efficiency enhancement, the Company actively participates in and promotes the development of new energy vehicles and motorcycles. The first national key project under the 863 Plan named "Research and Development of Extended Range Pure Electric Vehicle and Technology Tackling of its Industrialization of the Group" has passed the technical examination and acceptance of Ministry of Science and Technology of the PRC. Adhering to the concept of green environmental protection, the Group also promotes smart intensive green plant ideas during plant construction and advocates the concept of green office. Environmental protection, energy conservation and emissions reduction and reasonable and efficient utilization of resources are consistently implemented during the production and daily operation activities of the Group.

X. MAJOR AWARDS

(1) Awards won by the Group and its major investees

Subject	Awards won by the Group and its major investees	Organizer/theme
The Company	Top 100 of Chinese Industrial Enterprise Brand Competitiveness Evaluation of 2013	Evaluation & Examination Committee of Chinese Industrial Enterprise Brand Competitiveness
	Top 500 of Chinese Enterprise We Media Influence of 2014	Nanfang Media Group, Idea Bank of Chinese Enterprise We Media, Sun Yat-sen University, Union of Chinese Enterprise We Media
	Most Responsible Public Company	11th China Financial Ranking List of Hexun Website
	"Corporate Golden Award" of 2014 & "Triple A Award in Greater China Region"	The Asset
	Golden Cup of Guangdong Poverty Relief Red Cotton Cup	The Leading Group of Poverty Alleviation Development of Guangdong Province

Subject	Awards won by the Group and its major investees	Organizer/theme
GAMC	CCTV Chinese Brand of the Year	CCTV2
	Advanced Group of National Machinery Industry	China Machinery Industry Federation
	China Exemplary Enterprise of Culture Construction	Organizing Committee of China Enterprise Culture Construction Summit
	China Excellent Enterprise of Primary Level Culture Construction	Specialized Committee of China Enterprise Culture Management
	Best Automobile Manufacturer Award	Guangzhou Car Exhibition Award Ceremony
	Channel Building Award of 2014	auto.sohu.com
	Public Benefit Example Award of 2014	Southern Daily
	Best Public Benefit Communication Award of 2014	2014 (Fourth) China Public Benefit Festival Organizing Committee
	Trans-boundary Entertainment Marketing Award	Southern Metropolis Entertainment Weekly, Effie China, Research Center of China Entertainment Marketing Communication
	Top Ten Marketing Benchmark Enterprise	New Marketing
	Influential Proprietary Brand of the Year	Nanning Evening News
	Top 100 of Consumers' Most Favored Guangzhou Brands of 2013	Guangzhou Industrial Economy Joint Association, Guangzhou Entrepreneurs' Association
Guangqi Honda	Clean & Low-carbon Eco-friendly Enterprise of the year for the Fifth Environmental Protection & Clean Award in 2014	National Business Daily
	Artistic Marketing of Award Ceremony for Ten Marketing Events of China Automobile in 2014	Nanfang Metropolis Daily
	2014 China (Guangzhou) Automobile General Comment List of Annual Influential Automobile Enterprises	Guangzhou Daily, China Mainstream Media Auto Union
	2014 Annual Comprehensive Award for China's Best Enterprise Citizen	Eleventh Appraisal and Election of Best Enterprise Citizen of 21st Century Enterprise Citizen Research Center
	Annual Influential Automobile Enterprise of 2014 China (Beijing) Automobile Market General Comment List	Beijing Evening News, China Mainstream Media Auto Union
	Marketing Event Award of 2014	Time Magazine's Seventh Time Marketing Ceremony
	2014 Salute to Public Service Innovation by the Southern Daily	Southern Daily

Subject	Awards won by the Group and its major investees	Organizer/theme
GAC Toyota	Exemplary Low-Carbon Chinese Company of 2014	The Economic Observer
	China's Most Respected Enterprise 2013-2014	The Economic Observer
	No. One of 2014 China After-sale Service Satisfaction Research SM(CSI)	J.D. POWER Asia-pacific Branch Company
	2014 Green Eco-friendly Enterprise	China Business News
	2014 China Corporate Responsibility Excellence Award	China Philanthropy Times
	Best Social Responsibility Award of 2014 Excellent Performance Award	China Business Journal
	China Business News•China CSR Outstanding Company Award	China Business News
	2014 Social Welfare Contribution of China Automobile Enterprise Jinyi Award	Nanfang Metropolis Daily
GAC Mitsubishi	2013 Advanced Company of Collaborative Innovation	Strategic Union of Changsha Automobile and Accessories Industrial Technology Innovation
	Social Responsibility Enterprise of the Year	New Express
	Sunflower Award, "Sunflower" Grade A Consuming Credit for Automobile Brand	China Industry & Commerce News Agency
	Cultural Marketing	2014 Award Ceremony for Ten Marketing Events of China Automobile
	2014 Best Marketing Planning Activity	2014 Ranking List of China's Popular Car Models
	Best Marketing Example of the Year	2014 Influencing China•Television General Comment List for China Automobile
GAC Sofinco	2014 China's Automobile Financial Company with the Most Growth Potential	2014 (Fifth) China Automobile Gold Engine Award Appraisal and Election
GAC Gonow	2014 Top 50 Enterprise with the Most Growth Value	Fourth Conference for Chinese Investors

(2) Car Models and Other Awards

Name	Award	Awarded by
Research and Application of Vehicle Original Design Technology Based on Cross-platform & Modularized Structure	First Prize for China Automobile Industry Science & Technology	China Association of Automobile Manufactures
Electronic and Electric System for High Intelligence Platform Passenger Vehicle	Second Prize for Guangdong Province Science and Technology Progress Award	Government of Guangdong Province
WITSTAR	First Prize for "Governor Cup" Industrial Design Contest of Guangdong Industrial Design Week	The Economic and Trading Commission of Guangdong Province, Information Industry Department of Guangdong Province
GAC Trumpchi GA5	Car Model Award for Best Service Car of 2014	Organized by Xinhua net, participated by ministries and commissions like NDRC, MIIT and Ministry of Finance etc.
GAC Trumpchi GS5	Annual Contribution Award for China Automobile Industry "Xuan Yuan Award"	Auto Business Review Famous Automobile Enterprise Austria Consultancy EFS
GAC Trumpchi 1.8T Engine	Dongli China Engine Power Award 2013	Organized jointly by China Auto Economy, Auto Time and China Internal Combustion Engine Industry Association

Name	Award	Awarded by
GAC Trumpchi GS5 Super	Own-brand SUV of the Year	Travel Geography magazine
	Innovative SUV of 2014	12 Cylinders
	Quality SUV of the Year	Bitauto Weekly magazine, auto.ifeng.com, Yiche.com
	Mid-sized SUV with Best Power Technology of 2014	Information Times
	Autonomous SUV of the Year	NetEase Auto
	Eco-friendly Mid-sized SUV of 2014	China Youth News
	Best SUV of the Year----Tenth General Comment List for China Automobile of 2014	China Mainstream Media Auto Union
	SUV of the Year	Guangzhou Daily
	Best Technology SUV Model	The new Cultural Newspaper
	Autonomous SUV of the Year	Chinese Business Morning View
GAC Trumpchi GA3S Scope	New Prominent Middle Class Car of the Year	New Express
	Best Own-brand Car of the Year	Yiche.com
	2014 Best Market Performance Award for "Love My Chinese Car"	Auto Observer
	Most Fashionable Car Model of the Year	The Times Weekly
	Autonomous Fashionable Car Model of the Year	China Auto News
	2014 Award Ceremony of China Strong Media Auto Union----Fashionable Family Car of the Year	China Strong Media Auto Union
	2014 Tianjin Fashionable Car Model of the Year	Tianjin Daily
	New Car of the Year	Guangzhou Daily
	Best Fashionable Car Model of the Year	Xin'an Evening News

Name	Award	Awarded by
Guangqi Honda Accord	2014 Safe Car Award for Mid-sized Passenger Car	China Automotive Technology & Research Center, World Auto periodical office
Guangqi Honda Odyssey	2015 China's Car of the Year	Editors' Club of Specialized Auto Media
	CAR of the YEAR Joint-venture Brand MPV	Auto Magazine, Tencent Auto
	MPV of the Year	China Auto News 2014 Consuming Car Model & Marketing Activities Appraisal and Election
	MPV of 2014	China Mainstream Media Auto Union
Guangqi Honda Vezel	SUV of 2014	Phoenix Satellite Television Absolute Fashion Handbook
	2014 China City Network Union's General Comment List — Influential Car of the Year	Guangzhou Daily
	Best Compact SUV	2014 Oscar for Automobile World hosted by Nanfang Metropolis Daily
Guangqi Honda Fit	Best Small-sized Car of 2014	National Business Daily
	2014 Most Popular Small-sized Car for Car Model Appraisal and Election	China Auto Consume Net
GAC Toyota Levin	Car Model of the Year	China Mainstream Media Union
	Middle Class Car of the Year	Strong Media Union
	Award for Popular Car Model of the Year	China Auto Pictorial
GAC All New Toyota Camry	The Most Anticipated Middle and High Class Car of the Year	Guangzhou Daily
GAC Toyota Camry Zun Rui	Eco-friendly Car of the Year	LiaoShen Evening News
GAC Toyota Yaris	The Most Anticipated New Car/Small-sized Car of the Year	NetEase

Name	Award	Awarded by
GAC Toyota Highlander	2014 Communication Award for China West "SUV Hero"	Chongqing Daily
GAC Mitsubishi Xin Jing Xuan	Cool SUV of the Year	China City Network Union
	Ten Excellent Cars of 2014	Chengdu Commercial Daily
GAC Mitsubishi Pajero Sport	All-round SUV Award of the Year	QianJiang Evening News, Daily Commercial News, Zhejiang Auto World, Zhejiang Economic Satellite Television, Zhejiang Film and TV Channel
GAC Fiat Ottimo	Two Most Expected Hatchback Cars of the Year	The Economic Observer
	2014 Two Cars Award of "Car Fashion Ranking List"	"Car Fashion" of Shenzhen TV Station
GAC Hino 700 Series Domestic IV Tractor	Performance Progress Award for Domestic IV Vehicle Most Favored by National Advanced Logistics Enterprises	Specialized Commission of Logistics Technology and Equipment of China Transportation and Communication Association
GAC Gonow GX6	SUV Model with the Most Potential	China SUV Development Forum, China Auto Engineering Society Off-road Branch, Chinasuv.cn, Feelcars.com

Chapter 6 Report of the Supervisory Committee

During the reporting period, the Supervisory Committee of the Company conducted its work with the spirit of holding itself accountable to all shareholders, duly performed its various duties and obligations, all members of the Supervisory Committee participated in the discussion in respect of the major operation decisions of the Company, and supervised the financial conditions of the Company, the operation compliance and performance of directors and senior management according to law, through attending supervisory meetings, general meetings and Board meetings, in accordance with the Companies Law, the Securities Law, the Listing Rules and the SSE listing rules and other laws and regulations and the requirements of the articles of association of the Company, and the internal control of the Company and standardized operation were promoted.

Supervisory Committee was of the view that during the reporting period, the standardized operation of the Company was strictly in compliance with relevant laws and regulations such as the Listing Rules and internal control systems such as the Articles of Association of the Company, while the directors and senior management of the Company performed their duties diligently and were in compliance with the PRC laws and regulations, the Articles of Association of the Company and system, and effectively safeguarded the interests of the Company and shareholders. The work of Supervisory Committee during the year is reported as follows:

I. THE BASIC COMPOSITION OF THE SUPERVISORY COMMITTEE

The third-session Supervisory Committee of the Company comprised of 5 supervisors in which 3 were shareholder representative supervisors and 2 were staff representative supervisors with a term of 3 years commencing from 21 June 2012 to 20 June 2015.

II. BASIC EVALUATION OF THE PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2014

Supervisory Committee was of the view that the Board of the Company duly performed its operation in strict compliance with the requirements under the laws and regulations including the Companies Law, the articles of association of the Company, the Listing Rules and the SSE listing rules during the reporting period. By actively grasping the market opportunities, coping with transformation of the overall economic environment and overcoming the unfavorable situation that the industry growth is slowing, with joint efforts of all staffs, the Group recorded excellent performance in its growth rate representing 10 percentage points higher than the industrial average growth rate, and the rapid growth in overall operation business was realized.

During the reporting period, the major business decision making procedures of the Company were legitimate and effective. The directors and senior management of the Company duly performed their duties seriously, proactively and normatively conducted their work in accordance with the national laws, regulations, the articles of association of the Company and resolutions of the general meeting and the Board. The Supervisory Committee had not found any acts of Directors and senior management being in breach of laws and regulations and the articles of association of the Company or against the interests of the Company and the shareholders.

III. MEETINGS CONVENED OF SUPERVISORY COMMITTEE

During the reporting period, the Supervisory Committee of the Company convened seven supervisory meetings with the details as follows:

1. **The 10th meeting of the 3rd session of the Supervisory Committee was held on 26 March 2014, the following resolutions were considered and approved:**

   (1) Resolution in respect of annual report and summary of 2013;

   (2) Resolution in respect of Supervisory Committee report of 2013;

   (3) Resolution in respect of the financial report of 2013;

   (4) Resolution in respect of profit distribution plan of 2013;

   (5) Resolution in respect of internal control and self-assessment report of 2013;

   (6) Resolution in respect of internal control audited report of 2013;

   (7) Resolution in respect of appointment of auditing institution for the year 2014;

   (8) Resolution in respect of appointment of internal control auditing institution for the year 2014.

2. The 11th meeting of the 3rd session of the Supervisory Committee was held on 28 April 2014, at which the resolution in respect of the first quarterly report of 2014 was considered and approved.

3. The 12th meeting of the 3rd session of the Supervisory Committee was held on 11 July 2014, at which the following resolutions were considered and approved.

   (1) Resolution in respect of the Share Option Incentive Scheme (Draft) of Guangzhou Automobile Group Co., Ltd and its summary;

   (2) Resolution in respect of the Share Option Incentive Scheme Performance Appraisal Measures of Guangzhou Automobile Group Co., Ltd.;

   (3) Resolution in respect of list of incentive participants of the Share Option Incentive Scheme (Draft) of Guangzhou Automobile Group.

4. The 13th meeting of the 3rd session of the Supervisory Committee was held on 26 August 2014, at which the following resolutions were considered and approved.

   (1) Resolution in respect of implementation of new accounting standards;

   (2) Resolution in respect of interim report of 2014;

   (3) Resolution in respect of profit distribution plan for the interim period 2014.

5. The 14th meeting of the 3rd session of the Supervisory Committee was held on 2 September 2014, at which the resolution in respect of the Share Option Incentive Scheme (Amended Draft) of Guangzhou Automobile Group Co., Ltd. and its summary was considered and approved.

6. The 15th meeting of the 3rd session of the Supervisory Committee was held on 28 October 2014, at which the following resolutions were considered and approved.

(1) Resolution in respect of adjustment to the list of incentive participants under the share option scheme of Guangzhou Automobile Group Co., Ltd;

(2) Resolution in respect of grant of share options under the share option scheme of Guangzhou Automobile Group Co., Ltd.

7. The 16th meeting of the 3rd session of the Supervisory Committee was held on 19 September 2014, at which the resolution in respect of the third quarterly report of 2014 was considered and approved.

Save as the meetings above, the Supervisory Committee also supervised the convening, holding, resolution, voting procedures and poll results of general meetings and Board meetings through attending general meetings and being present in Board meetings. The Supervisory Committee has made recommendations and supervised on the legitimacy and compliance of national laws, regulations, the Articles of Association of the Company and resolutions of the Board meetings and interests of the Shareholders in respect of the regular reports, profit distribution, connected transactions and internal control.

IV. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON OPERATION OF THE COMPANY

1. Operation of the Company in accordance with law

During the reporting period, the various work of the Board and senior management of the Company were in compliance with the relevant requirements of the Companies Law, the Securities Law, the Listing Rules of the Stock Exchange and SSE and the articles of association of the Company and Rules of Procedures of the three Committees and the relevant provisions of various internal control systems, decision making process is legitimate and effective. Directors and senior management of the Company performed in a diligent and responsible manner and the resolutions of the general meetings and the Board meetings were implemented faithfully. No acts were in breach of laws and regulations and the articles of association of the Company or against the interests of the Company. Meanwhile, the Company has timely performed its disclosure obligations which were in strict compliance with the requirement of the Listing Rules of the Stock Exchange and SSE.

2. Internal control and risk management

Pursuant to the requirements of the Basic Principles for Internal Control of Enterprise, the Company consistently carried out the construction of its self assessment on comprehensive risk and internal control. Based on the works concerning internal control and risk management programs completed in previous year, the Company expanded its self assessment on comprehensive risk internal control to 6 new invested companies. By carrying out risk identification and assessment, perfecting comprehensive risk management system, the Company has tested and rectified the effectiveness of design and operation of its internal control, which further improved the Group's internal control management system.

Supervisory Committee reviewed the "self-evaluation report on internal control of the Company for 2014" prepared by the Board and the establishment and implementation of internal control policies of the Company, and approved the "self-evaluation report on internal control of the Company for 2014" prepared by the Board.

3. Financial conditions of the Company

The Supervisory Committee examined the financial conditions of the Company seriously and carefully and reviewed the 2013 annual financial report and the first quarterly report, interim report and the third quarterly report of 2014 during the reporting period, and considered the profit distribution plan implanted by the Company during the reporting period. The Supervisory Committee considered that the financial report of the Company gave a full, true and objective view of the operation results and financial conditions of the Company, persons participating in the preparation and examination of the Annual Report were not found to have acted in breach of the rules of confidentiality, while the financial report with unqualified opinions issued by the auditing firm was objective and fair.

4. Connected transactions

The Supervisory Committee reviewed and audited the report of connected transactions of the year. The Supervisory Committee considered that the Company had strictly abided by the relevant provisions of the A shares and H shares listing rules, the Articles of Association of the Company and Decision-making Management Rules of Connected Transactions in conducting the connected transactions of the Company. The Supervisory Committee also considered that the procedures of the connected transactions were legal and price was fair and was not aware of any circumstances which were prejudicial to the interests of the Company and the medium-sized and minority Shareholders.

V. WORKING PLAN

In 2015, by adapting to the new normal of economic development and enterprise development, the Supervisory Committee will proactively perform its supervision responsibilities under the laws and the articles of association. With the basis of corporate governance and focusing on financial supervision and risk prevention, the Supervisory Committee will continue to pay attention to and promote construction of its internal control and comprehensive risk system, strengthen the implementation of supervision functions, implement strictly the rules of procedures of the Supervisory Committee, organize and convene work meetings of the Supervisory Committee on a regular basis, attend the general meeting of shareholders and meetings of the Board of the Company according to law and be informed of and supervise the legality of the major issues and each procedure related to decision-making of the Company in order to safeguard the legitimate interests of shareholders, staff members and the Company and contribute to the achievement of the operation objectives of the Company.

I. MATERIAL LITIGATIONS, ARBITRATIONS AND MATTERS GENERALLY QUESTIONED BY THE MEDIA

Nil

II. APPROPRIATION OF FUNDS AND REPAYMENT OF DEBTS AND LIABILITIES DURING THE REPORTING PERIOD

Nil

III. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

During the reporting period, the Company did not have any matter relating to insolvency or restructuring.

IV. TRANSACTION OF ASSETS AND COMBINATION OF BUSINESS

Overview and Type of Matters	Query Index
Acquisition of equity interest of GAC Hino (Shenyang) Automobile Co., Ltd (廣汽日野(瀋陽)汽車有限公司) (currently,the acquisition of equity interests has been completed and GAC Hino (Shenyang) Automobile Co., Ltd becomes a subsidiary controlled by the Company)	(1) 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 China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of SSE and the 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. (Announcement No.: Lin 2014-005); (2) 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 China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of SSE and the 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. (Announcement No.: Lin 2014-011).

Overview and Type of Matters	Query Index
Acquisition of 100% equity interests in Guangzhou Lixin Car Rental Co., Ltd. by Guangzhou Guangqi Commercial Logistics Co., Ltd., a wholly-owned subsidiary of the Company	On 11 December 2014, the "Announcement on Decision of the 50th Meeting of the 3rd Session of the Board of Guangzhou Automobile Group Co., Ltd." was disclosed on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of SSE and Hong Kong Stock Exchange, in which the matter concerning acquisition of 100% equity interests in Guangzhou Lixin Car Rental Co., Ltd. was considered and passed. (Announcement No.: Lin 2014-074).

Combination of Business

Please refer to the description set out in Changes of Scope of Consolidation in the financial statements.

V. IMPLEMENTATION OF THE SHARE OPTION INCENTIVE SCHEME AND ITS EFFECTS

(1) Relevant issues concerning share option incentive scheme

Overview of Matters	Query Index
1. 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.	(1) 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 the Stock Exchange on 29 February 2012 (H share announcement). (2) The "Announcement on Implementation Progress of First Grant Plan of H Share Appreciation Rights" was disclosed on the websites of SSE and the Stock Exchange on 3 March 2014 stating the retirement of the targets and the reasons for invalidity of the first grant plant, and the total number of remaining unvested share appreciation rights amounts to 23,899,981 shares. (Announcement No.: Lin 2014-007).

The Group offered H share appreciation rights scheme to the directors, senior management and managerial and key technical personnel and the scheme is settled in cash. According to the scheme, each unit of H share appreciation rights is notionally linked to one H share and represents the rights conferred to the relevant incentive recipient to receive in cash stipulated earnings from the increase in market share price of the relevant H share. However, no H shares will actually be issued to any incentive recipient. As at 28 February 2015, due to participant retirement, 2,826,670 H shares appreciation rights have ceased to be effective. And meanwhile, according to the arrangement for effectiveness for granting the Scheme for the first time, the effective time for the second batch of the H share appreciation rights granted by the Company has expired. According to the audited financial statements of the Group prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2013, the relevant performance indicators of the Company for 2013 did not meet the conditions for the effectiveness of the scheme, the second batch of 10,033,350 shares of H share appreciation rights, which should have been effective, lapsed. The total number of H share appreciation rights that are not effective is 11,949,962 shares.

As at 28 February 2015, the following directors were granted the following number of H share appreciation rights:

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 as at 28 February 2015	Number of units of Share Appreciation Rights granted that are still valid as at 28 February 2015	Percentage of issued share capital of the category (%)	Percentage of the total share capital (%)
Zhang Fangyou	29 February 2012	740,000	0	493,334	246,666	0.011	0.004
Zeng Qinghong	29 February 2012	580,000	0	386,666	193,334	0.009	0.003
Yuan Zhongrong	29 February 2012	550,000	0	366,666	183,334	0.008	0.003
Liu Huilian	29 February 2012	550,000	0	366,666	183,334	0.008	0.003
Lu Sa	29 February 2012	550,000	0	366,666	183,334	0.008	0.003
Feng Xingya	29 February 2012	550,000	0	366,666	183,334	0.008	0.003
Yao Yiming	29 February 2012	550,000	0	366,666	183,334	0.008	0.003
Chen Maoshan	29 February 2012	500,000	0	333,334	166,666	0.008	0.003
Wu Song	29 February 2012	500,000	0	333,334	166,666	0.008	0.003

Overview of Matters	Query Index
2. The Group approved to implement the A share option incentive scheme, and the targeted participants included: According to the Resolution on the Share Option Incentive Scheme and its Summary of Guangzhou Automobile Group Co., Ltd. considered and passed at the extraordinary general meeting of the Company held on 19 September 2014 and the Resolution on Grant of Share Option under the Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd. considered and passed at the 46th Meeting of the 3rd Session of the Board of the Company held at the same date, the Company granted A share options to total 620 participants comprising of directors, senior management, key managerial personnel and technical personnel as well as core personnel of the invested entities of the Group. The number of share options so granted was 64,348,600, representing 1.00% of the total share capital of the Company.	According to the "Announcement on Grant of Share Option to Incentive Participants " disclosed on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the websites of SSE and the Stock Exchange on 20 September 2014, the grant of A share options has been completed. (Announcement No.: Lin 2014-064)

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilize the enthusiasm of the directors, senior management and other core businesses, technical and management key personnel of the Company, and bond the interests of shareholders, the Company and individual operators together effectively, making all parties to attend to the long-term development of the Company, the A Share Option Incentive Scheme is formulated and was passed at the first extraordinary general meeting of 2014 held on 19 September 2014.

A share option represents the right to be granted to a Participant by the listed company to acquire certain number of shares of the Company at a pre-determined price and conditions in a particular period of time. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the Participants.

The Exercise Price of the A Share Option Incentive Scheme is RMB 7.6. The closing price of the A shares of the Company immediately prior to the vesting date of the A Share Option Incentive Scheme is RMB 8.37 per share.

The Participants are directors, senior management and other core businesses, technical and management key personnel of the Company who are under employment at the time of the implementation of the A Share Option Incentive Scheme. The allocation of A Share Option Incentive Scheme granted to Participants is set out below:

Currency: RMB

Name	Position	Number of A Share Options held at the beginning of the year	Number Of A Share Options to be granted (ten thousand)	Exercisable Shares during the reporting period	Shares of A Share Options to be exercised during the reporting period	Exercise Price of A Share Options (RMB)	Number of A Share Options Held at the end of the period (ten thousand)
Zhang Fangyou	Chairman of the Company	0	95.00	0	0	7.6	95.00
Zeng Qinghong	Vice chairman, general manager of the Company	0	90.00	0	0	7.6	90.00
Yuan Zhongrong	Vice chairman of the Company	0	81.00	0	0	7.6	81.00
Lu Sa	Director, deputy general manager, secretary of the Company and secretary of the Board	0	76.00	0	0	7.6	76.00
Feng Xingya	Director	0	76.00	0	0	7.6	76.00
Yao Yiming	Director	0	74.00	0	0	7.6	74.00
Liu Huilian	Director, chairman of the labor union	0	76.00	0	0	7.6	76.00
Wei Xiaoqin	Director, deputy secretary of the Party committee	0	76.00	0	0	7.6	76.00
Zhang Qingsong	Deputy general manager	0	74.00	0	0	7.6	74.00
Li Shao	Deputy general manager	0	74.00	0	0	7.6	74.00
Wang Dan	Deputy general manager, chief financial offier	0	74.00	0	0	7.6	74.00
Jiang Ping	Deputy general manager	0	74.00	0	0	7.6	74.00
Ou Yongjian	Deputy general manager	0	74.00	0	0	7.6	74.00
Middle level and other core businesses, technical and management key personnel (total 607 people)		0	5,430.86	0	0	7.6	5,430.86
Total		0	6,434.86	0	0	/	6,434.86

Notes:

1. The actual gains of exercise under the A Share Option Incentive Scheme shall not exceed 40% of the total remuneration level (including gains of Share Option incentives) of Participants in principle. All Participants undertake that, if the price of shares is so high during the Validity Period that it causes the actual gains of Share Option incentives exceeding the aforesaid proportion, the excess portion shall belong to the Company.

2. The Participants of the A Share Option Incentive Scheme do not take part in two or more share option incentive schemes of listed companies. Major shareholders or controllers who hold 5% or more of the shares or their spouse, immediate or close relatives do not take part in the Scheme.

3. The aggregate number of Share Options to be granted to any of the above Participants under the A Share Option Incentive Scheme and held throughout the Validity Period does not exceed 1% of the total share capital of the Company prior to the general meeting of the Company to be convened for approving the Scheme.

The whole A Share Option Incentive Scheme shall be effective for 10 years, and in principle, certain number of Share Options will be granted to Participants every two years. The Scheme shall be effective for 5 years from the Date of Grant of the Share Options.

The Vesting Period represents the period from the grant of the Share Options to the Exercise Date of the Share Options. The Vesting Period under the A Share Option Incentive Scheme granted to Participants is 24 months. If the Conditions of Exercise required by the Scheme are fulfilled within the Exercise Date, Participants shall exercise their Share Options in stages within the 36 months after expiry of 24-month period from the Date of Grant.

Relevant information regarding the A Share Option Incentive Scheme is set out in Note 24 to the consolidated financial statement.

VI. MATERIAL CONNECTED TRANSACTIONS

1. Certain related party transactions as disclosed in note 42 to the consolidated financial statements also constituted continuing connected transactions under the Listing Rules. Such transactions between certain connected persons (as defined in the Listing Rules) and the Group which have been entered into and/or are ongoing during the year are shown below for which relevant disclosure, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

2. Transactions under the Listing Rules

(A) Transactions in relation to principal jointly controlled entities

At the time of listing of the Company, the Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of immaterial jointly controlled entities. The Company is required to review whether the immaterial jointly controlled entities met the conditions in the waiver on a yearly basis. For the 2014 financial year, the principal jointly controlled entities of the Company were GAC Toyota, Guangqi Honda, Wuyang-Honda and GAC-SOFINCO.

(B) Connected transaction

During the year ended 31 December 2014, GAC Group and its associates (as defined in the Listing Rules) had entered into the following connected transaction:

On 11 December 2014, the Board approved the entering into of the shares transfer agreement (the "Shares Transfer Agreement") between GAC Commercial Logistics and GAIG, pursuant to which GAIG has agreed to sell to GAC Commercial Logistics, and GAC Commercial Logistics has agreed to acquire from GAIG, 100% of the registered capital of Guangzhou Lixin Car Rental Co., Ltd ("LS Company") at the consideration of RMB82,712,014.67. The actual consideration will be subject to the results of the valuation filed with State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government ("Guangzhou SASAC").

The Shares Transfer Agreement shall be effective after it is executed and filed with Guangzhou SASAC and the relevant consideration shall be payable within 10 business days after the agreement is effective, by making a one-off payment from GAC Commercial Logistics to the designated bank account of GAIG.

Through the acquisition of 100% equity interests in LS Company, the Group will own additional licences for taxis in Guangzhou for its taxi business operation. It is expected that it would obtain further licences by, inter alia, increasing the number of licenses for taxis, for operating general taxis and taxis using new energy resources under the brands of the Group, expand the operating scale and further promote the Group's vehicles using new energy resources though demonstration during its operation, so as to enhance the influence of the brands of the Group.

GAIG is the controlling shareholder of the Company, holding 58.81% of the issued share capital of the Company, and a connected person of the Company. The Acquisition constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios in respect of the consideration payable under the Shares Transfer Agreement calculated in accordance with Chapter 14 of the Listing Rules are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(C) Continuing connected transactions

During the year ended 31 December 2014, GAC Group and its associates (as defined in the Listing Rules) had entered into the following continuing connected transactions:

1. Provision of transport and logistic services in respect of vehicle products and vehicle parts and components

   (a) During the year ended 31 December 2014, the Company, its subsidiaries and the principal jointly controlled entities (including GAC Toyota and Guangqi Honda) (collectively, the "Group") separately provided transport and logistic services ("Logistic Services") in respect of vehicle products and vehicle parts and components to the joint venture partners of the principal jointly controlled entities (including Toyota and Honda) and their associates (collectively, the "JV Partner Group") according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

On 21 December 2012:

(i) Guangzhou Guangqi Commercial Logistics Co., Ltd. ("Guangqi Commercial") (廣州廣汽商貿物流有限公司) and Guangqi Toyotsu Logistics Co., Ltd. ("Guangqi Toyotsu Logistics") (廣汽豐通物流有限公司) (as the service provider) of the Group, entered into an agreement in writing ("Supplemental Agreement") with GAC Toyota Logistics Co., Ltd. ("GAC Toyota Logistics") (廣汽豐田物流有限公司) and Tong Fang Global (Tianjin) Logistics Co., Ltd. ("Tong Fang Global") (同方環球(天津)物流有限公司) of the JV Partner Group, respectively, so as to continue the Logistic Services. The validity period for the Supplemental Agreement between Guangqi Commercial and GAC Toyota Logistics is from 1 January 2013 to 31 December 2013, which, unless otherwise agreed, will be extended to the term of not exceeding 3 years in total, and the validity period for the Supplemental Agreement between Guangqi Toyotsu Logistics and Tong Fang Global is from 1 January 2013 to 31 December 2015. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement;

(ii) Guangzhou Automobile Hunan NYK Logistics Co. Ltd. ("GAC Hunan") (湖南廣汽日郵物流有限公司) (as the service provider) of the Group and GAC Toyota Logistics of the JV Partner Group, entered into an agreement in writing ("New Agreement"), so as to proceed with the Logistic Services, with validity period from 1 January 2013 to 31 December 2015. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

Pursuant to the Supplemental Agreement, the payment received by the service provider from the service recipient for the Logistic Services is paid according to the prices in the contract which are determined with reference to the prevailing prices of the same type of services in the market.

Pursuant to the New Agreement, both parties to the agreement have agreed that, they shall enter into Individual Agreement(s) in relation to the provision of the Logistic Services within the validity period of the New Agreement based on the terms, conditions and principles of the New Agreement. The terms of the Individual Agreements (including the terms of calculation and payment of service fees) shall be determined based on normal commercial terms and the respective independent interests, and the transaction terms shall not be more favourable than the corresponding terms for the provision of the same type of services by the Group members to its independent third parties or less favourable than the corresponding terms for the receipt of the same type of services by the Group members from its independent third parties (as the case may be). The payment for the provision of the Logistic Services under the Individual Agreements shall be unanimously determined after thorough communication and discussion between the parties to the agreement with reference to the prevailing prices of the same type of services in the market. In case of any inconsistency between the terms of an Individual Agreement and the New Agreement, the terms of the New Agreement shall prevail. The term of the Individual Agreement shall not exceed the term of the New Agreement, otherwise a new agreement or a supplemental agreement should be entered into in accordance with the then applicable requirements of the Listing Rules.

During the year ended 31 December 2014, the total amount of the Logistic Services provided by the Group to the JV Partner Group was RMB287,079,304.

In relation to the transactions, the Directors consider that the annual cap requirement under the Listing Rules shall not be imposed. The provisions of the Logistic Services are part and parcel of the cooperation arrangement with joint venture parties and their associates. They are an important part of the supply chain management of the vehicle manufacturing and sales business.

Any growth in demand for vehicle manufactured by the principal jointly controlled entities or the joint venture partners will necessarily result in increased transaction volumes for the Logistic Services. Such growth is outside the control of the Company and difficult to predict. If the unpredictable growth exceeds the annual caps imposed, the transport and logistic services have to be stopped, which in turn will hold up the manufacturing activities and the delivery of vehicle products, until the requirements of announcement and/or shareholders' approval under Chapter 14A of the Listing Rules are complied with.

The Directors consider that the imposition of annual caps on such transaction is not in the interest of the Group. Therefore, the Company has applied to the Stock Exchange for and was granted a waiver from compliance with annual cap requirements relating to the above transactions for the duration of the terms of the respective transactions. The Company has also reached an agreement with the Stock Exchange that only disclosure of the annual aggregate dollar value of the transactions made each year would be made. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant jointly controlled entities and would not be in the interest of the Company or the relevant jointly controlled entities.

The foresaid waivers granted by the Stock Exchange at the time of listing in relation to the transactions made expired when the Supplemental Agreements and New Agreement were entered into. The Stock Exchange has approved the Company's application for renewal of the Waivers, exempting the Company from compliance with the annual cap, announcement and annual reporting requirements under the Listing Rules to the extent that only disclosure of the total annual consideration relating to the Transactions needs to be made.

(b) During the year ended 31 December 2014, JV Partner Group provided transport and logistic services ("Logistic Services of JV Partner") in respect of vehicle products and vehicle parts and components to the Group according to the following pricing terms on a regular basis. Our principal jointly controlled entities purchase raw materials, parts and components from the relevant joint venture partners and also sell some of the products to the relevant joint venture partners. The relevant joint venture partners would provide transport and logistic services to complete the processes. Such service will continue during the term of the joint ventures.

On 21 December 2012:

(i) Tong Fang Global and GAC Honda Logistics Co., Ltd. ("GAC Honda Logistics") (廣汽本田物流有限公司) (as the service provider) of the JV Partner Group, entered into an agreement in writing ("Supplemental Agreement of JV Partner") with GAC Toyota and Guangqi Honda of the Group, respectively, so as to continue the Logistic Services of JV Partner. The validity period for the Supplemental Agreement between Tong Fang Global and GAC Toyota is from 1 January 2013 to 31 December 2015. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement, and the validity period for the Supplemental Agreement between GAC Honda Logistics and Guangqi Honda is from 1 January 2013 to 31 December 2013, which, unless otherwise agreed, will be extended to the term of not exceeding 3 years in total;

(ii) GAC Toyota Logistics (as the service provider) of the JV Partner Group entered into an agreement in writing ("New Agreement of JV Partner") with GAC Hunan and Guangzhou Changning Automobile Sales and Services Co., Ltd. (廣州長寧汽車銷售服務有限公司), so as to proceed with the Logistic Services of JV Partner, with validity period from 1 January 2013 to 31 December 2015. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

Pursuant to the Supplemental Agreement of JV Partner, the payment received by the service provider from the service recipient for the Logistic Services of JV Partner is paid according to the prices in the contract which are determined with reference to the prevailing prices of the same type of services in the market.

Pursuant to the New Agreement of JV Partner, both parties to the agreement have agreed that, they shall enter into Individual Agreement(s) in relation to the provision of the Logistic Services of JV Partner within the validity period of the New Agreement of JV Partner based on the terms, conditions and principles of the New Agreement of JV Partner. The terms of the Individual Agreements (including the terms of calculation and payment of service fees) shall be determined based on normal commercial terms and the respective independent interests, and the transaction terms shall not be more favourable than the corresponding terms for the provision of the same type of services by the Group members to its independent third parties or less favourable than the corresponding terms for the receipt of the same type of services by the Group members from its independent third parties (as the case may be). The payment for the provision of the Logistic Services of JV Partner under the Individual Agreements shall be unanimously determined after thorough communication and discussion between the parties to the agreement with reference to the prevailing prices of the same type of services in the market. In case of any inconsistency between the terms of an Individual Agreement and the New Agreement, the terms of the New Agreement shall prevail. The term of the Individual Agreement shall not exceed the term of the New Agreement, otherwise a new agreement or a supplemental agreement should be entered into in accordance with the then applicable requirements of the Listing Rules.

During the year ended 31 December 2014, the total consideration paid by the Group in respect of the Logistic Services of JV Partner was RMB 1,282,809,689.

In relation to the transactions, the Directors consider that the annual cap requirement under the Listing Rules shall not be imposed. The provisions of the transport and logistic services are part and parcel of the cooperation arrangement with joint venture parties and their associates. They are an important part of the supply chain management of the vehicle manufacturing and sales business.

Any growth in demand for vehicle manufactured by the principal jointly controlled entities or the joint venture partners will necessarily result in increased transaction volumes for the transport and logistic services. Such growth is outside the control of the Company and difficult to predict. If the unpredictable growth exceeds the annual caps imposed, the transport and logistic services have to be stopped, which in turn will hold up the manufacturing activities and the delivery of vehicle products, until the requirements of announcement and/or shareholders' approval under Chapter 14A of the Listing Rules are complied with.

The Directors consider that the imposition of annual caps on such transaction is not in the interest of the Group. Therefore, the Company has applied to the Stock Exchange for and was granted a waiver from compliance with annual cap requirements relating to the above transactions for the duration of the terms of the respective transactions. The Company has also reached an agreement with the Stock Exchange that only disclosure of the annual aggregate dollar value of the transactions made each year would be made. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant jointly controlled entities and would not be in the interest of the Company or the relevant jointly controlled entities.

The foresaid waivers granted by the Stock Exchange at the time of listing in relation to the transactions made expired when the Supplemental Agreements of JV Partner and New Agreement of JV Partner were entered into. The Stock Exchange has approved the Company's application for renewal of the Waivers, exempting the Company from compliance with the annual cap, announcement and annual reporting requirements under the Listing Rules to the extent that only disclosure of the total annual consideration relating to the Transactions needs to be made.

2. Sale of vehicle products, parts and components, production equipment and vehicles related products (including its after-sales services)

    (a) During the year ended 31December 2014, the Group sold raw materials, parts and components and vehicles to the JV Partner Group according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

    The Group will take into account market prices of the relevant products and services offered by independent third parties in determining the price of the services to make sure that the price offered to the JV Partner Group are fair and reasonable and on normal commercial terms.

    The Company has reached an agreement with the Stock Exchange that the transactions above are exempted from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between the contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant jointly controlled entities and would not be in the interest of the Company or the relevant jointly controlled entities.

(b) During the year ended 31 December 2014, members of the JV Partner Group provided the sale of raw materials, parts and components and production equipment to the principal jointly controlled entities according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

In relation to this type of transactions, where there are other local suppliers, members of the Group will obtain quotes for equivalent products or services that may be available from other local PRC suppliers in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner and at the most competitive price. If alternatives are available, the Group would go through a tender process before selecting the supplier for such alternatives. In such a tender process, JV Partner Group is treated no differently from any other third party supplier. Consequently, the purchase of auto parts by Group from the JV Partner Group would not be made if the Group could obtain better terms from any other suppliers. Over time, fewer vehicle products, parts and components will be sourced from the JV Partner Group as cheaper viable alternatives are found in the PRC. Such process of "localisation" is widely regarded as key means of cost reduction in the PRC automotive industry and is also the priority of the principal jointly controlled entities.

As a business reality, given the additional transportation and tax costs of purchasing vehicle products, parts and components and production equipment from a foreign supplier, it is neither in the Company's nor the joint venture partners' interest to purchase the vehicle products, parts and components and production equipment from the foreign joint venture partners if viable alternatives are available from local suppliers on more favourable terms.

In determining the price for the products and/or service, the Company will also consider the market price for equivalent products or services in order to make sure that the price will remain a reasonable and competitive one. However, unlike normal consumer products, some of the vehicle products, parts and components provided by the JV Partner Group are specific to the car models produced by the principal jointly controlled entities and there is no alternative but to source the vehicle products, parts and components from the JV Partner Group for the duration of the relevant principal JV and market prices for these vehicle parts are not readily available. Our representatives will rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in determining the price. In order to ensure that the price is fair and reasonable, the Group will also obtain quotes for similar products or services, though not specific to the car models produced by the principal jointly controlled entities, as reference.

The Group will also determine the price by taking into account the profit margin that could be achieved by the Group to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better taking into account the international and PRC benchmark raw materials costs.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and is only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant jointly controlled entities and would not be in the interest of the Company or the relevant jointly controlled entities.

3. Provision of technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software)

During the year ended 31 December 2014, the JV Partner Group provided technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software) to the Group according to the following pricing terms on a regular basis. Our joint venture partners are the proprietors of the technology involved in the production of vehicle models manufactured by the principal jointly controlled entities and they are primarily responsible for the research and development of all new models. The provision of technical support by the joint venture partners is to ensure that the latest technology is applied in the manufacturing process of the principal jointly controlled entities and to ensure that the products remain competitive in the market. Such service will continue during the term of the joint ventures.

Generally, the pricing for technology licence and technical assistance between the principal jointly controlled entities and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.

In accordance with normal industry practice, the terms (including the price) of the technology licenses and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 to 10 years, and also with reference to the industry benchmark for similar technological assistance. Our representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal jointly controlled entities) will also determine the price by taking into account the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transaction value between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant jointly controlled entities and would not be in the interest of the Company or the relevant jointly controlled entities.

4. Provision of the right to use intellectual property (in relation to production and sales of vehicles)

During the year ended 31 December 2014, the joint venture partners of the principal jointly controlled entities provided the use of intellectual property rights (in relation to production and sales of vehicles) to the principal jointly controlled entities according to the following pricing terms on a regular basis. The right to use intellectual property is key to the long term profitability and competitiveness of the principal jointly controlled entities and their products. Our Group entered into several technology licence agreements and trademark licence agreements with our joint venture partners during the track record period in the past. Such agreements will continue during the term of the joint ventures.

The joint venture partners and its associates are primarily responsible for the research and development of the new vehicle models and it is therefore essential for the principal jointly controlled entities to enter into technology licence with its joint venture partners. The relevant intellectual property rights that are specific to the car models produced by the relevant principal jointly controlled entities and are thus fundamental to the production of the Group. Without them, the businesses of the principal jointly controlled entities could not have been established and cannot operate. The Group therefore has no alternative but to source the intellectual property rights from the joint venture partners for the duration of the principal jointly controlled entities. It is therefore standard practice in the PRC automotive industry for sino-foreign automotive manufacturing joint ventures to provide royalties to the proprietor of the relevant technology licence, technological know-how or intellectual property right, which is very often, the joint venture partners.

The purpose of sino-foreign automotive manufacturing joint ventures is that the PRC manufacturer will be able to benefit from the technological expertise and product portfolio of its foreign joint venture partner, whilst the foreign partner is able to participate in the domestic PRC market. The joint venture relationship is therefore founded on the foreign joint venture partner contributing its technological expertise to the jointly controlled entities and the PRC partner contributing its manufacturing capabilities and facilities, labor and local market and regulatory knowledge.

A key reason for the PRC Government's encouragement of sino-foreign automotive manufacturing joint ventures is to rapidly enhance technological and product standards in the PRC automotive industry.

Generally, the pricing principle for technology licence and technical assistance between the principal jointly controlled entities and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.

In accordance with normal industry practice, the terms (including the price) of the technology licences and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 to 10 years, and also with reference to the industry benchmark for similar technological assistance. Our representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal jointly controlled entities) will also determine the price taking into account of the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.

The Company also believes that the primary purpose of international automotive manufacturers in entering into joint ventures with the Company is the establishment of a strong presence in the PRC automotive industry, the gaining of market share for their brand of vehicles and long term investment returns from the principal jointly controlled entities, rather than any short term gains from technology licences, intellectual property rights and technical support services carried out on terms which may be prejudicial to the principal jointly controlled entities' long term profitability and competitiveness. Such short term gains would be eclipsed by the potential losses to the joint venture partners if the principal jointly controlled entities were to prove unsuccessful.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant jointly controlled entities and would not be in the interest of the Company or the relevant jointly controlled entities.

(D) Control Mechanism

In relation to the connected transactions between the Company and its subsidiaries on the one hand and the joint venture partners and their associates on the other hand as described above, negotiations will be conducted by the Company and/or the relevant subsidiary directly on an arm's length basis and our Company is able to control the negotiations between the subsidiaries and the joint venture partners and/or their associates. The joint venture partners and/or their associates will not be in a position to influence the Company and/or its subsidiaries to agree to terms which may not be in its and the Company's interest.

In relation to the connected transactions between the principal jointly controlled entities on the one hand and the joint venture partners and their associates on the other hand as described in paragraphs 2 to 4 above, it is provided under the respective joint venture agreements, articles of association and memoranda of the principal jointly controlled entities that negotiations between the principal jointly controlled entities and the joint venture partner and its associates should always be conducted directly by the relevant principal jointly controlled entities' senior management nominated by the Company on behalf of the Company or by representative of the Company as a joint venture partner and will thus be conducted on an arm's length basis. No joint venture partners or their associates is in a position to influence the principal jointly controlled entities to agree to terms which may not be in the principal jointly controlled entities' and therefore the Company's interest. The Company also confirms that negotiations of transactions between the principal jointly controlled entities and the relevant joint venture partners were all conducted by the relevant principal jointly controlled entities' senior management nominated by the Company.

Also, the principal jointly controlled entities have implemented internal control and reporting mechanisms which enable business developments and transactions that may be subject to applicable continuing obligations under Chapter 14A of the Listing Rules to be reported to their respective boards and/or designated persons enabling both the Company and its relevant joint venture partners, through representatives on the board of the relevant principal jointly controlled entities and/or designated persons to decide whether to consent to and approve the relevant transactions.

Further, there are also established procedures under the respective joint venture agreements, articles of association and memoranda of the principal jointly controlled entities that the entering into of any contract of material importance/material transaction with a joint venture partner and its associates shall either be approved by a majority of the directors present at the board meeting or be mutually agreed/signed off by the general manager and the vice general manager of the relevant principal jointly controlled entities (as the case may be). It is provided under the respective joint venture agreements, articles of association and memoranda of the principal jointly controlled entities that the Group and the joint venture partner will be entitled to nominate the general manager and vice general manager respectively in turn and when the general manager is nominated by the Group, the vice general manager will be nominated by the joint venture partner and vice versa.

(E) Confirmation by the Independent Non-executive Directors

The independent non-executive Directors of the Company confirm that during the year ended 31 December 2014, the above continuing connected transactions entered into by the Company as one of the parties are:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties;

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(4) have not exceeded their respective annual cap (if an annual cap was set for the continuing connected transaction).

(F) Auditor's Letter

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

VII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(1) Trusts, contracts and lease arrangements

N/A

(2) External Guarantee of the Company (excluding those provided to subsidiaries)

Unit: Yuan Currency: RMB

External Guarantee of the Company (excluding those provided to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of guarantee	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	韶關市公共汽車公司	566,668	20 July 2011	16 February 2012	16 February 2015	Suretyship of joint and several liability	No	No	No	No
GAC Bus	wholly-owned subsidiary	佛山市南海佛廣公共汽車有限公司	9,436,350	25 July 2014	19 September 2014	19 September 2019	Suretyship of joint and several liability	No	No	No	No
GAC Hino (Shenyang) Automobile Co., Ltd	holding subsidiary	廣州羊城之旅旅游運輸有限公司	1,995,000	1 December 2014	1 December 2014	30 November 2016	Suretyship of joint and several liability	No	No	No	No
GAC Hino (Shenyang) Automobile Co., Ltd	holding subsidiary	廣州羊城之旅旅游運輸有限公司	547,750	26 February 2014	26 February 2014	25 February 2016	Suretyship of joint and several liability	No	No	No	No
GAC Hino (Shenyang) Automobile Co., Ltd	holding subsidiary	長沙湘輝旅行社有限公司	91,826	16 August 2012	16 August 2012	20 July 2015	Suretyship of joint and several liability	No	No	No	No
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)											12,431,350
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries											12,637,594

Guarantee provided to subsidiaries of the Company

Total guarantee provided to subsidiaries of the Company during the reporting period	0
Total balance of guarantee provided to subsidiaries of the Company as at the end of the reporting period(B)	0

Total guarantee of the Company (including those provided to subsidiaries)

Total guarantee (A+B)	12,637,594
Proportion of total guarantee in the net assets of the Company (%)	0.03
In which:	
Amount of guarantees provided for shareholders, ultimate controllers and its connected parties (C)	0
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio of over 70%(D)	0
Total amount of guarantees in excess of 50% of net assets (E)	0
Sum of the above three guaranteed items (C+D+E)	0
Description on outstanding guarantees for which may bear several and joint liability	
Description on guarantees	

(3) Other material contracts

The Company had no other material contracts during the year.

VIII.PERFORMANCE OF UNDERTAKINGS

The undertakings by the Company, shareholders holding over 5% of equity interest, controlling shareholders and ultimate controller during the reporting period or subsisting to the reporting period

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time and period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Undertakings in relation to the initial public offering	Shares subject to trading moratorium	GAIG	It undertakes that, within 36 months from the listing and trading of 3,617,403,529 A shares held by it, it will not transfer or entrust others into management the shares of the Company in issue before this round of issue which were, directly or indirectly, held by it, nor repurchase such shares from the Company.	Up to 28 March 2015	Yes	Yes
Other commitments	Cash dividends	The Group	Provided that the profit and cash of the Company is sufficient for the continuous operation and long term development, the profit distributed in cash in each of the year between 2012 to 2014 shall be no less than 10% of the distributable profit realized in such year, whereas the cumulative profit distributed in cash for the three consecutive years shall be no less than 30% of the average distributable profits realized in such three years.	For the years from 2012-2014	Yes	Yes
			Article of Association: Profit distributed in cash in shall be no less than 10% of the distributable profit realized in such year.	Long-term	No	Yes

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time and period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Other commitments	Non-Competition	GAIG	(1) Directly or indirectly do or participate in (or assist in doing or participating in) any business or activities which compete or may compete with the principal business of the Company in any manner (including but not limited to investment, merger and acquisition, forming associates, joint venture, cooperation, partnership, trust, underwriting, operating lease, acquisition of equity or joint stock), whether solely or jointly with other parties, in the PRC or overseas; (2) support any person other than promoters of the Company or subsidiaries of the promoters to do or participate in any business which competes or may compete with the principal business of the Company in any manner in the PRC or overseas; (3) intervene in any business or activities which compete or may compete with the principal business of the Company by other means (whether directly or indirectly), provided that the above undertaking shall not be applicable where GAIG or its subsidiaries (other than the Company and its subsidiaries) acquire or hold for investment purpose not more than 5% interest in other company listed on an internationally recognized stock exchange whose principal business competes or may compete with the principal business of the Company; or where GAIG or its subsidiaries or investee company hold not more than 5% interest in a third party whose principal business competes or may compete with the principal business of the Company as a result of the debt restructuring of third parties; (4) if GAIG or its subsidiaries (other than the Company and its subsidiaries) come across any new business opportunity which competes or may compete with the principal business of the Company, it shall immediately inform the Company in writing, and shall use its best endeavours to procure such business opportunity be first offered to the Company or its subsidiaries on fair and reasonable terms and conditions. The Company shall, within 30 days from receiving the aforesaid notification, notify GAIG or its subsidiaries (other than the Company and its subsidiaries) in writing whether or not the Company or its subsidiaries intend to take up the aforesaid business opportunity. Upon receiving notification from the Company that it intends to take up such opportunity, GAIG or its subsidiaries shall refer such business opportunity to the Company or its subsidiaries; (5) if the Company or its subsidiaries decide not to take up such business opportunities for any reason, upon receiving notification from the Company of such intention or the Company fails to respond in writing to GAIG or its subsidiaries within the said 30-day period, GAIG or its subsidiaries (other than the Company and its subsidiaries) may operate such new business on its own; (6) in the future, when GAIG or its subsidiaries (other than the Company and its subsidiaries) operate such new business which competes or may compete with the principal business of the Company pursuant to paragraph (5) above, or due to adjustments in national policies or other force majeure or unexpected events, such that competition in the same business occurs or becomes inevitable, GAIG or its subsidiaries (other than the Company and its subsidiaries) shall offer an option to the Company or its subsidiaries, pursuant to which the Company or its subsidiaries shall have the right to acquire any equity, asset and other interest in the competing business from GAIG or its subsidiaries in accordance with statutory processes in one or multiple tranches, or the Company or its subsidiaries may elect to operate assets or businesses in the competing business by way of entrusted operation, operating lease or underwriting operation in accordance with statutory processes, provided that the relevant laws and regulations of the PRC and the listing rules of the relevant stock exchange then in force are complied with.	Long-term	No	Yes

IX. APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

Unit: 0,000 Yuan Currency: RMB

Is it a reappointment of accounting firm:	No	
	Formerly appointed	Currently appointed
Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP	BDO China Shu Lun Pan Certified Public Accountants LLP
Compensation of domestic accounting firm	83	83
Audit years of accounting firm	6	6
Name of overseas accounting firm	PricewaterhouseCoopers	PricewaterhouseCoopers
Compensation of domestic accounting firm	305	305
Audit years of accounting firm	4	4
	Name	Compensation
Internal control auditor	BDO China Shu Lun Pan Certified Public Accountants LLP	37
Financial adviser		
Sponsor		

Explanation on appointment and dismissal of accounting firms

After obtaining approval at the 32nd meeting of the 3rd session of the Board and the 2013 annual general meeting of the Company, the Company reappointed BDO China Shu Lun Pan Certified Public Accountants LLP and PricewaterhouseCoopers as auditors of the Company for the year 2014, and reappointed BDO China Shu Lun Pan Certified Public Accountants LLP as internal control auditor of the Company for the year 2014, and authorized the management to determine their remuneration (aggregate amount not exceeding RMB5 million) based on their specific works.

X. PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING OVER 5% OF EQUITY INTEREST, ULTIMATE CONTROLLERS AND PURCHASER AND RELEVANT RECTIFICATIONS

Nil

XI. DESCRIPTION ON RISKS FROM SUSPENSION AND TERMINATION OF LISTING

(i) Reasons for suspension or termination of listing and measures adopted by the Company for withdrawing suspension or termination of listing

Nil

(ii) Detailed schedule and plan for investor relations management after termination of listing

Nil

XII. INFORMATION ON CONVERTIBLE CORPORATE BONDS

On 19 September 2014, the matters in respect of proposal of issuance of A Share Convertible Bonds by the Company were approved at the 2014 first extraordinary general meeting, 2014 first class meeting for holders of A and H shares, at which it was agreed that the Company will issue A share convertible bonds in the amount of no more than RMB6 billion. The issuance of convertible corporate bonds has been reported to the CSRC and currently is under the process of audit.

XIII. OTHER SIGNIFICANT EVENTS

The Company had no other significant events during the reporting period.

I. STATEMENT OF CHANGES IN SHARE CAPITAL

(1) Statement of changes in shares

1. 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.

2. Explanation on changes in shares

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

3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the most recent year and most recent period (if any)

N/A

4. Other disclosure deemed necessary by the Company or required by securities regulatory authorities

Nil

(2) Changes in shares subject to trading moratorium

During the reporting period, there was no change in shares subject to trading moratorium of the Company.

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities in the last three years as at the end of the reporting period

Unit: Share Currency: RMB

Class of shares and their derivative securities stock	Date of issue	Issue price (or interest rate)	Number of shares issued	Date of listing	Number of shares traded with listing approval	Expiration date of trading
Class of Ordinary Shares						
H Shares	25 August 2010		2,213,300,218	30 August 2010	2,213,300,218	
A Shares	29 March 2012	9.09	286,962,422	29 March 2012	4,221,719,879	
Convertible bonds, separably-traded convertible bond, type of corporate bonds						
5-year corporate bonds	20 March 2013	4.89%	1,000,000,000	9 April 2013	1,000,000,000	20 March 2018
10-year corporate bonds	20 March 2013	5.09%	3,000,000,000	9 April 2013	3,000,000,000	20 March 2023
5-year corporate bonds	19 January 2015	4.70%	2,000,000,000	3 April 2015	1,000,000,000	19 January 2020

(1) Issue and listing of H shares

In accordance with the approval of CSRC by "Approval of the issue of foreign shares of GAC Changfeng Motor Co., Ltd."(CSRC Approval [2010] No.1123) and the approval of the Stock Exchange dated 18 August 2010, the Company by the way of share exchange issued initial public offering of 2,213,300,218 H shares to the shareholders of Denway Motors Limited on 25 August 2010. Such shares began to be traded on the main board of the Stock Exchange on 30 August 2010; using stock abbreviation "GAC GROUP" with stock code "2238". After the issue of H shares, the aggregate share capital of the Company was 6,148,057,675 shares with a nominal value of RMB1 each, of which 3,934,757,457 were domestic shares representing approximately 64% of the aggregate share capital, and 2,213,300,218 were H shares representing approximately 36% of the aggregate share capital.

(2) Issue and listing of A shares

By "Approval of the absorption and merger of GAC Changfeng Motor Co., Ltd. by Guangzhou Automobile Group Co., Ltd. by way of initial public offering of 286,962,422 shares" (CSRC Approval [2012] No. 137) dated 30 January 2012 and "Notification of A share listing of Guangzhou Automobile Group Co., Ltd." (SSE Fazi [2012] No. 6) dated 23 March 2012, CSRC and the SSE respectively approved that the share capital of A shares of the Company is 4,221,710,879 shares, 286,962,422 shares of which began to be traded on SSE on 29 March 2012; using stock abbreviation "GAC GROUP" with stock code "601238"

After the issue of A shares, the total number of shares of the Company was 6,435,020,097 Shares with a nominal value of RMB1 each, of which 3,934,757,457 shares, representing 61.15% of the total share capital, were held by the promoter, and 286,962,422 shares, representing 4.46% of the total share capital were held by domestic public shareholders, and 2,213,300,218 shares, representing approximately 34.39% of the total share capital were held by H Shares shareholders.

(3) Issue and listing of corporate bonds

According to the "Reply relating to Approval of the Issuance of Domestic Corporate Bonds by Guangzhou Automobile Group Co., Ltd."(《關於核准廣州汽車集團股份有限公司公開發行公司債券的批復》) (Zheng Jian Xu Ke [2013] No. 42) issued by the CSRC dated 16 January 2013, the Company was approved to publicly issue corporate bonds of not exceeding RMB6 billion. The Company issued corporate bonds (phase one) on 20 March 2013, with a total amount of RMB4 billion, among which 5-year corporate bonds were of RMB1 billion, interest rate was of 4.89% per annum, with a term from 20 March 2013 to 20 March 2018; 10-year corporate bonds were of RMB3 billion, interest rates of 5.09% per annum, with a term from 20 March 2013 to 20 March 2023. The corporate bonds (phase one) issued by the Company was listed on SSE on 9 April 2013, the stock code of the 5-year corporate bonds is 122242, short-name is 12 Guangqi 01; the stock code of the 10-year corporate bonds is 122243, its short-name is 12 Guangqi 02. On 19 January 2015, the Company issued 5-year corporate bonds (phase two) totally amounting to RMB2 billion with interest rate of 4.7 % per annum. The corporate bonds (phase two) issued by the Company was listed on SSE on 4 March 2015, the short-name of the 5-year corporate bonds is 12 Guangqi 03 and the stock code is 122352.

(II) Change of the total number of shares and the share capital structures of the Company and structure of the Company's assets and liabilities

There is no change in the total number of shares and the share capital structure arising from bonus issue and share placement during the reporting period.

III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER

(I) Total number of shareholders:

Total number of shareholders as at the end of the reporting period:	A share: 25140, H share: 290
Total number of shareholders as at the end of the 5th trading day prior to the disclosure of the annual results report:	A share: 25845, H share: 300

(II) Shareholding of top ten shareholders, top ten shareholders of circulating shares (or holders of shares not subject to trading moratorium) as at end of the reporting period

Shareholding of top ten shareholders

Unit: Share

Name of shareholder	Increase/decrease during the reporting period	Number of shares held at end of the period	Shareholding ratio (%)	Number of shareholdings subject to trading moratorium	Pledged or frozen		Nature of shareholder
					Status	Numbers	
Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司) *(Note 1)*	0	3,705,129,384	57.58	3,617,403,529	Nil		State-owned legal person
HKSCC Nominees Limited *(Note 2)*	914,657	2,207,938,195	34.31	0	Unknown		Others
Wanxiang Group Corporation (萬向集團公司)	0	156,996,823	2.44	0	Unknown		Domestic non-state-owned legal person
Ma Xinqi (馬信琪)	–	29,438,283	0.46	0	Unknown		Domestic natural person
China National Machinery Industry Corporation Limited (中國機械工業集團有限公司)	-80,270,059	25,164,404	0.39	0	Unknown		State-owned legal person
Shen Rong (申榮)	–	10,256,458	0.16	0	Unknown		Domestic natural person
Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司)	0	7,869,515	0.12	0	Pledged	7,869,515	State-owned legal person

Name of shareholder	Increase/decrease during the reporting period	Number of shares held at end of the period	Shareholding ratio (%)	Number of shareholdings subject to trading moratorium	Pledged or frozen Status	Pledged or frozen Numbers	Nature of shareholder
Guangzhou Chime-Long Group Co., Ltd. (廣州長隆集團有限公司)	0	7,259,627	0.11	0	Unknown		Domestic non-state-owned legal person
Wang Yong (王勇)	–	6,692,740	0.10	0	Unknown		Domestic natural person
Agricultural Bank of China Ltd.-Fu Guo Zhong Zheng State-owned Enterprises Reform Index Grading Securities Investment Fund	–	4,858,040	0.08	0	Unknown		Others

Note 1: GAIG held a total of 3,705,129,384 A shares of the Company (of which 3,617,403,529 shares were subject to trading moratorium) representing approximately 87.76% of the share capital of A shares of the Company. Meanwhile, GAIG held 79,276,000 H shares of the Company through its wholly owned subsidiary, Guangzhou Automobile Group (Hong Kong) Co., Ltd., representing approximately 3.58% of the share capital of H shares of the Company. Hence GAIG holds a total of 3,784,405,384 A and H shares, representing approximately 58.81% of the total share capital of the Company.

Note 2: H shares held by HKSCC Nominees Limited, i.e. 香港中央結算(代理人)有限公司, were held on behalf of a number of clients.

Particulars of top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium	Class and number of shares Class	Number
HKSCC Nominees Limited	2,207,938,195	Foreign shares listed overseas	2,207,938,195
Wanxiang Group Corporation	156,996,823	RMB ordinary shares	156,996,823
Guangzhou Automobile Industry Group Co., Ltd.	87,725,855	RMB ordinary shares	87,725,855
Ma Xinqi (馬信琪)	29,438,283	RMB ordinary shares	29,438,283
China National Machinery Industry Corporation Limited	25,164,404	RMB ordinary shares	25,164,404
Shen Rong (申榮)	10,256,458	RMB ordinary shares	10,256,458
Guangzhou Iron & Steel Enterprises Group	7,869,515	RMB ordinary shares	7,869,515
Guangzhou Chime-Long Group Co., Ltd.	7,259,627	RMB ordinary shares	7,259,627
Wang Yong (王勇)	6,692,740	RMB ordinary shares	6,692,740
Agricultural Bank of China Ltd.-Fu Guo Zhong Zheng State-owned Enterprises Reform Index Grading Securities Investment Fund	4,858,040	RMB ordinary shares	4,858,040
Remarks on any connected relationship or acting in concert among the above shareholders	Guangzhou Automobile Industry Group Co., Ltd., the largest shareholder of the Company, has no connected relationship with the above shareholder or acting in concert with them. The Company is not aware of any connected relationship among the aforesaid shareholders, nor is the Company aware of any parties acting in concert.		

Number of shares held by the top ten shareholders subject to trading moratorium and particulars of such trading moratorium

Unit: Share

No.	Name of shareholder subject to trading moratorium	Number of shares held subject to trading moratorium	Particulars of tradable shares subject to trading moratorium: Time for listing and trading	Particulars of tradable shares subject to trading moratorium: Number of additional shares available for listing and trading	Trading moratorium
1	Guangzhou Automobile Industry Group Co., Ltd.	3,617,403,529	29 March 2015	0	36 months lock-up undertaking by promoter upon initial listing

IV. STATUS OF CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

(I) Controlling Shareholder

1. *Legal person*

Unit: 100 million Currency: RMB

Name	:	Guangzhou Automobile Industry Group Co., Ltd.
Responsible person of the institution or legal representative	:	Zhang Fangyou
Date of establishment	:	18 October 2000
Organization code	:	72502048-X
Registered capital	:	25.713
Principal business	:	Investment in the research and development, manufacturing and marketing of automobile, motorcycle and components, automobile service trade and other relevant industries; Investment in automobile finance and other financial sectors; Investment in self-owned land development projects and related real estate projects and property management;

Future development strategies	:	Making innovation, quality production and adhering to proprietary brands and continuing with joint venture cooperation, so as to achieve four leaps (leap of production base to production properties, leap of asset management to capital operations, leap of products to proprietary brands and leap of making profits to enhancing value) as the major development. Reinforcing five sectors including passenger cars, commercial vehicles, motorcycles, automotive parts and related services operations as the basis of production, to develop the group into a large-scale, market-oriented and international enterprise
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	:	Nil

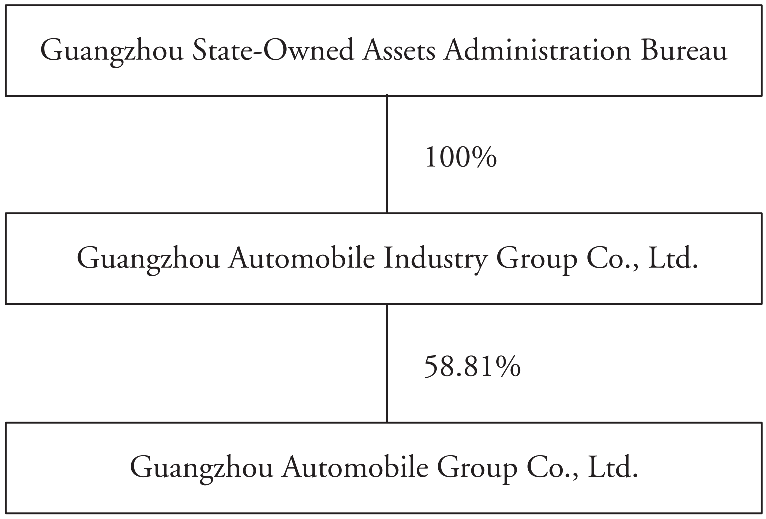
(II) Ultimate Controller

1. *Legal Person*

Unit: 100 million Currency: RMB

Name	:	Guangzhou Automobile Industry Group Co., Ltd.
Responsible person of the institution or legal representative	:	Zhang Fangyou
Date of establishment	:	18 October 2000
Organization code	:	72502048-X
Registered capital	:	25.713
Principal business	:	Investment in the research and development, manufacturing and marketing of automobile, motorcycle and components, automobile service trade and other relevant industries; Investment in automobile finance and other financial sectors; Investment in self-owned land development projects and related real estate projects and property management;
Future development strategies	:	Making innovation, quality production and adhering to proprietary brands and continuing with joint venture cooperation, so as to achieve four leaps (leap of production base to production properties, leap of asset management to capital operations, leap of products to proprietary brands and leap of making profits to enhancing value) as the major development. Reinforcing five sectors including passenger cars, commercial vehicles, motorcycles, automotive parts and related services operations as the basis of production, to develop the group into a large-scale, market-oriented and international enterprise
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	:	Nil
Other matters	:	Nil

2. *Chart showing the property rights and controlling relationship between the Company and the ultimate controllers*



V. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% SHARES OF THE COMPANY

As at the end of the reporting period, there was no other legal person holding more than 10% shares of the Company.

VI. INTERESTS REQUIRED TO BE DISCLOSED UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

As at 31 December 2014, the names of the persons (other than Directors and Supervisors) entitled to exercise 5% or more of the voting rights at any general meeting of the Company and the number of underlying Shares, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are set out below:

Name	Class of Shares	Capacity	Number of shares held (Note 1)	Percentage in the class of issued share capital (%)	Percentage in the total share capital (%)
GAIG	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	
Templeton Asset Management Limited	H Shares	Investment manager	508,834,908(L)	22.99	7.91
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

Note 1: (L) – Long Position, (S) – Short Position, (P) – Lending Pool

Note 2: The number of shares reflects the number of A shares of the Company 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 were not subject to trading moratorium. As at 31 December 2013, GAIG held a total of 3,705,129,384 A shares of the Company (of which 3,617,403,529 shares were subject to trading moratorium, and these shares were not subject to trading moratorium as at 29 March 2015), representing approximately 87.76 % of the share capital of A shares of the Company. Meanwhile, it, through its wholly-owned subsidiary, Guangzhou Auto Group (Hong Kong) Limited, held 79,276,000 H shares of the Company, representing approximately 3.58% of the share capital of H shares of the Company. 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.

VII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

VIII. PRE-EMPTIVE RIGHTS AND PUBLIC FLOAT

There is no provision for pre-emptive rights of the Shareholders in the articles of association of the Company and the relevant laws, and they are not entitled to ask the Company to issue shares to them pre-emptively in proportion to their shareholding.

Based on the information publicly available and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company has met the minimum requirement on public float under the Listing Rules.

I. CHANGES IN SHAREHOLDING AND REMUNERATION

1. Particulars about changes in the shareholding and remuneration of incumbent and resigned directors, supervisors and senior management during the reporting period

Unit: Share

Name	Position	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year (Note 3)	Number of shares held at the end of the year	Increase/ decrease in number of shares during the year	Reason for the increase/ decrease	Total remuneration obtained payable by the Company during the reporting period (RMB'0,000) (before tax)	Total remuneration payable as obtained from shareholders during the reporting period
Zhang Fangyou	Chairman and Party Secretary	Male	58	21 June 2012	20 June 2015	0	0	0	–	0	Note 1
Zeng Qinghong	Vice Chairman and General Manager	Male	54	21 June 2012	20 June 2015	0	0	0	–	169.95	
Yuan Zhongrong	Vice Chairman	Male	57	21 June 2012	20 June 2015	0	0	0	–	133.88	
Fu Yuwu	Independent Director	Male	70	16 December 2013	20 June 2015	0	0	0	–	15.00	
Lan Hailin	Independent Director	Male	56	16 December 2013	20 June 2015	0	0	0	–	15.00	
Li Fangjin	Independent Director	Male	54	16 December 2013	20 June 2015	0	0	0	–	15.00	
Leung Lincheong	Independent Director	Male	61	16 December 2013	20 June 2015	0	0	0	–	15.00	
Wang Susheng	Independent Director	Male	46	16 December 2013	20 June 2015	0	0	0	–	15.00	
Yao Yiming	Non-executive Director and Deputy Party Secretary	Male	57	25 March 2015	20 June 2015	536,597	536,597	0	–	142.41	
Feng Xingya	Executive Director and Deputy General Manager	Male	48	25 March 2015	20 June 2015	0	0	0	–	146.54	
Liu Huilian	Non-executive Director, chairman of the labor union	Male	60	21 June 2012	5 February 2015	0	0	0	–	149.71	
Lu Sa	Executive Director, Deputy General Manager, Company Secretary and Secretary of the Board	Female	50	21 June 2012	20 June 2015	0	0	0	–	145.75	
Wei Xiaoqin	Non-executive Director, Deputy Party Secretary	Male	60	21 June 2012	5 February 2015	0	0	0	–	149.13	
Li Tun	Non-executive Director	Male	55	21 June 2012	16 September 2014	0	0	0	–	84.54	
Chen Maoshan	Non-executive Director, chairman of the labor union	Male	50	25 March 2015	20 June 2015	9,481	9,481	0	–	48.04	
Wu Song	Non-executive Director	Male	51	25 March 2015	20 June 2015	0	0	0	–	–	
Li Pingyi	Non-executive Director	Male	47	21 June 2012	20 June 2015	0	0	0	–	–	
Ding Hongxiang	Non-executive Director	Male	49	21 June 2012	20 June 2015	0	0	0	–	–	

Name	Position (Note)	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year [Note 3]	Number of shares held at the end of the year	Increase/ decrease in number of shares during the year	Reason for the increase/ decrease	Total remuneration obtained payable by the Company during the reporting period (RMB'0,000) (before tax)	Total remuneration payable as obtained from shareholders during the reporting period
Gao Fusheng	Chairman of the Supervisory Committee	Female	57	21 June 2012	20 June 2015	87	87	0	–	–	
Huang Zhiyong	Supervisor	Male	50	21 June 2012	20 June 2015	0	0	0	–	–	
He Yuan	Supervisor	Female	53	21 June 2012	20 June 2015	0	0	0	–	–	
Lai Boyi	Staff Representative Supervisor	Male	49	7 June 2013	6 February 2015	0	0	0	–	126.56	
He Jinpei	Staff Representative Supervisor	Male	51	21 June 2012	6 February 2015	0	0	0	–	106.85	
Ye Shanhu	Staff Representative Supervisor	Male	36	6 February 2015	20 June 2015	0	0	0	–	–	
Wang Lu	Staff Representative Supervisor	Female	46	6 February 2015	20 June 2015	0	0	0	–	–	
Zhang Qingsong	Deputy General Manager	Male	56	3 June 2013	20 June 2015	0	0	0	–	142.29	
Li Shao	Deputy General Manager	Male	51	21 June 2012	20 June 2015	0	0	0	–	141.85	
Wang Dan	Chief Financial Officer	Female	44	21 June 2012	20 June 2015	0	0	0	–	140.34	
Jiang Ping	Deputy General Manager	Male	59	21 June 2012	20 June 2015	0	0	0	–	143.41	
Qu Yongjian	Deputy General Manager	Male	55	2 September 2014	20 June 2015	0	0	0	–	48.12	
Total	/	/	/	/	/	546,165	546,165	0	/	2,098.62	

Notes:

1. Pursuant to the "Operating Performance Appraisal and Remuneration Management Measures of Legal Representatives of Enterprises Governed by State-owned Assets and Administration Commission of Guangzhou Municipal Government"（廣州市國資委監管企業負責人經營業績考核和薪酬管理辦法）, the State-owned Assets and Administration Commission of Guangzhou Municipal Government assesses legal representatives according to the audited enterprise financial report and audited statistics.

   According to "Remuneration and Performance Appraisal Management Approach of Senior Management of GAIG", individual performance appraisal process of senior management will be carried out after the issue of the Company's annual audited report.

   Since the 2014 annual audited report of GAIG has not been completed, the remuneration of 2014 payable to the Chairman of the Board, Zhang Fangyou, and Gao Fusheng, the chairman of the Supervisory Committee is subject to confirmation.

2. The total remuneration of Li Tun and Qu Yongjian were the salary payable during their terms of services when acting as director or senior management of the Group.

3. Directors, Supervisors and senior management of the Company do not hold any A shares of the Company. The shares held by the staff above are H shares of the Company.

4. The interests or short positions are the interests or short positions of the Directors, Supervisors and senior management of the Company in the shares, relevant shares and debtures of the Company or its associated corporations (as defined in Part XV of the SFO) as at 31 December 2014, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or 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 Rules, to be notified to the Company and the Stock Exchange.

Name	Main work experiences during past five years
Zhang Fangyou	Chairman and party secretary of the Company. He joined the Company in 1997, served as the chairman of GAIG since 2000 and has been the chairman of the Company since June 2005. Currently, Mr. Zhang is the chairman and party secretary of GAIG and the chairman of Denway, China Lounge, GAC (HK), and Guangqi Honda. He is also an independent director of Guangzhou Department Store Enterprises Group Co., Ltd.（廣州百貨企業集團有限公司）. He is also a member of the 6th, 8th, 9th and 10th Guangzhou Municipal Party Committee, the representative of the 8th, 10th, and 11th Party Congress of Guangdong Province and Deputy to the 11th and 12th People's Congress of Guangdong Province. He served such positions as director of GAC Changfeng from 2009 to June 2013, Chairman of GAC Mitsubishi from September 2012 to June 2013, Prior to this, he acted as secretary of Guangdong Zengcheng Town (City) Government, deputy secretary-general of Guangzhou Municipal Government and an office director of Automotive Industry Office of Guangzhou Municipal Government. Mr. Zhang graduated from South China Normal University with a college diploma in political theory in December 1987, Party School of the Central Committee of C.P.C. with a graduate degree in January 1997 and Zhongshan University with a master's degree in business administration in December 2006.
Zeng Qinghong	Vice chairman, general manager, supervisor of Executive Committee of the Company. He first joined the Company in 1997. He has served the deputy chairman and general manager of the Company since June 2005. Currently, Mr. Zeng is the vice-chairman and general manager of GAIG, chairman of GAC Toyota, and deputy chairman of Denway, China Lounge, GAC (HK) and GAC Toyota Engine, Prior to this, he acted as a chairman of GAMC from August 2008 to June 2013, chairman of GAC Gonow from January 2011 to June 2013 and chairman of GAC Fiat Chrysler from 2010 to June 2013. Prior to this, he held positions as chairman of GAC Commercial, GAC Component and GAC Hino, director and deputy executive general manager of Guangqi Honda and deputy general manager of GAIG. Mr. Zeng was elected as the chairman of the 5th Automobile Industry Association of Guangdong Province（廣東省汽車工業協會）in December 2010 and is a delegate of the 10th and 11th National People's Congress, and a member of the 11th Guangdong Provincial Committee of Political Consultative Conference. Mr. Zeng graduated from South China University of Technology with a Ph.D. in management science and engineering in 2009.

Name	Main work experiences during past five years
Yuan Zhongrong	Vice-chairman and vice-chairman of Executive Committee of the Company. He joined the Company in 1997 and serves as a director of the Company since 2005. He served as the deputy general manager of the Company from 2005 to June 2013. Currently, Mr. Yuan is a director and deputy general manager of GAIG, chairman of GAMC, Urtrust Insurance and GAC Gonow. He acted as a chairman of GAC Toyota and deputy chairman of GAC Toyota Engine from August 2008 to June 2013, chairman of GAC Hino and a director of GAMC, deputy chairman of Tong Fang Global and Shanghai Hino from 2008 to June 2013. Prior to this, he worked at the engineering manufacture unit of Dongfeng Motor Corporation (東風汽車公司), held positions as deputy head and head of the engineering unit of Dongfeng Motor Corporation (東風汽車公司), head of engineering unit of Automobile Industry Office of Guangzhou Municipal Government, deputy general manager of Guangzhou Sedan Co., Ltd. (廣州轎車有限公司), deputy manager of Guangqi Honda and director and deputy executive general manager of GAC Toyota and chairman of Guang Ai Insuarnce. Mr. Yuan graduated from Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong Science and Technology College (華中工學院) in July 1982 with a bachelor's degree in mechanical manufacture and from Asia International Open University (Macau) with a master's degree in business administration in September 2001.
Fu Yuwu	Independent Director of the Company, president of Society of Automotive Engineers of China (中國汽車工程學會), the chairman of China Automobile Talents Society (中國汽車人才會) and the vice-chairman of China Association of Automobile Manufacturers (中國汽車工業協會). From 1970 to 1999, Mr. Fu served the Harbin Transmission Factory of FAW Group as an executive vice director and chief engineer, and worked at the Harbin Automotive Industry Corporation as vice president and president. Since 1999, he has been working in the Society of Automotive Engineers of China. He currently is an independent director of Geely Automobile Holdings Limited (stock code on the Stock Exchange: 00175) and Beijing Automotive Group CO.,Ltd(stock code on the Stock Exchange: 01958). In 1969, he obtained a bachelor's degree from Beijing Institute of Machinery and became a senior engineer of professional level.
Lan Hailin	Independent Director of the Company, professor and PhD supervisor of the School of Business Administration of South China University of Technology and the director of Chinese Corporate Strategy Management Research Centre of South China University of Technology. From 1997 to 2007, he was the Associate Dean and Dean of the School of Business Administration of South China University of Technology. He currently serves as an independent director of Keda Industrial Co., Ltd (SSE stock code: 600499), Zhongshan Vatti Gas Appliance Stock Co., Ltd. (SZSE stock code: 002035) and Guangdong Sky Dragon Printing Ink Group Co., Ltd. (SZSE stock code: 300063). He obtained a master's degree in business administration from the School of Business Administration of GANNON University in the U.S. and a doctoral degree in Industrial Economics from Jinan University in 1990 and2004, respectively.

Name	Main work experiences during past five years
Li Fangjin	Independent Director of the Company. He has been the vice-chairman and general manager of Guangzhou International Holding Group Co., Ltd. since July 2013. He is also chairman of Guangzhou Guangyong State-Owned Assets Management Co., Ltd., Wanlian Securities Co., Ltd., Guangzhou Equity Trading Centre, Guangzhou Ligen Finance Leasing Co., Ltd. and Ligen Small Credit Refinancing Co., Ltd., and vice-chairman of Bank of Guangzhou. From 1997 to 2004, he held various positions including head of the international division of the China Securities Regulatory Commission Guangdong Bureau and director of the first institutional regulatory division of the Guangzhou City Securities Administration Office of the China Securities Regulatory Commission. He obtained a master degree in economics.
Leung Lincheong	Independent Director of the Company, managing director of Union Registrars Limited and an independent director of Casablanca Group Limited (stock code on the Stock Exchange: 02223). From 1996 to 2013, he is the chief legal officer of Shanghai Industrial Investment (Holdings) Co., Ltd. and the chief legal officer and company secretary of Shanghai Industrial Holdings Limited (stock code of Hong Kong Stock Exchange: 0363). He obtained a master's degree in business administration from Brunel University and a master's degree in Laws from University of London in 1995 and 2006, respectively. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Chartered Institute of Management Accountants, The Institute of Chartered Secretaries and The Hong Kong Institute of Chartered Secretaries, and Hong Kong Institute of Directors.
Wang Susheng	Independent Director of the Company, the professor of Harbin Institute of Technology Shenzhen Graduate School and vice-chairman of Shenzhen Overseas Chinese Association (深圳僑聯). From 1993 to 2001, he served as a project manager in Junan Securities Co., Ltd., manager of special region securities department and general manager of Yingda Securities (英大證券). From 2001 to 2002, he was the general manager of 中瑞基金公司. Since 2004, he has worked in the Harbin Institute of Technology Shenzhen Graduate School, and served as an independent director in Shenzhen Pellet Technology Co., Ltd. (SZSE stock code: 002577) and Shenzhen Terca Technology Co., Ltd. (SZSE stock code: 002213). He obtained a master's degree in Economics from Renmin University of China and a doctoral degree in Law from Peking University in 1994 and 2000, respectively. He also obtained a master's degree in business administration from Chicago University in 2004. He is qualified as a solicitor, certified public accountant and chartered financial analyst.
Yao Yiming	Deputy party secretary of the Company. Mr. Yao has been a director of the Company since 25 March 2015, and he acted as deputy general manager of the Company from July 2008 to February 2015 and deputy director of the Executive Committee of the Company from June 2013 to February 2015. He is also the chairman of GAC Component, and a director of China Lounge and Guangqi Honda. Mr. Yao joined the Company in 1996, and has acted as a director and general manager of Guangzhou Automobile Group Business Co., Ltd., a director and executive deputy general manager of Guangqi Honda. Mr. Yao graduated from Xinghai Conservatory of Music in management in July 1988 and Wuhan University with a master's degree in information technology in December 1997.

Name	Main work experiences during past five years
Feng Xingya	Standing deputy general manager of the Company and deputy director of the Executive Committee. He has been a director of the Company since 25 March 2015. He is also chairman of GAC Fiat Chrysler, Guangzhou Guang Ai Insurance Brokers Limited and director of GAC Mitsubishi Motor Co., Ltd and GAC Toyota. Mr. Feng joined the Group in 2004, he has held positions as a deputy head of Sales Department, deputy general manager, executive deputy general manager and a director of GAC Toyota. He has been the deputy general manager of the Company since 2008. Mr. Feng served as a deputy general manager in Zhengzhou Nissan Automobile Company Limited from June 1998 to December 2004. Mr. Feng graduated from Xi'an Jiaotong University with a bachelor's degree in engineering in July 1988 and a master's degree in business administration in April 2001.
Liu Huilian	Director and chairman of the labor union of the Company from 21 June 2012 to 5 February 2015 and now retired. He joined the Company in 2001 and has been a Director since 2005. Currently, Mr. Liu is a director of GAIG. Prior to this, he held positions as director of the general manager office of Guangzhou Peugeot Automobile Company (廣州標緻汽車公司), deputy general manager of Guangzhou Sedan Co., Ltd. (廣州轎車有限公司) and chairman of the labor union of Guangqi Honda. Mr. Liu was also the member of the 11th and 12th national committee of Guangzhou. Mr. Liu graduated from the South China Normal University with a college diploma in politics and was qualified as senior political engineer in June 1986.
Lu Sa	Executive Director, Deputy General Manager, a company secretary and secretary of the Board, deputy director of the Executive Committee of the Company. She joined the Company in March 2000 as secretary to the chairman, and has served as the secretary to the Board and office director of the Board since June 2005 and became an executive Director and secretary to the Board in August 2008. Currently, Ms. Lu is also a chairman of GAC Toyota, GAC Changfeng, GAC Commercial and GAC Capital, and a director of China Lounge and Denway. She acted as a director of Guangqi Honda from October 2009 to June 2013, and acted as a director of GAC(HK) from May 2011 to May 2012. Prior to this, she held the positions as office secretary and translator of the board of Guangzhou Peugeot Automobile Company (廣州標緻汽車公司) and secretary to the executive deputy general manager. Ms. Lu graduated from the Central South University Xiangya School of Medicine with a bachelor's degree in medical English in July 1990 and the School of Business of Zhongshan University with an executive master's degree in business administration in December 2005.

Name	Main work experiences during past five years
Wei Xiaoqin	Director and the deputy party secretary of the Company from 21 June 2012 to 5 February 2015 and now retired. Mr. Wei joined the Company in 2000. Prior to this, Mr. Wei served as the division chief of the division of personnel, director of the department of personnel, director of the department of human resources, assistant to the general manager and director of the department of human resources, deputy general manager of the Company from March 2000 to August 2008. Prior to this, he served as deputy head of the Organization Department of Zengcheng City, party secretary of Sanjiang Town, chairman of the NPC Presidium of Sanjiang Town, director and head party secretary of the Bureau of Water Resources of Zengcheng City and deputy director and deputy party secretary of Agriculture Office from July 1990 to August 1998, director of the Bureau of Water Resources of Guangzhou from September to November 1998 and director and deputy general manager of Guangzhou Anxun Investment Co., Ltd.(廣州安迅投資有限公司) from December 1998 to February 2000. Mr. Wei was elected as a delegate of the 10th National People's Congress of Zengcheng City. Mr. Wei currently is a delegate of the 15th National People's Congress of Yuexiu District, Guangzhou. Mr. Wei graduated from the South China Normal University with a college diploma in politics and was qualified as senior political engineer in June 1988.
Li Tun	Director of the Company from 21 June 2012 to 16 September 2014. He currently is the chairman of the labor union of Guangqi Toyota, a director of Guangqi Honda and director of GAC Component. He joined the Company since 1999 except for the period from 2001 to 2007 during which he was the deputy general manager of the Sales Division of Guangqi Honda. He was the deputy general manager, general manager and director of China Lounge, director and general manager of Denway and director and general manager of GAC Capital. He graduated from Murdoch University of Australia (澳大利亞梅鐸大學) with a diploma in business administration in March 2002.
Chen Maoshan	Chairman of the labor union of the Company. He has been a director of the Company since 25 March 2015. Mr. Chen acted as general manager of the Company from June 2012 to 3 June 2013, and has been a deputy director of the Executive Committee of the Company since June 2013. Prior to this, Mr. Chen acted as the head of general affair department of Guangzhou Honda Automobile Co., Ltd., deputy general manager of Honda Automobile (China) Co., Ltd., deputy general manager of Guangzhou Motorcycle Group Co., Ltd. and managing director and standing deputy general manager of Wuyang-Honda Motors (Guangzhou) Co., Ltd. Mr. Chen graduated from mechanical engineering department of Dalian University of Technology in mechanical manufacture in 1986, with a bachelor's degree in engineering.

Name	Main work experiences during past five years
Wu Song	Deputy director of the Executive Committee of the Company. He has been a director of the Company since 25 March 2015. Mr. Wu acted as deputy general manager of the Company from 2007 to June 2013. He is currently also the director, general manager of Guangzhou Automobile Group Motor Co., Ltd. and a director of GAC FIAT Frat Chrysler. and GAC Gonow. Mr. Wu joined the Company in October 2003 and has held positions as deputy managing director of Guangzhou Wuyang-Honda Co., Ltd., director of GAC Toyota and director and deputy general manager of GAC Toyota Engine Co., Ltd. Mr. Wu previously acted as director and general manager of Yegang Group Co., Ltd.. Mr. Wu graduated from graduate course of industrial engineering in Xi'an Jiaotong University in industrial engineering in 1989. He is a senior economist.
Li Pingyi	Director of the Company. He is currently general manager of Wanxiang Qianchao Co., Ltd.(萬向錢潮股份有限公司) an executive director of Wanxiang Automobile Co., Ltd (萬向電動汽車有限公司), chairman of Zhejiang Wanxiang Power Batteries Co., Ltd (浙江萬向億能動力電池有限公司), chairman of Jiangsu Senwei Precision Forging Co., Ltd (江蘇森威精鍛有限公司) and executive director of Jilin New Rucker Parts Co., Ltd. (吉林新立德部件有限公司). Prior to this, he served as general manager of Wangxiang Group Enterprise Development Corporation (萬向集團企業發展總公司), general manager of Land Divison of Wanxiang Group, general manager of Wanxiang Lide Co.. Ltd. (萬向納德股份有限公司), deputy manager of Development Division of Wanxiang Group Corporation Ltd. (萬向集團公司), deputy general manager of Wanxiang Qianchao Co., Ltd. (萬向錢潮股份有限公司). Mr. Li graduated from Jilin Industry University with a bachelor's degree in agricultural machinery engineering in December 1988 and obtained a master degree in business management from Zhejiang University in July 2002.
Ding Hongxiang	Director of the Company and deputy general manager of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司), chairman of Sinomach Automobile Co., Ltd (國機汽車股份有限公司) (a company listed on the SSE with stock code: 600335), the chairman of China Imported Automobile Trading Co. Ltd. (中國進口汽車貿易有限公司), and vice president of China Automobile Dealers Association (中國汽車流通協會), a member of the Standing Committee of and chief member and secretary general in Economic Sector of the Chinese Youth Association and vice secretary general of the State Enterprise Youth Federation. Mr. Ding graduated from Huazhong University of Science and Technology in 1982, and graduated from Western Economics (master postgraduate) of Huazhong Institute of Technology in 1989.
Gao Fusheng	Chairman of the Supervisory Committee of the Company, general manager of GAC(HK) and chief accountant of GAIG, and served as the external director of Guangzhou Light Industry & Trade Group Co., Ltd. from June 2014. She first joined the Company in March 1998. Prior to this, she served as head of the financial and auditing department of the Company and deputy general manager and financial controller of Denway and independent director of Guangzhou Radio Group Co., Ltd. Ms. Gao graduated from Murdoch University, Australia with a master's degree in Business Administration in March 2001, and is a senior accountant.

Name	Main work experiences during past five years
Huang Zhiyong	Supervisor of the Supervisory Committee of the Company and deputy general manager of Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司). Prior to this, he has been the chairman of Guangzhou JFE Steel Sheet Co., Ltd. (廣州JFE鋼板有限公司), served as an assistant to manager, deputy manager, head of the planning department and assistant to the general manager of Guangzhou Iron & Steel Continuous Rolling Plant (廣州鋼鐵連軋廠). Mr. Huang graduated from Jiangxi Yejing University (江西冶金學院) with a master's degree in engineering in July 1991 and was recognised as a senior engineer in November 1998.
He Yuan	Supervisor of the Company. She is currently the deputy general manager of finance department of Guangzhou Chime – Long Group Co., Ltd (廣州長隆集團有限公司). She has also been the director of Urtrust Insurance since August 2011. Prior to this, she served as an assistant engineer of Guangzhou Huanan Computer Company (廣州華南計算機公司), deputy manager of the computer department of Hotel Landmark Canton (廣州華厦大酒店), manager of the IT department, chief accountant and deputy financial controller of Ramada Pearl Hotel Guangzhou (廣州凱旋華美達大酒店), deputy financial controller of Holiday Inn City Centre Guangzhou (廣州文化假日酒店) and financial controller of Rosedale Hotel and Suites Guangzhou (廣州珀麗酒店).
Lai Boyi	Staff representative supervisor of the Company, the head of the discipline supervision department of the Company from 7 June 2013 to 6 February 2015, Supervisor of GAC Commercial and GAC Mitsubishi. He served as secretary of Guangzhou Motorcycle Engine Plant (廣州摩托車發動機廠) from June 1989 to August 1992; from August 1992 to September 2003, he held positions as head of department, secretary and assistant to the head of Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊一本田摩托(廣州)有限公司), and secretary of party general branch and deputy general manager of Guangzhou Motorcycle Group Co., Ltd. Wuyang Motorcycle branch (廣州摩托集團公司五羊摩托車分公司). Since 2004, he has been the head of the department of comprehensive management of GAC Toyota Engine Co., Ltd. and the head of the department of comprehensive management of GAC Toyota Motor Co. Ltd. and the head of the department of general affairs of Guangqi Honda Automobile Co., Ltd.
He Jinpei	Staff representative supervisor of the Company from 21 June 2012 to 6 February 2015. He first joined the Company in 2007. He served as the deputy chairman of labour union of the Company, head of working unit of Party Committee, chairman of labour union and secretary to disciplinary committee of GAC Bus, and director of labour union office and head of human resources department of GAIG. Mr. He graduated from Guangzhou Workers Vocational College (廣州市職工業餘大學) with a college diploma in manufacturing of machinery in July 1990, and College of Administration and Management of Correspondence Institute of the Party School of C.C. of C.P.C. in December 2001, with a qualification of senior administration engineer.

Name	Main work experiences during past five years
Ye Shanhu	Act as staff representative supervisor of the Company from February 2015. He currently is deputy secretary of the disciplinary committee and head of the department of discipline inspection and supervision of the Company. He is also the chairman of the supervisory committee of Guangzhou Automobile Group Business Co., Ltd, supervisor of GAC Mitsubishi Motors Co. Ltd., and Supervisor of GAC Changfeng Motor Co., Ltd. and the chairman of the Supervisory committee of GAC ZX (Yichang) Auto Co., Ltd (廣汽中興(宜昌)汽車有限公司). He joined the Group in 2002 and had been a staff at the legal affairs department and the corporate affairs department, and had been the deputy head and head of the legal affairs department. From February 2009 to November 2010, he was a director of Guangzhou Yue Long Bus Co., Ltd. (廣州粵隆客車有限公司) and from May 2009 to September 2014, he was the supervisor of Guangzhou Automobile Group Business Co., Ltd. Mr. Feng graduated from Sun Yat-sen University in July 2002 with a bachelor of law degree, and obtained a graduate diploma and a master degree in law in June 2008.
Wang Lu	Act as staff representative supervisor of the Company from February 2015. She currently is a deputy chairwoman of the labour union, head of the female workers committee and chairwoman of the headquarters of the labour union of the Company. With a bachelor degree, she joined the Group in 1992 and had been a member of the public relations division of the general manager's office of Guangzhou Peugot Automobile Company (廣州標緻汽車有限公司) and Guangzhou Sedan Co. Ltd. (廣州轎車有限公司) and an officer of the labour union, a member and the chairman of the branch of the labour union, a party branch member and secretary and the head of the female workers union of Guangzhou Honda Automobile Co. Ltd. From July 2005 to September 2012, she was the deputy head of the office of the labour union of the Company.
Zhang Qingsong	Deputy general manager and deputy director of the Executive Committee of the Company. From 1998 to 2012, he held positions as the deputy director, director and director of disciplinary office of the administrative office of the Commission for Economy and Trade of Guangzhou, Chairman of Supervisory Committee of Guangzhou Municipal State-owned Assets Management Committee stationed in Guangzhou Automobile Industry Group Co., Ltd. (廣州市國有資產管理委員會派駐廣州汽車工業集團有限公司), Guangzhou Iron & Steel Enterprises Group and Guangzhou Pearl River Piano Group Co., Ltd. (廣州珠江鋼琴集團股份有限公司). He has been deputy general manager of Guangzhou Automobile Industry Group Co., Ltd. from May 2012 to June 2013. He has a master's degree in Business Administration.

Name	Main work experiences during past five years
Li Shao	Deputy general manager and deputy general manager of Executive Committee of our Company. He is also chairman of Wuyang-Honda and GAC Zhongxing (Yichang) Automobile Co., Ltd., and a director of GAC Changfeng. He joined GAC Group in June 1997 and became the deputy general manager of our Company in 2007. Prior to this, Mr. Li had served as head of investment department and foreign economics, office director, assistant of general manager and deputy general manager of Guangzhou Automobile Group Ltd.(廣州汽車集團有限公司), party secretary and director of GAC Bus, assistant of general manager and deputy general manager of GAIG, director of GAC Toyota, a director and an executive deputy general manager of GAC Hino and a director of Shanghai Hino, chairman of GAC Component nd director of Guangqi Honda. Mr. Li graduated from South China University of Technology and obtained a bachelor's degree of Engineering in metal material and heat treatment in July 1985 and he also obtained a master's degree of business administration from the Open University of Hong Kong in December 2002.
Wang Dan	Chief financial officer, deputy general manager and deputy director of Executive Committee of the Company. She is also chairman of GAC-SOFINCO. Ms. Wang joined the GAC Group in March 1999, and has been the Company's chief financial officer and financial controller since 2005. Prior to this, Ms. Wang served in the financial audit department of Guangzhou Junda Automobile Enterprise Group(廣州駿達汽車企業集團) and was the deputy head of the financial audit division of the Group. Ms. Wang graduated from the Sun Yat-Sen University with a bachelor's degree in July 1992 and the School of Management of Zhongshan University with a senior executive master's degree in business administration in December 2005.
Jiang Ping	Deputy general manager and deputy director of Executive Committee of the Company. Mr. Jiang also serves as a chairman of GAC Hino, GAC Bus, Shanghai Hino and director of GAC Fiat Chrysler. He has been the deputy general manager of the Company since April 2007. Prior to this, Mr. Jiang served as general manager of Guangzhou Peugeot Automobile Sales Company(廣州標緻銷售公司), chairman of GAC Commercial, vice chairman and general manager of GAC Component and deputy general manager of Guangqi Honda and executive deputy general manager of GAC Fiat Chrysler. Mr. Jiang graduated from Hunan University with a bachelor's degree in engineering in July 1982 and a master's degree in engineering in December 1985.
Qu Yongjian	Deputy general manager, deputy director of Executive Committee of the Company, director of GAC Toyota. He has served as director and executive deputy general manager of GAC Hino, director of Shanghai Hino and GAC Hino (Shenyang). Prior to this, he served as director, vice chairman and general manager of GAC Component and director of GAMC.

(2) Share options granted to the directors, supervisors and senior management during the reporting period

Please refer to V. IMPLEMENTATION OF THE SHARE OPTION INCENTIVE SCHEME AND ITS EFFECTS set out in Chapter 7 Significant Events in this annual report.

II. TERMS OF OFFICE OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) Term of office in shareholders' units

Name of Staff	Name of shareholders' unit	Position held in shareholders' unit	Commencement date of term	Expiry date of term
Zhang Fangyou	GAIG	Chairman	May 2007	
Zhang Fangyou	GAC (HK)	Chairman	June 2000	
Zeng Qinghong	GAIG	Deputy Chairman	May 2007	
Zeng Qinghong	GAIG	General Manager	July 2013	
Zeng Qinghong	GAC (HK)	Deputy Chairman	July 2008	
Yuan Zhongrong	GAIG	Director	May 2007	
		Deputy General Manager	December 2014	
Liu Huilian	GAIG	Director	May 2007	Retired
Wei Xiaoqin	GAIG	Deputy Party Secretary	October 2008	Retired
Ding Hongxiang	China National Machinery Industry Corporation Limited	Deputy President	January 2012	
Ding Hongxiang	國機汽車股份有限公司	Chairman	25 October 2011	24 October 2014
Li Pingyi	Wanxiang Qianchao Co., Ltd. (萬向錢潮股份有限公司)	General Manager	26 August 2013	31 December 2015
Li Pingyi	Wanxiang Electronic Automobiles Co., Ltd (萬向電動汽車有限公司)	Executive Director	March 2010	
Li Pingyi	Zhejiang Power Battery Co., Ltd. (浙江億能動力電池有限公司)	Chairman	March 2011	
Li Pingyi	Jiangsu Senwei Precision Forging Co., Ltd (江蘇森威精鍛有限公司)	Chairman	April 2006	
Li Pingyi	Jilin New Rucker Parts Co., Ltd (吉林新立德部件有限公司)	Executive Director	December 2008	
Gao Fusheng	GAIG	Chief Accountant	May 2007	
Gao Fusheng	GAC (HK)	Director, General Manager	May 2012	
Huang Zhiyong	Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司)	Deputy General Manager	April 2007	
He Yuan	Chime-Long Group Co., Ltd (長隆集團有限公司)	Deputy General Manager of Finance Department	October 2010	
Explanation on term of office in shareholders' units	Those without a specific date for the expiry date of term means their appointments will continue, and the expiry dates of their terms are unknown.			

(II) Term of office of in other units

Name of Staff	Name of other unit	Position held in other unit	Commencement date of term	Expiry date of term
Zhang Fangyou	Guangzhou Department Store Enterprises Group Co., Ltd. (廣州百貨企業集團有限公司)	Independent Director	April 2007	
Zeng Qinghong	Automobile Industry Association of Guangdong Province (廣東省汽車工業協會)	Chairman	December 2010	
Ding Hongxiang	China Automobile Dealers Association (中國汽車流通協會)	Vice President	December 2005	
Ding Hongxiang	Chinese Youth Association	Member of Standing Committee	August 2010	2015
Ding Hongxiang	Enterprise Youth Federation	Vice-chairman	March 2012	2016
Gao Fusheng	Guangzhou Radio Group Co., Ltd.	Independent Director	12 January 2012	16 January 2015
Fu Yuwu	Henan Province Xixia Automobile Water Pump Co., Ltd.	Independent Director	11 August 2008	10 August 2014
Fu Yuwu	Zhejiang Asia-Pacific Mechanical & Electronic Co., Ltd.	Independent Director	8 May 2013	June 2014
Fu Yuwu	Geely Automobile Holdings Limited	Independent Director	January 2012	January 2015
Fu Yuwu	Shandong Gold Phoenix Co., Ltd.	Independent Director	December 2013	June 2014
Fu Yuwu	Society of Automotive Engineers of China	President	December 1999	December 2017
Fu Yuwu	China Association of Automobile Manufacturers	Vice-Chairman	April 2008	April 2016
Fu Yuwu	China Automobile Talents Society	Chairman	November 2010	November 2015
Fu Yuwu	BAIC Motor Corporation Limited	Independent Director	December 2014	
Lan Hailin	Keda Industrial Co., Ltd	Independent Director	20 August 2012	19 August 2015
Lan Hailin	Zhongshan Vatti Gas Appliance Stock Co., Ltd.	Independent Director	7 May 2013	6 May 2016
Lan Hailin	Guangdong Sky Dragon Printing Ink Group Co., Ltd.	Independent Director	30 July 2013	29 July 2016
Wang Susheng	Shenzhen Pellet Technology Co., Ltd.	Independent Director	28 March 2010	14 April 2016
Wang Susheng	Shenzhen Terca Technology Co., Ltd.	Independent Director	30 November 2010	30 November 2013
Leung Lincheong	Casablanca Group Limited	Independent Director	November 2012	
Leung Lincheong	Union Registrars Limited	Managing Director		
Li Fangjin	Guangzhou Financial Holding Group Co., Ltd.	Vice-Chairman and General Manager	July 2013	
Li Fangjin	Guangzhou Guangyong State-Owned Assets Management Co., Limited	Chairman	September 2004	
Li Fangjin	Wanlian Securities Co., Ltd.	Chairman	September 2005	
Li Fangjin	Bank of Guangzhou	Vice-Chairman	May 2006	
Li Fangjin	Guangzhou Equity Trading Centre	Chairman	August 2012	

Name of Staff	Name of other unit	Position held in other unit	Commencement date of term	Expiry date of term
Li Fangjin	Guangzhou Ligen Finance Leasing Co., Ltd.	Chairman	June 2013	
Gao Fusheng	Guangzhou Light Industry & Trade Group Co., Ltd.	External Director	June 2014	
Explanation on term of office in other units	Those without a specific date for the expiry date of term means their appointments will continue, and the expiry dates of their terms are unknown.			

III. REMUNERATION FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for the remuneration of the directors, supervisors and senior management	The Remuneration and Evaluation Committee of the Board conducted the evaluation of the remuneration of the senior management of the Company and formulated the incentive program; which shall be implemented after the approval of the Board. The allowance for independent Directors is implemented after the approval of the Board and the general meeting. The remuneration of other Directors and Supervisors is determined in accordance with the related pay system of the Company.
Basis for determination of the remuneration of the Directors, Supervisors and senior management	The remuneration of independent Directors is issued in accordance with the approved plan in the general meeting; the remuneration of other Directors and Supervisors are determined by both the formulated pay system of the Company and the yearly assessment results. The remuneration of senior management is determined in accordance with the assessment program, combined with the annual results of the Company and their individual performance.

IV. INTERESTS OF DIRECTORS OR SUPERVISORS IN CONTRACTS

None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Apart from service contracts in relation to the Company's business, no contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its substantial shareholders was a party and in which a Director or Supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

V. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Way of Change	Reason for change
Yao Yiming	Director	Election	Change of appointment
Feng Xingya	Director	Election	Change of appointment
Chen Maoshan	Director	Election	Change of appointment
Wu Song	Director	Election	Change of appointment
Wei Xiaoqin	Director	Resigned	Retired
Liu Huilian	Director	Resigned	Retired
Ye Shanhu	Supervisor representing the staff and workers	Election	Change of appointment
Wang Lu	Supervisor representing the staff and workers	Election	Change of appointment
Lai Boyi	Supervisor representing the staff and workers	Resigned	Change of appointment
He Jinpei	Supervisor representing the staff and workers	Resigned	Change of appointment
Yao Yiming	Deputy general manager	Dismissed	Change of appointment
Qu Yongjian	Deputy general manager	Appointed	Change of appointment
Li Tun	Director	Resigned	Change of appointment

VI. INFORMATION ON CORE TECHNICAL TEAM OR KEY TECHNICAL STAFF OF THE COMPANY

During the reporting period, there was no change of core technical team or key technical staff of the Company which may have material impact on its core competitiveness.

VII. EMPLOYEE INFORMATION OF THE COMPANY AND MAJOR SUBSIDIARIES

(1) Employees

Number of existing employees of the parent company	205
Number of existing employees of major subsidiaries (Note)	45,614
Total number of existing employees	45,819
Number of employees resigned or retired the pension of which the Company and major subsidiaries had to be responsible for	1,036

Specialty composition

Categories of profession	Number of specialty composition
Production	25,676
Sales	3,014
Technical	7,431
Finance	754
Administration	8,944
Total	45,819

Education Level

Category	Number (persons)
Master or above	1,690
Undergraduate (including double major)	11,555
College graduate	7,937
Secondary or below	24,637
Total	45,819

Note: Including the employees of joint ventures of the Group

(2) Remuneration Policy

The Group emphasizes on maintaining market competitiveness in staff remuneration levels, and formulates incentive and restrictive remuneration policies through research and analysis of market remuneration information.

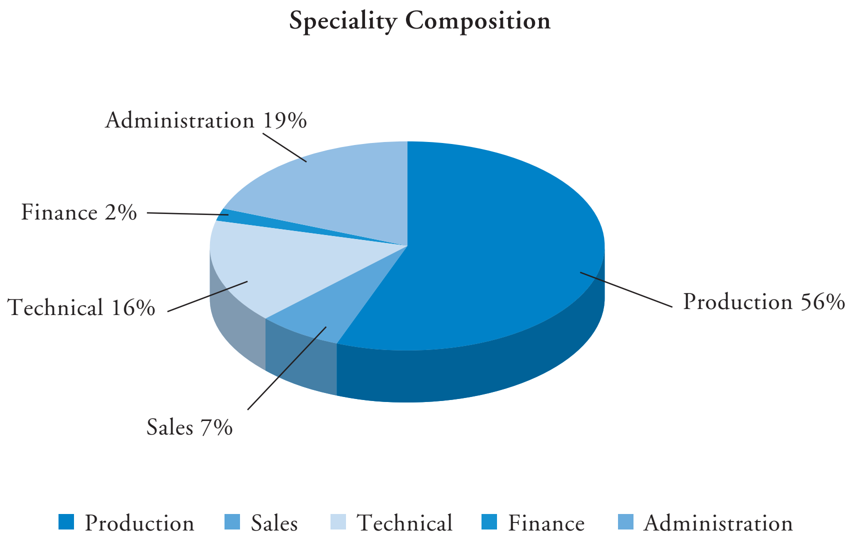
During the reporting period, combined with the adjustment of the Company's structure and the actual condition, the salary management system and performance appraisal method for employees was revised.

The Group is committed to the establishment and improvement of employee benefits system, under which timely and full contributions to pension insurance, medical insurance, injury insurance, unemployment insurance, maternity insurance, housing fund and other statutory benefits schemes are made, and regulations on working hours, rest and vacation are complied with, and certain qualified enterprises have established and improved their benefit systems, including supplementary medical insurance, supplementary pension insurance (or enterprise annuity systems).

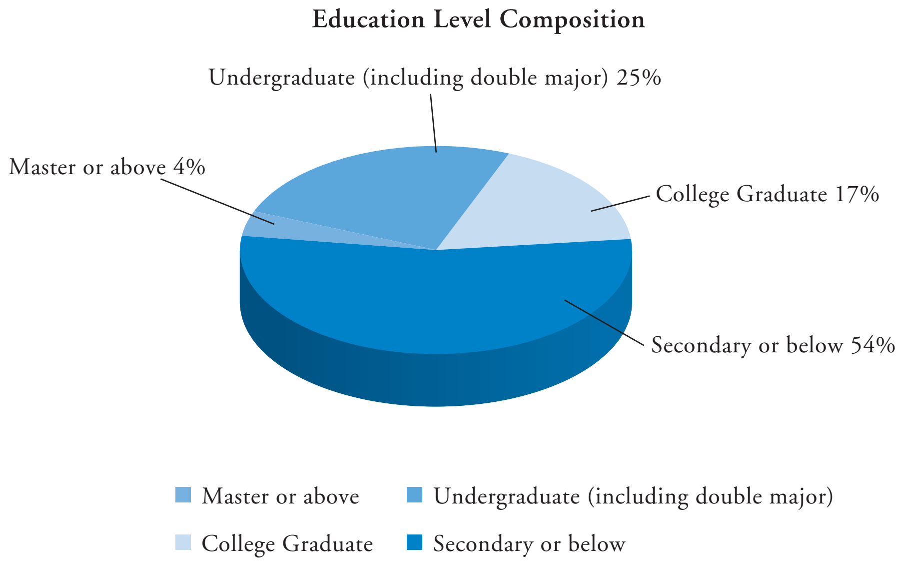
(3) Training Program

The Group attaches importance to the corporate culture and improvement of quality and skills of its employees. The Group actively carries out various types of training activities and provides many kinds of training opportunities and courses, and facilitates exchange learning and knowledge sharing between each of the investment companies by allocating and planning the internal resources as whole. During the reporting period, the number of staff trained of the Group (including its investment companies) for the year was 396,200, among which the number of management staff and professional technical staff trained was 165,200, representing 41.7% and production staff trained was 231,000, representing 58.3%.

(4) **Speciality Composition**



(5) **Education Level**



I. CORPORATE GOVERNANCE AND INSIDER MANAGEMENT SYSTEM

The Group is in strict compliance with relevant corporate governance requirements of Company Law, Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on the SSE, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Code on Corporate Governance set out in its appendix. The Group has formulated a series of internal control management policies such as Inside Information Management System and has relatively perfect governance structure.

During the reporting period, in order to cope with the sustainable development of the Company, the duties and responsibilities of each department and office have been adjusted and refined, 9 management systems including the Articles of Association, finance administrative system and internal audit supervision and management measures were amended combining with the regulatory requirements and actual situation of the Company and 4 systems including working system on handling complaint from investors were newly formulated, which further improved the governance structure the Company. During the reporting period, there was no deviation between the Company's corporate governance and the requirements as specified in the Company Law and by CSRC. The Company has strictly complied with the regulations and made registration and warning about insider information in a timely and accurate manner.

The Company's structure of corporate governance comprises the general meeting, the Board and special committees, the Supervisory Committee, the management and the employees, each of which plays an important role in the corporate governance of the Company. The specific information is described below:

(1) Shareholders and General Meeting

The general meeting is the authoritative body of the Company and has legal power to decide on significant matters of the Company. The Company carries out policies of open and honest communication and fair disclosures. The Company has ability to ensure all shareholders, especially minority shareholders to enjoy equal status and rights. Pursuant to Article 67 of the Articles of Association of the Company, if shareholders individually and jointly holding not less than 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting, the Board shall hold an extraordinary general meeting within two months after receipt of the written request.

Pursuant to Article 69 of the Articles of Association of the Company, shareholders individually and jointly holding over 3% of the shares of the Company are entitled to propose extraordinary motions to the Company and submit them in writing to the convener ten days before the convening of the general meeting. The convener of the general meeting shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions.

The Company carries out policies of open and honest communication and fair disclosures, and formulates efficient channels of communication with shareholders. All shareholders have the right to be informed or participate in significant events of the Company; shareholders may raise enquiries and express their view to the Board in writing (Contact address: The office of the Board of GAC Group at Room 2202, GAC Center, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou (Postal code: 510623), Telephone: 020-83150281, Fax: 020-83150319, ir@gagc.com.cn.).

The Company has formulated the rules of procedures of the general meeting, called and convened general meetings in strict compliance with regulatory requirements of listed companies so as to ensure that shareholders are able to fully exercise their rights; notice of the general meetings are dispatched 45 days prior to the date of such general meeting. The notice of the general meeting containing an agenda, resolutions proposed and a voting form are announced in a timely manner and sent to all H shareholders whose shares are registered in the register of members by post in accordance with the requirements. All Shareholders are encouraged to attend the general meetings. All registered shareholders are entitled to attend the general meeting. H shareholders who are unable to attend the general meeting can appoint their proxies or the chairman of the general meeting as their proxies to attend the general meeting on their behalves (the proxy form shall be completed and returned to the Company or the Company's share registrar). All directors, supervisors and members of management of the Company are also requested to try their best to attend the general meetings; results of resolutions or poll results of the general meeting shall be timely announced in such manner as required by the Listing Rules. Lawyer attended each general meeting and issued legal opinion.

The controlling shareholders and ultimate controller of the Company conscientiously fulfill their obligation in good faith. There was no act that interferes with the decisions and operations of the Company directly or indirectly, bypassing the general meeting, nor was there damage of the interest of the Company and other shareholders. The connected transactions of the Company were fair and reasonable, the pricing of which has been adequately disclosed and no conduct of damaging interests of the Company was found.

During the reporting period, the Company convened 1 annual general meeting and 1 extraordinary general meeting, 1 class meeting for holders of A and H shares, each procedure of which was in compliance with the requirements of the Company Law and its Articles of Association.

(2) Directors and the Board

1. Directors and Composition of the Board

Directors are elected or rotated at the general meeting. During the reporting period, 1 director has resigned due to his change of work. On 25 March 2015, Yao Yiming, Feng Xingya, Chen Maoshan and Wu Song were elected as directors at the 2015 first extraordinary general meeting.

Currently, the Board consists of 15 directors, including 5 independent directors, Fu Yuwu, Lan Hailan, Li Fangjin, Leung Lincheng and Wang Susheng. The members of the Board have different professional background and have extensive expertise and experience in different aspects. The composition of the Board is in compliance with the relevant laws and regulations and the requirements of the Articles of Association of the Company and the diversity requirements of Board members.

All directors have attended the meetings with an earnest and responsible attitude. They are familiar with the relevant laws and regulations and understand their rights, responsibilities and obligations as a director. The directors believed that, the Company has sufficient resources to continue its business in the foreseeable future and there are no material uncertainties which may have great impact on the Company's ability to operate as a going concern.

During the reporting period, the Company convened 23 Board meetings. The convening, holding and resolution procedures of the Board meetings have complied with the Company Law, the Articles of Associations of the Company and Rules of Procedures of the Board.

2. Powers of the Board

The Board is accountable to the general meeting and exercises the following powers:

(1) To convene general meetings and report its work at the general meeting;

(2) To implement the resolutions of the general meetings;

(3) To decide on the business plans and investment plans of the Company;

(4) To formulate the mid-term and long-term development plans of the Company;

(5) To formulate annual financial budgets and final accounts of the Company;

(6) To formulate the profit distribution plans and plans on making up losses of the Company;

(7) To formulate proposals for increase or reduction of the registered capital of the Company and issue and listing of bonds or other securities of the Company;

(8) To formulate plans for major acquisitions, purchase of shares of the Company or plans for merger, division, dissolution or alteration of corporate form of the Company;

(9) To determine external investments, purchases and sales of assets, pledge of assets, external guarantees, loans, entrusted asset management, disposal of assets and connected transactions of the Company, save the matters that are required to be resolved at the general meeting pursuant to the law, regulations, the Articles of Association of the Company and other regulatory documents;

(10) To determine the establishment of the Company's internal management structure and manpower deployment;

(11) To appoint or remove the general manager and the secretary to the Board based on the nomination by the chairman of the Board; to appoint or remove the deputy general manager, chief financial officer and other senior management of the Company based on the nomination by the general manager and to determine their remunerations and rewards and penalies;

(12) To formulate the basic management system of the Company;

(13) To formulate proposals for amendment to the Articles of Association;

(14) To formulate the information disclosure system of the Company and to manage information disclosure of the Company;

(15) To propose the appointment or removal of the Company's auditors at the general meeting;

(16) To receive the work report and inspect the work of the general manager of the Company;

(17) To formulate share incentive schemes;

(18) To review and resolve other matters required to be decided by the Board pursuant to the laws, administrative regulations, departmental rules, the requirements of the place where the Company's shares are listed and the Articles of Association.

The exercise of power by the Board on the aforesaid matters or any transactions or arrangements of the Company shall be proposed for consideration and approval at the general meeting should the listing rules of the place where the shares of the Company are listed so require.

3. Responsibilities of Directors

The directors acknowledge their responsibility for the preparation of annual financial statements and true and fair presentation of the Company's business results and financial conditions. The directors are of the view that the Company has sufficient resources to continue its business in the foreseeable future; and are not aware of material uncertainties which may materially affect the Company's ability to continue as a going concern.

4. Corporate Governance Functions

The Board of the Company has adopted the terms of reference for directors to perform its corporate governance functions, which include the formulation and review of the Company's corporate governance policy and practices and any proposals will be made to the Board, review and overseeing the training and continuous professional development of the directors and senior management, review and overseeing the Company's policy and practices on compliance of law and regulations, review and overseeing the Code of Conduct and Compliance Manual for employees and directors, and review the Company's observance of the Code of Corporate Governance and disclosures made in the Corporate Governance Report.

For the year 2014, the Board has performed the above corporate governance functions.

5. Professional Training

During the reporting period, the directors of the Company actively participated in the relevant trainings of corporate governance, directors' responsibilities and operations management. The secretary to the Board of the Company and company secretaries, Lu Sa and Leung Chong Shun, have complied with the relevant professional training requirement of Rule 3.29 of the Listing Rules. All directors have also provided their relevant training records during the reporting period with details as follows:

Name of Directors	Training participated
Zhang Fangyou	BC
Zeng Qinghong	BC
Yuan Zhongrong	BC
Fu Yuwu	BC
Lan Hailin	BC
Li Fangjin	ABC
Leung Lincheong	ABC
Wang Susheng	BC
Liu Huilian (Resigned on 5 February 2015)	BC
Lu Sa	ABC
Wei Xiaoqin (Resigned on 5 February 2015)	BC
Li Tun (Resigned on 16 September 2014)	BC
Li Pingyi	BC
Ding Hongxiang	BC

Notes:

A: Trainings on corporate governance of listed companies, directors' duties and the relevant trainings organized by stock exchange or securities regulatory authorities;

B: Special training, seminars and conferences on aspects of economics, finance and corporate management;

C: Reading materials related to corporate governance, directors' duties and regulations of internal risk management; and attending seminars, forums and conferences, etc.

All directors of the Company may timely access the relevant laws, regulations and other information relating to their continuing obligations through the secretary and the office of the Board. The Company ensures that all directors keep abreast of business development of the Company, the competitive and regulatory environment, as well as the development of the industry environment through provision of materials and conferences, which help directors understand their responsibilities and make right decision and conduct effective supervision. The Company has adopted the Model Code as the Code of Conduct for Securities Transactions by Directors.

After the Company's making specific enquiries with all directors, all directors have confirmed that they have fully complied with the rules as required by the Model Code throughout the year of 2014.

6. *Independence of Directors*

The numbers of independent non-executive directors represented one-third of the total number of members of the Board. The Company's independent non-executive directors have knowledged of the rights and obligations of the directors and independent directors of the listed companies.

In accordance with Rule 3.13 of the Listing Rules, the Company has received the annual confirmation of independence from each of the independent non-executive directors. The Company considers that they are independent.

During the reporting period, the independent non-executive directors have discharged their duties with good faith, integrity and diligence according to the requirements of relevant laws and regulations. The independent non-executive directors participated in the discussion and decision on the material issues of the Board and Board committees and gave their views on the compliance and operation of the Company based on their industry expertise and experience. They have duly reviewed and expressed their independent views on the equality and fairness of connected transactions. They have performed their duties independently and are independent from the controlling shareholders or other units and individuals who have interests in the Company.

The Company has reported to the independent non-executive directors the production and operation situation of the Company and the progress of significant events, submitted the annual reports and audit work schedule in compliance with the relevant requirements of China Securities Regulatory Commission and the SSE concerning annual reports. Independent non-executive directors have communicated with the Company's auditors in respect of the related issues of the audit process.

During the reporting period, the independent non-executive directors did not hold dissenting views regarding resolutions of the Board and other resolutions not considered by the Board.

7. *Special Committees of the Board*

The Board has set up Strategy Committee, Audit Committee, Remuneration and Evaluation Committee and Nomination Committee. Compositions of each of the committees of the Board are as follows:

(1) Strategy Committee comprises 5 directors (Zhang Fangyou, Zeng Qinghong, Yuan Zhongrong, Fu Yuwu, Lan Hailin), of which Fu Yuwu and Lan Hailin are Independent Directors and Zhang Fangyou is the chairman of the committee. The committee is mainly responsible for conducting research and making recommendations on the long-term development strategy and major investment decision of the Company. Two meetings of Strategy Committee were held and all members attended the meetings during the year. Each committee member gave their opinions in respect of audited matters.

(2) Audit Committee consists of 3 Independent Directors, namely, Leung Lincheong, Li Fangjing and Wang Susheng, of which, Leung Lincheong is the chairman of the committee. Their primary duties are to supervise and review the annual audit work and internal audit system of the Company, the financial information and disclosure of the Company. During the year, five meetings of the Audit Committee were held and all members attended the meetings. The Audit Committee mainly reviewed the regular report and results, profit distribution, appointment of auditing institution and share option incentive plan and also reviewed the internal control system.

(3) Remuneration and Evaluation Committee consists of 3 Directors, namely Li Fangjin, Leung Lincheong and Li Pingyi, two of whom, Li Fangjin and Leung Lincheong are Independent Directors and Li Fangjin is the chairman of the committee. Their primary duties are to formulate and review the remuneration policies and packages of directors and senior management of the Company. During the year, three meetings of the Remuneration and Evaluation Committee were held in total and all members attended the meetings. The Remuneration and Evaluation Committee appraised the performance of senior management, reviewed salary and appraisal planning of senior management and staff, and also reviewed the remuneration packages of the directors and senior management.

(4) Nomination Committee consists of 3 Directors, namely Wang Susheng, Li Fangjin and Ding Hongxiang, and two of them, Wang Susheng and Li Fangjin are Independent Directors and Wang Susheng is the chairman of the committee. Their duties are to make recommendations regarding the candidates of senior management, the selection standards and procedures as well as being responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge. During the year, two meetings of the Nomination Committee were held in total and all members attended the meetings, at which the matters with respect to the appointment and dismissal of senior management were considered and reviewed and recommendations were provided.

When determining the composition of the members of the Board, the Company will consider the diversification of the members of the Board from a multitude of facets, including (but not limited to) gender, age, education background, race, professional experience, technical skills, knowledge and duration of service. All appointments to the Board are made on a meritocratic basis and when considering the selection of candidates, the benefits of the diversification of the members of the Board will be fully taken into account using objective conditions. The Nomination Committee is responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge, which include the in-depth understanding in the automotive industry, engineering and mechanical manufacturing ability, enterprise management experience, and the professional qualifications in the fields of law and accounting. Each director has years of experience in his respective professional fields. Whatever backgrounds or experiences the directors have, they all possess talent, capability and have as their common goal to promote the industry in order to bring sustainable growth for the Company.

(3) Supervisors and Supervisory Committee

The Supervisory Committee strictly performed its supervisory function under requirements of relevant laws and regulations and the Articles of Association.

At present, the Supervisory Committee comprises 5 supervisors, namely Gao Fusheng, Huang Zhiyong, He Yuan, Ye Shanhu and Wang Lu, among which Gao Fusheng is chairman of the Supervisory Committee, Ye Shanhu and Wang Lu are supervisors representing staff and workers. Ye Shanhu and Wang Lu acted as the supervisors representing staff and workers of the Company to fill the vacancies left by Lai Boyi and He Jinpei who resigned due to changes of works in February 2015.

Constitution of such committee was in compliance with requirements of laws and regulations and the Articles of Association.

During the reporting period, the Supervisory Committee convened 7 meetings, the convening, holding and procedures of which are in line with relevant requirements under the Articles of Association and the procedures of Supervisory Committee. All supervisors attended the meetings and performed their duties conscientiously.

(4) The Management

The appointment, dismissal of and rewards and punishment for the senior management of the Company are in strict compliance with the provisions of relevant laws, regulations and Articles of Association; The Company has clearly defined the roles and division of work between the Board and the management as well as the respective responsibilities of the chairman of the Board and the general manager in its Articles of Association, ensuring the independence of the Board in decision-making and the independence of the management in managing the daily operations. The management personnel of the Company exercise their daily operation rights under the authorization of the Board.

The management of the Company exercises the following powers under authorization of the Board:

(1) to be responsible for the Company's production, operation and management, to organize resources to carry out the Board's resolutions, and to report to the Board;

(2) to organize the implementation of the Company's annual business plan and investment plan;

(3) to draft plans for the establishment of the Company's internal management structure;

(4) to formulate the Company's basic management system;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose the appointment or dismissal of the Company's deputy general manager(s) and chief financial officer;

(7) to decide on the appointment or dismissal of management personnel and staff other than those required to be appointed or dismissed by the Board;

(8) to propose the convening of extraordinary board meeting; and

(9) to exercise other powers conferred by the Articles of Association and the Board.

(5) Company Secretary

The company secretaries of the Company are Ms. Lu Sa, senior management of the Company, and Mr. Leung Chong Shun, a practicing solicitor in Hong Kong and external service provider. The primary contact person of the Company is Ms. Lu Sa. The company secretaries have received relevant professional training which fulfilled the requirements of Rule 3.29 of the Listing Rules.

(6) Appointment and Remuneration of External Auditor

The external auditor currently appointed by the Company is PricewaterhouseCoopers. The auditor's remuneration is disclosed in note 30 to the consolidated financial statements.

(7) Investor Relations

The Company attaches importance to the effective communication with shareholders and investors. It actively promoted investor relations and communication through conferences, press conferences, briefings and inspection of the Company.

(8) Amendments to the Articles of Association

Amendments to the Articles of Association were proposed and approved at the first extraordinary general meeting of the Company held on 19 September 2014 (For details, please refer to the circular of the Company convening the first extraordinary general meeting of 2014).

II. GENERAL MEETINGS

Session of the meeting	Convening date	Title(s) of the proposal(s) of the meeting	Status of resolution	Enquiry index of the designated website for the publication of the proposals	Date of disclosure of the publication of the proposals
2013 annual general meeting	30 June 2014	1. Resolution in relation to the annual report of the Company and its summary for the year 2013 2. Resolution in relation to the work report of the board of directors of the Company for the year 2013 3. Resolution in relation to the work report of the supervisory committee of the Company for the year 2013 4. Resolution in relation to the financial report for the year 2013 5. Resolution in relation to the profit distribution proposal for the year 2013 6. Resolution in relation to the adjustment of allowance of independent directors 7. Resolution in relation to the appointment of the auditors for the year 2014 8. Resolution in relation to the appointment of the internal control auditors for the year 2014	All passed	Websites of SSE and Stock Exchange	30 June 2014
1st extraordinary general meeting in 2014	19 September 2014	1. Resolution in relation to the amendments to the Administrative System of Proceeds of Guangzhou Automobile Group Co., Ltd. 2. Resolution in relation to the provision of guarantee to bank borrowings of Guangzhou United Exchange Park Business Investment Co., Ltd. by Guangzhou Automobile Business Group Co., Ltd. 3. Resolution in relation to the compliance with conditions for the issuance of A Share Convertible Bonds by the Company 4. Resolution in relation to the proposal of issuance of A Share Convertible Bonds by the Company (Voting by items) 5. Resolution in relation to the Proposal on Feasibility of the Use of Proceeds of the Issuance of A Share Convertible Bonds towards Investment Projects of the Company 6. Resolution in relation to the Report on the Utilisation of the Proceeds from Previous Fund-Raising Activity of the Company 7. Resolution in relation to amendments to the Articles of Association of Guangzhou Automobile Group Co., Ltd. 8. Resolution in relation to the A Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd (Amended Draft) and its summary (voting by items) 9. Resolution in relation to the Share Option Incentive Scheme Performance Appraisal Measures of Guangzhou Automobile Group Co., Ltd. 10. Resolution to authorise the Board to deal with the matters relating to the Scheme of the Company	All passed	Websites of SSE and Stock Exchange	19 September 2014

Session of the meeting	Convening date	Title(s) of the proposal(s) of the meeting	Status of resolution	Enquiry index of the designated website for the publication of the proposals	Date of disclosure of the publication of the proposals
First class meeting for holders of A and H shares in 2014	19 September 2014	1. Resolution in relation to the proposal of issuance of A Share Convertible Bonds by the Company (voting by items) 2. Resolution in relation to the A Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd (Amended Draft) and its summary (voting by items) 3. Resolution in relation to the Share Option Incentive Scheme Performance Appraisal Measures of Guangzhou Automobile Group Co., Ltd. 4. Resolution to authorise the Board to deal with the matters relating to the Scheme of the Company	All passed	Websites of SSE and Stock Exchange	19 September 2014

Convening of the general meetings of the Company were in strict compliance with the requirements of the Article of Associations and rules of procedures of the general meeting. The proposal and voting procedures were in compliance with the relevant requirements of laws and regulations. General meetings held during this reporting period were all witnessed by solicitors and legal opinions were released. The Company disclosed the general meeting's resolutions in a timely, complete and accurate manner after the general meeting.

III. DIRECTORS' PERFORMANCE OF THEIR DUTIES

(1) Directors' Attendance in Board Meetings and General Meetings

Name of directors	Independent non-executive director or not	Mandatory attendance in Board meetings during the year	Attendance in Board meeting(s): Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence	Absent in person for two consecutive times or not	Attendance in general meeting(s): Attendance in general meetings
Zhang Fangyou	No	23	23	19	0	0	No	2
Zeng Qinghong	No	23	22	18	1	0	No	1
Yuan Zhongrong	No	23	23	19	0	0	No	2
Fu Yuwu	Yes	23	23	19	0	0	No	0
Lan Hailin	Yes	23	23	19	0	0	No	1
Li Fangjin	Yes	23	21	21	2	0	No	0
Leung Lincheong	Yes	23	23	19	0	0	No	2
Wang Susheng	Yes	23	23	19	0	0	No	2
Liu Huilian (Resigned on 5 February 2015)	No	23	23	19	0	0	No	2
Lu Sa	No	23	23	19	0	0	No	2
Wei Xiaoqin (Resigned on 5 February 2015)	No	23	22	19	1	0	No	1
Li Tun (Resigned on 16 September 2014)	No	15	14	12	1	0	No	1
Li Pingyi	No	23	23	20	0	0	No	2
Ding Hongxiang	No	23	22	19	1	0	No	0

Explanation on absent in person for two consecutive times

Nil

Number of general meetings held during the year	2
Number of Board meetings held during the year	23
Of which: Number of physical meetings	4
Number of meetings held via communication	14
Number of meetings held by way of combination of both	5

(2) **Independent Directors' Objections to Relevant Matters of the Company**

Independent directors' objections to relevant matters of the Company

Nil

(3) **Others**

Nil

IV MAJOR COMMENTS AND SUGGESTIONS PROPOSED BY THE COMMITTEES UNDER THE BOARD OF DIRECTORS WHEN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD

Nil

V. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE SUPERVISORY COMMITTEE

Nil

VI. STATEMENTS OF THE COMPANY ON INABILITY TO MAINTAIN THE INDEPENDENCE OR THE ABILITY OF INDEPENDENT OPERATIONS BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDERS WITH RESPECT TO BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE

Nil

VII. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

During the reporting period, the Company made amendments to the Remuneration and Performance Management Scheme for Senior Management, set up medium and long-term incentive mechanism and implemented the A share option incentive plan. During the reporting period, the implementation of the incentive mechanism was as follows: according to the progress of annual performance contract signed by senior management, the Remuneration Committee of the Board performed appraisal for the senior management, and the resolution in respect of the appraisal program was considered and approved by the Board. Meanwhile, in order to comply with the innovation and reform requirement, the Remuneration and Evaluation Committee of the Board revised the appraisal program of the senior management, strengthened the control of the Group, and improved the middle and long-term incentives.

I. INTERNAL CONTROL RESPONSIBILITY STATEMENT AND ESTABLISHMENT OF INTERNAL CONTROL SYSTEM

The Company consistently implemented the Basic Principles for Internal Control of Enterprises, the Guidelines for Enterprise Internal Control, the Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange and the GDSRC's Notice in relation to Internal Control Practice of Companies in the Jurisdiction Listed on the Main Board, and further improved internal control by establishing, and effectively implementing, a sound internal control system to enhance its operation and management level and risk resistance. It commenced such establishment in September 2010 and engaged an external consultant on such end to assist in establishment and improvement of such system.

During the reporting period, the Company formulated its internal control standard practice proposal in accordance with requirements of regulator authority, and implemented the internal control system according to the proposal and work on internal control was improved. Internal control working team carried out their work based on one-to-one interviews with relevant departmental directors, tests, on-site inspections, sampling and comparison and analysis. It also engaged experts in the field for special training in relation to internal control policy, corporate internal control standards and ancillary guidelines to initiate cultivation of internal control and risk management culture.

Pursuant to requirements of Rules No.21 for Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public – General Rules of Annual Report on Internal Control Evaluation, issued by the CSRC, the Board of the Company evaluated its internal control in 2014 and compiled an internal control selfevaluation report, the full text of which was disclosed on the website of the SSE (www.sse.com.cn) on 25 March. The Board was of the view that, as at the benchmark date, being 31 December 2014, internal control of the Company was effective and no significant deficiency in design or implementation of internal control of the Company was found.

II. INTERNAL CONTROL AND AUDIT REPORT

The Company engaged BDO China Shu Lun Pan Certified Public Accountants for independent audit of effectiveness of its internal control in 2014, which issued an opinion that "the internal control over financial report of the Company was in compliance with the Basic Principles for Internal Control of Enterprises and relevant requirements and was effective in all significant aspects as at 31 December 2014 (For full text of the audit report, please refer to the disclosure made on the website of the SSE www.sse.com.cn on 25 March).

III. ACCOUNTABILITY MECHANISM FOR MAJOR ERRORS IN ANNUAL REPORT AND RELEVANT INFORMATION ON ITS IMPLEMENTATION

Pursuant to the Management Measures on Information Disclosure of the Company and relevant provisions of the Format Guidance for Information Disclosure in Annual Reports, the Company formulated an accountability mechanism for major errors in annual report, under which detailed provisions in respect of the disclosure responsibility, accountability and form were stipulated.

During the reporting period, there was no material error in the information disclosure of annual report of the Group.

羅兵咸永道

To the shareholders of Guangzhou Automobile Group Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Guangzhou Automobile Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 120 to 239, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2015

Consolidated Balance Sheet

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Land use rights	*7*	**1,501,392**	1,150,803
Property, plant and equipment	*8*	**8,535,881**	7,366,265
Investment properties	*9*	**342,232**	143,474
Intangible assets	*10*	**3,997,256**	3,083,630
Investments in joint ventures and associates	*12*	**18,692,856**	18,424,546
Deferred income tax assets	*14*	**481,411**	529,587
Available-for-sale financial assets	*15*	**899,626**	152,228
Held-to-maturity investments		**79,639**	49,853
Prepayments and long-term receivables	*16*	**867,290**	429,063
		35,397,583	31,329,449
Current assets			
Inventories	*17*	**2,660,569**	2,036,360
Trade and other receivables	*18*	**5,514,858**	4,724,819
Available-for-sale financial assets	*15*	**227,950**	688,183
Held-to-maturity investments		**110,000**	22,334
Financial assets at fair value through profit or loss		**–**	2,562
Time deposits	*19*	**7,422,367**	4,665,056
Restricted cash	*20*	**674,180**	291,173
Cash and cash equivalents	*21*	**10,268,354**	14,083,345
		26,878,278	26,513,832
Non-current assets held for sale	*22*	**95,922**	–
		26,974,200	26,513,832
Total assets		**62,371,783**	57,843,281
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	*23*	**6,435,019**	6,435,019
Other reserves	*25*	**10,848,026**	10,562,909
Retained earnings	*25*	**18,089,648**	16,313,263
– Proposed final dividend	*39*	**514,802**	643,502
– Others		**17,574,846**	15,669,761
		35,372,693	33,311,191
Non-controlling interests		**795,956**	805,005
Total equity		**36,168,649**	34,116,196

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	*26*	**1,151**	4,134
Borrowings	*27*	**4,769,367**	4,775,127
Deferred income tax liabilities	*14*	**34,882**	21,339
Provisions	*28*	**186,256**	74,221
Government grants	*29*	**989,817**	793,541
		5,981,473	5,668,362
Current liabilities			
Trade and other payables	*26*	**10,644,529**	8,637,253
Borrowings	*27*	**9,540,517**	9,396,766
Current income tax liabilities		**36,615**	24,704
		20,221,661	18,058,723
Total liabilities		**26,203,134**	23,727,085
Total equity and liabilities		**62,371,783**	57,843,281
Net current assets		**6,752,539**	8,455,109
Total assets less current liabilities		**42,150,122**	39,784,558

The notes on pages 129 to 239 are an integral part of these financial statements.

The financial statements on pages 120 to 239 were approved by the Board of Directors on 25 March 2015 and were signed on its behalf:

Zhang Fangyou
Director

Lu Sa
Director

Balance Sheet

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Land use rights	*7*	**119,180**	121,770
Property, plant and equipment	*8*	**2,323,804**	2,458,573
Investment properties	*9*	**607,715**	462,270
Intangible assets	*10*	**2,424,207**	1,855,781
Investments in subsidiaries	*11*	**13,977,441**	26,236,506
Investments in joint ventures and associates	*12*	**12,485,337**	12,229,037
Prepayments and long-term receivables	*16*	**2,395**	38,068
Available-for-sale financial assets	*15*	**543,000**	–
		32,483,079	43,402,005
Current assets			
Inventories	*17*	**21,428**	61,002
Trade and other receivables	*18*	**2,800,165**	2,878,465
Time deposits	*19*	**4,890,000**	3,630,000
Restricted cash	*20*	**–**	51,413
Cash and cash equivalents	*21*	**5,828,658**	6,436,821
		13,540,251	13,057,701
Non-current assets held for sale	*22*	**95,922**	–
		13,636,173	13,057,701
Total assets		**46,119,252**	56,459,706
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	*23*	**6,435,019**	6,435,019
Other reserves	*25*	**19,414,961**	17,518,866
Retained earnings	*25*	**4,992,073**	5,599,854
– Proposed final dividend	*39*	**514,802**	643,502
– Others		**4,477,271**	4,956,352
Total equity		**30,842,053**	29,553,739

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*27*	**4,561,750**	4,556,137
Government grants	*29*	**342,316**	230,386
		4,904,066	4,786,523
Current liabilities			
Trade and other payables	*26*	**4,378,252**	15,425,056
Borrowings	*27*	**5,994,881**	6,694,388
		10,373,133	22,119,444
Total liabilities		**15,277,199**	26,905,967
Total equity and liabilities		**46,119,252**	56,459,706
Net current assets/(liabilities)		**3,263,040**	(9,061,743)
Total assets less current liabilities		**35,746,119**	34,340,262

The notes on pages 129 to 239 are an integral part of these financial statements.

The financial statements on pages 120 to 239 were approved by the Board of Directors on 25 March 2015 and were signed on its behalf:

Zhang Fangyou
Director

Lu Sa
Director

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue	*6*	**22,375,934**	18,824,199
Cost of sales	*30*	**(19,828,678)**	(16,829,736)
Gross profit		**2,547,256**	1,994,463
Selling and distribution costs	*30*	**(1,841,061)**	(1,070,813)
Administrative expenses	*30*	**(1,873,500)**	(1,712,901)
Interest income	*34*	**317,678**	373,577
Other gains/(losses) – net	*32*	**345,402**	(432,824)
Operating loss		**(504,225)**	(848,498)
Finance costs	*33*	**(745,410)**	(645,305)
Interest income	*34*	**120,935**	102,745
Share of profit of joint ventures and associates	*12*	**4,181,213**	4,020,350
Profit before income tax		**3,052,513**	2,629,292
Income tax expense	*35*	**(126,094)**	(100,784)
Profit for the year		**2,926,419**	2,528,508
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss-change in value of available-for-sale financial assets, net of tax	*36*	**11,293**	437
Total comprehensive income for the year		**2,937,712**	2,528,945
Profit/(loss) attributable to:			
Equity holders of the Company		**3,185,261**	2,652,837
Non-controlling interests		**(258,842)**	(124,329)
		2,926,419	2,528,508

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**3,193,244**	2,653,949
Non-controlling interests		**(255,532)**	(125,004)
		2,937,712	2,528,945
Earnings per share attributable to equity holders of the Company			
(expressed in RMB per share)			
– basic	*38*	**0.49**	0.41
– diluted	*38*	**0.49**	0.41

The notes on pages 129 to 239 are an integral part of these financial statements.

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Dividends	*39*	**1,029,604**	1,029,604

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as 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 year	–	–	2,652,837	2,652,837	(124,329)	2,528,508
Other comprehensive income –						
Available-for-sale financial assets, net of tax	–	1,112	–	1,112	(675)	437
Total comprehensive income/(loss)	–	1,112	2,652,837	2,653,949	(125,004)	2,528,945
Total contributions by and distributions to equity holders of the Company recognised directly in equity						
Appropriation to reserve fund	–	341,795	(341,795)	–	–	–
Dividend declared by the Company and subsidiaries	–	–	(514,802)	(514,802)	(23,667)	(538,469)
Others	–	407	–	407	544	951
Total contributions by and distributions to equity holders of the Company	–	342,202	(856,597)	(514,395)	(23,123)	(537,518)
Contribution from non-controlling shareholders of subsidiaries	–	–	–	–	31,372	31,372
Others	–	29,566	–	29,566	–	29,566
Total transactions with owners	–	371,768	(856,597)	(484,829)	8,249	(476,580)
Balance as at 31 December 2013	6,435,019	10,562,909	16,313,263	33,311,191	805,005	34,116,196
Balance as 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 year	–	–	3,185,261	3,185,261	(258,842)	2,926,419
Other comprehensive income –						
Available-for-sale financial assets, net of tax	–	7,983	–	7,983	3,310	11,293
Total comprehensive income/(loss)	–	7,983	3,185,261	3,193,244	(255,532)	2,937,712
Total contributions by and distributions to equity holders of the Company recognised directly in equity						
Appropriation to reserve fund	–	250,572	(250,572)	–	–	–
Dividend declared by the Company and subsidiaries	–	–	(1,158,304)	(1,158,304)	(22,544)	(1,180,848)
Employee share option scheme	–	14,220	–	14,220	–	14,220
Others	–	2,862	–	2,862	613	3,475
Total contributions by and distributions to equity holders of the Company	–	267,654	(1,408,876)	(1,141,222)	(21,931)	(1,163,153)
Contribution from non-controlling shareholders of subsidiaries	–	–	–	–	248,850	248,850
Non-controlling interests arising on business combination *(Note 32(b))*	–	–	–	–	(12,217)	(12,217)
Changes in ownership interests in subsidiaries without change of control *(Note 32(b))*	–	(15,028)	–	(15,028)	9,528	(5,500)
Others	–	24,508	–	24,508	22,253	46,761
Total transactions with owners	–	277,134	(1,408,876)	(1,131,742)	246,483	(885,259)
Balance as at 31 December 2014	6,435,019	10,848,026	18,089,648	35,372,693	795,956	36,168,649

The notes on pages 129 to 239 are an integral part of these financial statements.

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash generated from operations	*40*	**647,643**	803,093
Interest received		**540,246**	347,114
Interest paid		**(757,220)**	(430,770)
Income tax paid		**(83,107)**	(171,816)
Net cash generated from operating activities		**347,562**	547,621
Cash flows from investing activities			
Purchase of property, plant and equipment, land use rights, investment properties and intangible assets		**(3,510,552)**	(1,903,975)
Proceeds from sales of property, plant and equipment and intangible assets		**121,343**	256,598
Acquisition of subsidiaries, net of cash acquired		**25,241**	–
Additional capital injection in joint ventures		**(222,995)**	(784,604)
Additional capital injection in associates		**(6,690)**	(190,292)
Acquisition and set-up of joint ventures		**(58,800)**	(70,646)
Acquisition and set-up of associates		**–**	(287,729)
Disposal of subsidiaries, joint ventures and associates		**53,046**	–
Acquisition of available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss		**(20,484,509)**	(1,024,449)
Disposal of available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss		**19,783,301**	348,811
Granting of entrusted loans		**(665,516)**	(83,300)
Proceeds from repayment of entrusted loans		**72,500**	47,400
Receipt of government grants		**120,764**	329,784
Dividends received		**4,246,999**	3,026,361
(Increase)/decrease in time deposits		**(2,777,424)**	872,763
Decrease in restricted cash		**51,413**	171,540
Net cash (used in)/generated from investing activities		**(3,251,879)**	708,262

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Cash flows from financing activities			
Contribution from non-controlling shareholders of subsidiaries		**248,850**	31,372
Payment of expenses relating to listing and bond issuing		**(13,787)**	(22,481)
Distribution to shareholders of the Company and non-controlling shareholders of subsidiaries		**(1,172,167)**	(538,469)
Proceeds from borrowings		**12,813,604**	6,395,228
Repayments of borrowings		**(12,785,454)**	(2,354,043)
Net cash (used in)/generated from financing activities		**(908,954)**	3,511,607
Net (decrease)/increase in cash and cash equivalents		**(3,813,271)**	4,767,490
Cash and cash equivalents at beginning of the year		**14,083,345**	9,315,874
Exchange losses on cash and cash equivalents		**(1,720)**	(19)
Cash and cash equivalents at end of the year		**10,268,354**	14,083,345

The notes on pages 129 to 239 are an integral part of these financial statements.

1. GENERAL INFORMATION

Guangzhou Automobile Group Co., Ltd. (The "Company") and its subsidiaries (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 People's Republic of China (the "PRC").

The Company was established in June 1997 as a limited liability company in the PRC. In June 2005, the Company underwent a reorganisation and transformed itself into a joint stock limited liability company under the PRC Company Law by converting its registered share capital and reserve as at 30 June 2004 into 3,499,665,555 shares at RMB 1 each. In 2009, the Company issued additional 435,091,902 shares at par value of RMB 1 each to its shareholders. After the capital injection and as at 31 December 2009, the Company's total issued domestic shares were 3,934,757,457.

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

The Company previously held 29% interests in GAC Changfeng Motor Co., Ltd. ("GAC Changfeng", which was listed on the Shanghai Stock Exchange ("SSE")). 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosures

(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	Effective for accounting periods beginning on or after
Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Consolidated financial statements: disclosure of interests in other entities and separate financial statements	1 January 2014
Amendment to HKAS 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendment to HKAS 36	Impairment of non-financial assets – recoverable amount disclosures	1 January 2014
Amendment to HKAS 39	Novation of derivatives	1 January 2014
HK (IFRIC)-Int 21	Levies	1 January 2014

(b) The following amendments to standards have been issued and effective for the financial year beginning 1 January 2016 and have been early adopted by the Group for the financial year beginning 1 January 2014:

Standards	Subject of amendment
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture

The amendments address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) (continued)

The early adoption of the above amendments has an impact on the Group's transactions with joint ventures and associates in 2014. According to the amendments:

(i) Gains and losses resulting from transactions involving assets that do not constitute a business, as defined in HKFRS 3, between an entity (including its consolidated subsidiaries) and its associate or joint venture are recognised in the entity's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture.

(ii) Gains or losses resulting from transactions involving assets that constitute a business, as defined in HKFRS 3, between an entity (including its consolidated subsidiaries) and its associate or joint venture are recognised in full in the entity's consolidated financial statements.

The early adoption of amendments above has following impacts on the Group's consolidated financial statements:

– An increase in the carrying amount of the investments in joint ventures and associates and retained earnings of RMB30,848,000 as at 31 December 2014 respectively;

– An increase in share of profit of joint ventures and associates of RMB30,848,000 for the year ended 31 December 2014;

– An increase in basic earnings per share and diluted earnings per share of RMB0.005 for the year ended 31 December 2014 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

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

Standards	**Subject of amendment**	**Effective for accounting periods beginning on or after**
Amendment to HKAS19 (Amendment)	Defined benefit plans: employee contributions	1 July 2014
Annual improvements 2012	Annual improvements 2010-2012 cycle	1 July 2014
Annual improvements 2013	Annual improvements 2011-2013 cycle	1 July 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to HKFRS 11	Acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Annual improvements 2012-2014 cycle	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The Group has already commenced an assessment of the impact of these new or revised standards and amendments to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

(d) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are 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. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, deducting the accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Associates (continued)

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of joint ventures and associates' in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of comprehensive income.

The Company adopts the cost method to measure the investment in associates, and recognises the investment income in statement of comprehensive income of separate financial statement when associates declared the dividends.

2.4 Joint ventures

The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2013. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Joint ventures (continued)

The Company adopts the cost method to measure the investment in joint ventures, and recognises the investment income in statement of comprehensive income of separate financial statement when joint ventures declared the dividends.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidate statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains/(losses) – net'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

2.7 Land use rights

Land use rights represent upfront payments made for the use of land and are amortised over the unexpired terms of the lease on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property, plant and equipment

Buildings comprise mainly factories and offices. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation of leasehold improvements is calculated using the straight-line method to allocate their costs to their residual value over the shorter of their estimated useful lives and the remaining lease term. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

	Useful lives	Residual rate
– Buildings	20-30 years	0%-10%
– Machinery	5-15 years	0%-10%
– Vehicles	4-12 years	0%-10%
– Moulds	3-5 years	0%-10%
– Office and other equipment	3-20 years	0%-12%
– Leasehold improvements	2-20 years	0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) — net" in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.10 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the companies of the Group, are classified as investment properties. The Group applies cost model for recognition of investment properties.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives of 20 to 50 years with residual value of 0% to 10%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Patent and proprietary technology

Purchased patents and proprietary technology are initially recorded at actual cost and are amortised on a straight-line basis over their useful lives of 5 to 10 years.

(c) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years.

(d) Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on the Group's proprietary brands project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project ranging from 5 to 10 years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during a financial period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amounts are to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the statement of comprehensive income, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2.14 Financial assets

2.14.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial assets (continued)

2.14.1 Classification (continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'time deposits', 'restricted cash' and 'cash and cash equivalents' in the balance sheet (notes 2.18 and 2.19).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(d) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity investments, the whole category would be tainted and reclassified as available for sale. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial assets (continued)

2.14.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to maturity investments are subsequently carried at amortised cost using the effective interest method.

When the fair value of unlisted equity investments recognized as available-for-sale financial investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within 'other gains/(losses) – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of items classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income within 'other gains/(losses) – net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of interest income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of 'other gains/(losses) – net' when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.16 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Impairment of financial assets (continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit/loss line items of consolidated statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the profit/loss line items of consolidated statement of comprehensive income.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for product warranties granted by the Group for certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

2.26 Employee benefits

(a) Defined contribution employee retirement schemes

The Group participates in the defined contribution employee retirement schemes regarding pension benefits required under existing PRC legislation. The defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS/HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Share-based payment

(a) Cash-settled share-based payment transactions

Employee services received in exchange for cash-settled share-based payments, are recognised at the fair value of the liability incurred and are expensed over the vesting period. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately in the profit/loss line items of the consolidated statement of comprehensive income.

(b) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of products

The Group manufactures and sells a range of passenger vehicles, commercial vehicles, engines and auto parts to its dealers and end customers. Sales of products are recognised when the significant risks and rewards of ownership of the products have been passed to the buyers and the amount of revenue can be measured reliably.

The passenger vehicles are often sold with sales rebates. Sales are recorded based on the price specified in the sales contracts, net of the sales rebates which are calculated periodically.

(b) Rendering of service

Management fee and labour service income are recognised on accrual basis when service is rendered.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivable is recognised using the original effective interest rate.

(d) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) As a lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit/loss line items of the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(b) As a lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.30 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.31 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

Government grants are deducted in reporting the related expenses, when appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department ("Group Finance") under policies approved by the senior management. Group Finance identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group's business mainly operates in the PRC with most of the transactions denominated and settled in RMB, except that certain receivables and payables, cash and cash equivalents and borrowings are denominated in US dollar ("USD"), HK dollar ("HKD"), Japanese yen ("JPY") and European dollar ("EUR") which are exposed to foreign currency translation risk. The Group had not used any financial instrument to hedge the foreign exchange risk.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, post-tax profit would have been approximately RMB 13,099,000 higher/lower (2013: RMB 15,232,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of USD-denominated trade and other receivables, time deposits, cash and cash equivalents, trade and other payables and borrowings.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against HKD with all other variables held constant, post-tax profit would have been approximately RMB 1,741,000 lower/higher (2013: RMB 2,396,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of HKD-denominated trade and other receivables, cash and cash equivalents and trade and other payables.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against JPY with all other variables held constant, post-tax profit would have been approximately RMB 1,848,000 lower/higher (2013: RMB 175,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of JPY-denominated cash and cash equivalents.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against EUR with all other variables held constant, post-tax profit would have been approximately RMB 26,000 lower/higher (2013: RMB 30,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of EUR-denominated cash and cash equivalents.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets other than entrusted loans (included in other receivables), time deposits, restricted cash, and cash and cash equivalents. The maturity terms of these assets, together with the Group's current borrowings, are within 12 months so that there would not be significant interest rate risk for these financial assets and liabilities.

The Group's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2014, the Group's borrowings at variable rates were denominated in RMB. If interest rates on bank borrowings had been 100 basis point higher/lower respectively with all other variables held constant, post-tax profit would have been RMB 12,481,000 (2013: RMB 6,851,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

As at 31 December 2014, approximately RMB 12,645,736,000 (2013: RMB 13,258,486,000) of the Group's borrowings bore interests at fixed rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 27.

The Group had not used any financial instrument to hedge its exposure to interest rate risk.

(b) Credit risk

The carrying amounts of time deposits, cash and cash equivalents, restricted cash, trade and other receivables, available-for-sale investments in debt instruments and held-to-maturity investment included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial risk.

As at 31 December 2014 and 2013, most of the time deposits, restricted cash, and cash and cash equivalent are deposited in state-owned banks and other financial institutions without significant credit risks. Management does not expect any losses from non-performance by these state-owned banks and financial institutions.

The Group generally requires dealers and customers to pay the full amounts in advance, either in cash or by bank acceptance notes with maturity within 6 months, which is accepted and settled by banks, prior to the delivery of the passenger vehicles. In addition to the requirement for advance payment from customers, the Group has policy in place to ensure credit sales are made to customers with an appropriate credit history. Credit terms are approved after credit evaluations/review. Majority of trade receivables are with customers having an appropriate credit history.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Finance maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the Group's time deposits (Note 19) and cash and cash equivalents (Note 21) on the basis of expected cash flow.

The tables below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Group

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2014				
Borrowings	10,148,668	317,048	2,307,800	3,646,753
Trade and other payables (excluding advances from customers, employee benefits payable, other taxes and government grants)	9,193,341	1,151	–	–
As at 31 December 2013				
Borrowings	9,989,856	276,719	2,483,716	3,763,500
Trade and other payables (excluding advances from customers, employee benefits payable, other taxes and government grants)	7,290,465	4,134	–	–

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The Company

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2014				
Borrowings	**6,528,014**	**237,720**	**2,192,020**	**3,610,800**
Trade and other payables (excluding employee benefits payable)	**4,137,915**	**–**	**–**	**–**
As at 31 December 2013				
Borrowings	7,186,080	237,720	2,277,040	3,763,500
Trade and other payables (excluding employee benefits payable)	15,230,700	–	–	–

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include current and non-current borrowings, as shown in the consolidated balance sheet. Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus total borrowings.

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management (continued)

The gearing ratios as at 31 December 2014 and 2013 were as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Total borrowings *(Note 27)*	**14,309,884**	14,171,893
Total equity	**36,168,649**	34,116,196
Total capital	**50,478,533**	48,288,089
Gearing ratio	**28%**	29%

3.3 Fair value estimation

The Group's financial instruments recognised in the balance sheet are mainly loans and receivables and financial liabilities carried at amortised cost. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date, such as estimated discounted cash flows.

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 or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 RMB'000 *Note (a)*	Level 2 RMB'000	Level 3 RMB'000 *Note (b)*	Total RMB'000
Assets				
Available-for-sale financial assets				
– Bond investments	101,374	–	–	101,374
– Fund investments	63,142	–	–	63,142
– Financial products	–	–	198,000	198,000
– Stocks	98,453	–	500,000	598,453
Total assets	262,969	–	698,000	960,969

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

	Level 1 RMB'000 *Note (a)*	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

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(a) The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets included in level 1 held by the Group is the current bid price. Instruments included in level 1 comprise primarily bond investments, fund investments and stocks classified as available-for-sale financial assets.

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

(b) The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Available-for-sale financial assets				
	Stocks	**Financial products**	**Fund investments**	**Trust products**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance	–	590,000	32,477	40,000	662,477
Additions (Note (i))	500,000	18,798,000	–	–	19,298,000
Settlements (Note (i))	–	(19,190,000)	(32,477)	(40,000)	(19,262,477)
Closing balance	500,000	198,000	–	–	698,000
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under "Other gains/(losses) – net"	–	–	–	–	–
Changes in unrealised gains or losses for the year included in profit or loss at the end of the year	–	–	–	–	–

(i) In the Group's consolidated cash flow statement prepared under the China Accounting Standards, considering the reasonableness of the use of the financial statements, the respective amount of acquisition and disposal of available-for-sale financial assets are reported as the average balance of the fund occupied by the purchases and sales of available-for-sale financial assets during the reporting period. In the Group's consolidated cash flow statement prepared under HKFRS, the cash receipts and payments relating to the investment in available-for-sale financial assets are reported as gross.

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(b) The following table presents the changes in level 3 instruments for the year ended 31 December 2014. (continued)

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

Available-for-sale financial assets	Fair value at 31 December 2014 RMB'000	Valuation techniques(s)	Unobservable input	Rang (weighted average)
Financial products	198,000	Discounted cash flow	Expected interest rate per annum	4.15%-4.90%

The stocks in Level 3 represent the Company's investment in preference shares issued by a state-owned commercial bank. The expected dividend yield of the preference shares is 6%.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Current and deferred income taxes

The Group is subject to income taxes and land appreciation taxes ("LAT") over land disposal transactions in the PRC. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. In addition, interpretation of taxation rules and requirements for whether group entities are able to enjoy an LAT exemption under the restructuring arrangement also give rise to uncertain tax positions. These estimates also include significant management judgments about the eventual outcome of the tax review based on the latest information available about the positions expected to be taken by tax authority. Accordingly, significant judgement is required in determining the amounts of current income tax, deferred income taxes and LAT. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Impairment of property, plant and equipment, intangible assets and land use rights

Property, plant and equipment, intangible assets and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, which is in accordance with the accounting policy stated in note 2.11. The recoverable amounts of cash-generated units have been determined based on fair value less costs to sell estimated using the discounted cash flow method. These calculations require the use of estimates.

(d) Impairment of investments in joint ventures and associates

The Group determines at each reporting date whether there is any objective evidence that the investments in the joint ventures and associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and associates and their carrying value. The recoverable amounts of the joint ventures and associates have been determined based on fair-value-less-costs-to-sell estimated using the discounted cash flow method. In arriving at fair-value-less-costs-to-sell, post-tax discount rates of 11.8% to 15% have been applied to the post-tax cash flows expressed in real terms. Fair-value-less-costs-to-sell was determined by estimating cash flows for a period of five years. The cash flow projections are based on financial budgets approved by management covering a five-year periods. These cash flows are then aggregated with a "terminal value". The terminal value represents the value of cash flows beyond the fifth year, incorporating an annual real-term growth rate of three per cent. These calculations require the use of estimates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(d) Impairment of investments in joint ventures and associates (continued)

No impairment charge arose in one joint venture with significant goodwill identified on acquisition during the year 2012 after assessment. If the budgeted revenue used in the fair-value-less-costs-to-sell calculation for this joint venture had been 1% lower than management's estimates at 31 December 2014, the Group would not recognise any impairment of investment. If the estimated post-tax discount rate for the joint venture had been 0.3% higher than management's estimates, the Group would not recognise an impairment against investment.

(e) Warranty provisions

Provisions for product warranties granted by the Group in respect of certain products are recognised based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate.

(f) Impairment of trade and other receivables

The management of the Group assesses whether the trade and other receivables should be impaired at each reporting date based on the accounting policies stated in Note 2.18. The assessment will be made considering the credibility and financial conditions of the customers, as well as the market situations. Even though the management of the Group has made the best estimate about the impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of customers' financial conditions and market situations.

(g) Impairment of inventory

The management of the Group assesses on the net realisable value of inventory at each reporting date based on the accounting policies stated in Note 2.17. The net realisable value is the estimated selling price in the current course of business, less applicable costs, variable selling expenses and tax charges. Even though the management of the Group has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situations.

5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2014 particulars of principal subsidiaries, joint ventures and associates are as follows:

Name	Place of incorporation and operations	Legal status	Principal activities	Particulars of registered capital/ issued share capital	Interest held Direct	Interest held Indirect
Subsidiaries						
Guangzhou Automobile Group Auto Bus Co., Ltd.("GAC Bus") 廣州汽車集團客車有限公司	Mainland China	Limited liability company	Manufacture and sale of automobiles	US$ 49,900,000	50%	50%
Guangzhou Automobile Group Motor Co., Ltd. ("GAC Motor") 廣州汽車集團乘用車有限公司	Mainland China	Limited liability company	Manufacture and sale of automobiles	RMB 4,222,000,000	100%	–
Guangzhou Automobile Group Component Co., Ltd. ("GAC Component") 廣州汽車集團零部件有限公司	Mainland China	Limited liability company	Manufacture and sale of automotive parts	RMB 476,680,000	51%	49%
Guangzhou Automobile Group Business Co., Ltd. ("GAC Bussiness") 廣州汽車集團商貿有限公司	Mainland China	Limited liability company	Trading of automobiles, automotive parts and steel	RMB 1,485,300,000	100%	–
GAC Gonow Co., Ltd. ("GAC Gonow") 廣汽吉奧汽車有限公司	Mainland China	Limited liability company	Manufacture and sale of automobile	RMB 1,260,000,000	51%	–
GAC Capital Co., Ltd. ("GAC Capital") 廣汽資本有限公司	Mainland China	Limited liability company	Investment and investment management	RMB 1,000,000,000	100%	–

5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/ issued share capital	Interest held Direct	Interest held Indirect
Joint ventures					
Guangqi Honda Automobile Co., Ltd. ("Guangqi Honda") 廣汽本田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	US$283,290,000	50%	–
GAC Toyota Motor Co., Ltd. ("GAC Toyota") 廣汽豐田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	US$452,200,000	50%	–
GAC Hino Motors Co., Ltd. ("GAC Hino") 廣汽日野汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB1,720,000,000	50%	–
GAC-SOFINCO Automobile Finance Co., Ltd ("GAC Sofinco") 廣汽匯理汽車金融有限公司	Mainland China	Provide automotive financing services	RMB1,600,000,000	50%	–
GAC FIAT Automobiles Co., Ltd. ("GAC Fiat") 廣汽菲亞特汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB2,400,000,000	50%	–
Wuyang-Honda Motors(Guangzhou) Co., Ltd. ("Wuyang-Honda") 五羊-本田摩托(廣州)有限公司	Mainland China	Manufacture and sale of motorcycle and motorcycle parts	US$49,000,000	50%	–
GAC Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi") 廣汽三菱汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB1,700,000,000	50%	–

5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/ issued share capital	Interest held Direct	Interest held Indirect
Associates					
GAC Toyota Engine Co., Ltd. 廣汽豐田發動機有限公司	Mainland China	Manufacture and sale of automotive parts	US$352,820,000	30%	–
Honda Automobile (China) Co., Ltd. 本田汽車(中國)有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	US$82,000,000	25%	–
Shanghai Hino Engine Co., Ltd. 上海日野發動機有限公司	Mainland China	Manufacture and sale of automotive parts	US$29,980,000	30%	–
Guangzhou TS Automotive Interior Systems Co., Ltd. 廣州提愛思汽車內飾系統有限公司	Mainland China	Manufacture and sale of automotive parts	US$3,860,000	–	48%
Guangzhou Intex Automotive Interior Parts Co., Ltd. 廣州櫻泰汽車飾件有限公司	Mainland China	Manufacture and sale of automotive parts	US$22,500,000	–	25%
Guangzhou Stanley Electric Company Limited 廣州斯坦雷電氣有限公司	Mainland China	Manufacture and sale of automotive parts	US$44,700,000	–	30%
Guangzhou Denso Co., Ltd. 廣州電裝有限公司	Mainland China	Manufacture and sale of automotive parts	US$23,022,409	–	40%

6. SEGMENT INFORMATION

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

The executive directors considered the nature of the Group's business and determined that the Group has two reportable operating segments as follows:

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

Others mainly comprise production and sale of motorcycles, automobile finance and insurance, and investing business.

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

6. SEGMENT INFORMATION (continued)

The segment results for the year ended 31 December 2014 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total gross segment revenue	21,583,476	857,275	(64,817)		22,375,934
Inter-segment revenue	(30,755)	(34,062)	64,817		–
Revenue (from external customers)	21,552,721	823,213	–		22,375,934
Segment results	(608,297)	(18,050)	(34,980)		(661,327)
Unallocated income – Headquarters interest income				296,421	296,421
Unallocated costs – Headquarters expenditure				(139,319)	(139,319)
Operating loss					(504,225)
Finance costs	(257,806)	(12,573)	–	(475,031)	(745,410)
Interest income	46,650	2,075	–	72,210	120,935
Share of profit of joint ventures and associates	3,966,251	214,962	–	–	4,181,213
Profit before income tax					3,052,513
Income tax (expense)/credit	(138,511)	20,403	–	(7,986)	(126,094)
Profit for the year					2,926,419
Other segment items					
Depreciation and amortisation	1,149,247	16,227	–	50,156	1,215,630
Provision for impairment loss of trade and other receivables	31,189	740	–	–	31,929
Impairment of inventories	44,945	–	–	–	44,945
Impairment charges of property, plant and equipment	28,005	–	–	–	28,005
Impairment charges of intangible asset	12,307	–	–	–	12,307

6. SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 31 December 2014 and additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) for the year then ended are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total assets	40,237,161	4,523,232	(1,041,437)	18,652,827	62,371,783
Total assets include:					
Investments in joint ventures and associates	16,764,459	1,928,397	–	–	18,692,856
Total liabilities	14,102,049	1,488,739	(971,456)	11,583,802	26,203,134
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	3,126,097	213,029	–	–	3,339,126

6. SEGMENT INFORMATION (continued)

The segment results for the year ended 31 December 2013 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total gross segment revenue	18,146,617	748,983	(71,401)		18,824,199
Inter-segment revenue	(22,727)	(48,674)	71,401		–
Revenue (from external customers)	18,123,890	700,309	–		18,824,199
Segment results	(783,607)	(73,257)	(57,922)		(914,786)
Unallocated income – Headquarters interest income				343,215	343,215
Unallocated costs – Headquarters expenditure				(276,927)	(276,927)
Operating loss					(848,498)
Finance costs	(193,122)	(5,922)	–	(446,261)	(645,305)
Interest income	34,411	1,737	–	66,597	102,745
Share of profit of joint ventures and associates	3,824,022	196,328	–	–	4,020,350
Profit before income tax					2,629,292
Income tax (expense)/credit	(92,032)	16,363	–	(25,115)	(100,784)
Profit for the year					2,528,508
Other segment items					
Depreciation and amortisation	920,326	8,308	–	22,182	950,816
Provision for/(reversal of) impairment loss of trade and other receivables	34,749	115	–	(2,193)	32,671
Impairment of inventories	44,884	–	–	–	44,884
Impairment charges of property, plant and equipment	2,729	–	–	–	2,729

6. SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 31 December 2013 and additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) for the year then ended are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total assets	35,022,645	3,512,778	(853,804)	20,161,662	57,843,281
Total assets include:					
Investments in joint ventures and associates	16,607,675	1,816,871	–	–	18,424,546
Total liabilities	11,874,456	551,172	(853,804)	12,155,261	23,727,085
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	1,388,095	783,012	–	–	2,171,107

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

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Total segment assets	**43,718,956**	37,681,619
Unallocated assets:		
– Cash and bank balance and other assets of headquarters	**18,652,827**	20,161,662
Total assets	**62,371,783**	57,843,281

6. SEGMENT INFORMATION (continued)

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

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Total segment liabilities	**14,619,332**	11,571,824
Unallocated liabilities:		
– Borrowings and other liabilities of headquarters	**11,583,802**	12,155,261
Total liabilities	**26,203,134**	23,727,085

Revenue from external customers by geographical location is as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Mainland China	**22,373,227**	18,822,022
Hong Kong	**2,707**	2,177
	22,375,934	18,824,199

6. SEGMENT INFORMATION (continued)

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

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Mainland China	**33,843,624**	30,498,430
Hong Kong	**93,283**	99,351
	33,936,907	30,597,781

Analysis of revenue by category:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Sales of products	**21,738,481**	18,313,879
Rendering of services	**364,732**	273,617
Others	**272,721**	236,703
	22,375,934	18,824,199

7. LAND USE RIGHTS

Land use rights represent the Group's interests in land which are held on leases between 15 to 50 years. Movements of the land use rights for the year are as follows:

The Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year		
Cost	**1,277,710**	1,169,876
Accumulated amortisation and impairment	**(126,907)**	(105,295)
Net book amount	**1,150,803**	1,064,581
For the year ended		
Opening net book amount	**1,150,803**	1,064,581
Additions	**349,449**	107,834
Acquisition of subsidiaries	**144,577**	–
Transferred to investment properties *(Note 9)*	**(13,650)**	–
Transferred to non-current assets held for sale *(Note 22)*	**(95,922)**	–
Amortization charge *(Note 30)*	**(33,865)**	(21,612)
Closing net book amount	**1,501,392**	1,150,803
End of the year		
Cost	**1,660,163**	1,277,710
Accumulated amortisation and impairment	**(158,771)**	(126,907)
Net book amount	**1,501,392**	1,150,803

7. LAND USE RIGHTS (continued)

The Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year		
Cost	**122,850**	119,146
Accumulated amortisation	**(1,080)**	–
Net book amount	**121,770**	119,146
For the year ended		
Opening net book amount	**121,770**	119,146
Additions	**–**	3,704
Amortisation charge	**(2,590)**	(1,080)
Closing net book amount	**119,180**	121,770
End of the year		
Cost	**122,850**	122,850
Accumulated amortisation	**(3,670)**	(1,080)
Net book amount	**119,180**	121,770

(a) The amount of amortisation of the Group was primarily charged to cost of sales and administrative expenses in the consolidated statement of comprehensive income.

(b) As at 31 December 2014, certain bank borrowings (Note 27(a)) and notes payable were secured by the Group's land use rights with the carrying value of approximately RMB 150,653,000 (2013: RMB 202,729,000) and RMB 17,250,000 respectively.

7. LAND USE RIGHTS (continued)

(c) The Group's interests in land use rights at their net book values are analysed as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
In Mainland China, held on:		
Leases of between 10 and 50 years	**1,478,418**	1,125,048
In Hong Kong, held on:		
Leases of between 10 and 50 years	**22,974**	25,755
	1,501,392	1,150,803

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
In Mainland China, held on:		
Leases of between 10 and 50 years	**119,180**	121,770

8. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2013								
Opening net book amount	2,237,240	1,433,057	247,793	301,788	80,688	195,108	1,431,742	5,927,416
Additions	1,427,558	111,635	145,383	90,867	34,131	146,967	834,110	2,790,651
Disposals	(10,942)	(14,196)	(41,286)	(210)	(1,756)	–	(20,510)	(88,900)
Disposal of a project *(Note 32(a))*	–	(20,621)	–	–	–	–	(596,579)	(617,200)
Transfer to investment properties *(Note 9)*	(17,375)	–	–	–	–	–	(99,260)	(116,635)
Transfers	852,378	61,755	118	151,408	11,397	–	(1,077,056)	–
Depreciation charge *(Note 30)*	(122,627)	(181,178)	(74,651)	(86,711)	(25,411)	(35,760)	–	(526,338)
Impairment charge	(97)	(1,542)	(875)	–	(215)	–	–	(2,729)
Closing net book amount	4,366,135	1,388,910	276,482	457,142	98,834	306,315	472,447	7,366,265
As at 31 December 2013								
Cost	4,739,080	1,964,541	495,723	633,579	212,131	411,947	472,447	8,929,448
Accumulated depreciation and impairment	(372,945)	(575,631)	(219,241)	(176,437)	(113,297)	(105,632)	–	(1,563,183)
Net book amount	4,366,135	1,388,910	276,482	457,142	98,834	306,315	472,447	7,366,265
Year ended 31 December 2014								
Opening net book amount	4,366,135	1,388,910	276,482	457,142	98,834	306,315	472,447	7,366,265
Additions	55,907	228,029	81,479	204,232	27,700	46,714	1,298,491	1,942,552
Acquisition of subsidiaries	98,988	36,368	6,121	12,636	589	–	–	154,702
Disposals	–	(3,808)	(21,007)	–	(636)	–	–	(25,451)
Transfer to investment properties *(Note 9)*	(191,234)	–	–	–	–	–	–	(191,234)
Transfers	734,571	692,774	1,411	23,908	3,656	(62,694)	(1,393,626)	–
Depreciation charge *(Note 30)*	(181,998)	(218,323)	(83,125)	(118,650)	(34,536)	(46,316)	–	(682,948)
Impairment charge	–	(23,722)	(340)	(3,943)	–	–	–	(28,005)
Closing net book amount	4,882,369	2,100,228	261,021	575,325	95,607	244,019	377,312	8,535,881
As at 31 December 2014								
Cost	5,412,989	2,900,518	513,312	872,392	240,226	395,967	377,312	10,712,716
Accumulated depreciation and impairment	(530,620)	(800,290)	(252,291)	(297,067)	(144,619)	(151,948)	–	(2,176,835)
Net book amount	4,882,369	2,100,228	261,021	575,325	95,607	244,019	377,312	8,535,881

8. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2013						
Opening net book amount	401,120	65,814	8,437	15,855	806,401	1,297,627
Additions	1,398,519	44,882	389	10,948	224,517	1,679,255
Disposals	–	(2,227)	(118)	(57)	–	(2,402)
Transfer to investment properties *(Note 9)*	–	–	–	–	(467,790)	(467,790)
Transfers	440,916	32,052	–	–	(472,968)	–
Depreciation charge	(28,598)	(10,363)	(3,710)	(5,446)	–	(48,117)
Closing net book amount	2,211,957	130,158	4,998	21,300	90,160	2,458,573
As at 31 December 2013						
Cost	2,241,460	155,188	30,912	43,953	90,160	2,561,673
Accumulated depreciation	(29,503)	(25,030)	(25,914)	(22,653)	–	(103,100)
Net book amount	2,211,957	130,158	4,998	21,300	90,160	2,458,573
Year ended 31 December 2014						
Opening net book amount	2,211,957	130,158	4,998	21,300	90,160	2,458,573
Additions	19,824	52,274	410	16,272	23,869	112,649
Disposals	–	(87)	(218)	(14)	–	(319)
Transfer to investment properties *(Note 9)*	(151,329)	–	–	–	–	(151,329)
Transfers	–	94,064	–	–	(94,064)	–
Depreciation charge	(65,376)	(21,006)	(2,494)	(6,894)	–	(95,770)
Closing net book amount	2,015,076	255,403	2,696	30,664	19,965	2,323,804
As at 31 December 2014						
Cost	2,107,971	301,362	30,714	60,072	19,965	2,520,084
Accumulated depreciation	(92,895)	(45,959)	(28,018)	(29,408)	–	(196,280)
Net book amount	2,015,076	255,403	2,696	30,664	19,965	2,323,804

8. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Depreciation expenses of the Group have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cost of sales	**522,860**	433,951
Selling and distribution costs	**17,523**	11,007
Administrative expenses	**142,565**	81,380
	682,948	526,338

(b) As at 31 December 2014, certain bank borrowings (Note 27(a)) and notes payable were secured by the Group's property, plant and equipment with the carrying value of approximately RMB 207,125,000 (2013: RMB 124,524,000) and RMB 13,179,000 respectively.

(c) As at 31 December 2014, the Group is in the process of applying for the title certificates of certain of its properties with an aggregate carrying value of approximately RMB 2,243,159,000 (2013: RMB 1,299,257,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

(d) During the year, the Group capitalised borrowing costs amounting to RMB 21,119,000 (2013: RMB 22,760,000) on qualifying assets (construction in progress). Borrowing costs were capitalised at the weighted average rate of its general borrowings of 6.12% (2013: 5.61%).

9. INVESTMENT PROPERTIES

The Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year		
Cost	**170,492**	48,845
Accumulated depreciation	**(27,018)**	(18,265)
Net book amount	**143,474**	30,580
For the year ended		
Opening net book amount	**143,474**	30,580
Additions	**1,525**	–
Transfer from land use rights *(Note 7)*	**13,650**	–
Transfer from property, plant and equipment *(Note 8)*	**191,234**	116,635
Depreciation charge *(Note 30)*	**(7,651)**	(3,741)
Closing net book amount	**342,232**	143,474
End of the year		
Cost	**400,157**	170,492
Accumulated depreciation	**(57,925)**	(27,018)
Net book amount	**342,232**	143,474

9. INVESTMENT PROPERTIES (continued)

The Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year		
Cost	**467,790**	–
Accumulated depreciation	**(5,520)**	–
Net book amount	**462,270**	–
For the year ended		
Opening net book amount	**462,270**	–
Addictions	**7,185**	–
Transfer from property, plant and equipment *(Note 8)*	**151,329**	467,790
Depreciation charge	**(13,069)**	(5,520)
Closing net book amount	**607,715**	462,270
End of the year		
Cost	**628,288**	467,790
Accumulated depreciation	**(20,573)**	(5,520)
Net book amount	**607,715**	462,270

(a) The Group's investment properties at their net book values are analysed as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Mainland China	**325,915**	127,103
Hong Kong	**16,317**	16,371
	342,232	143,474

The Company's investment properties were all located in Mainland China.

10. INTANGIBLE ASSETS

The Group

	Patent and proprietary technology RMB'000	Computer software RMB'000	Goodwill RMB'000	Development costs RMB'000	Total RMB'000
Year ended 31 December 2013					
Opening net book amount	774,129	64,252	328,436	1,909,675	3,076,492
Additions	542	19,258	–	723,977	743,777
Amortisation charge *(Note 30)*	(75,628)	(14,781)	–	(308,716)	(399,125)
Disposal of a passenger vehicle project *(Note 32(a))*	–	–	–	(337,514)	(337,514)
Closing net book amount	699,043	68,729	328,436	1,987,422	3,083,630
As at 31 December 2013					
Cost	947,275	117,081	328,436	2,525,157	3,917,949
Accumulated amortisation	(248,232)	(48,352)	–	(537,735)	(834,319)
Net book amount	699,043	68,729	328,436	1,987,422	3,083,630
Year ended 31 December 2014					
Opening net book amount	699,043	68,729	328,436	1,987,422	3,083,630
Additions	68,246	54,646	–	1,294,121	1,417,013
Acquisition of subsidiaries	347	3	–	–	350
Amortisation charge *(Note 30)*	(72,006)	(19,434)	–	(399,726)	(491,166)
Impairment charge	(12,307)	–	–	–	(12,307)
Disposal	(264)	–	–	–	(264)
Closing net book amount	683,059	103,944	328,436	2,881,817	3,997,256
As at 31 December 2014					
Cost	1,015,604	171,730	328,436	3,819,278	5,335,048
Accumulated amortisation	(332,545)	(67,786)	–	(937,461)	(1,337,792)
Net book amount	683,059	103,944	328,436	2,881,817	3,997,256

10. INTANGIBLE ASSETS (continued)

The Company

	Patent and proprietary technology RMB'000	Computer software RMB'000	Development costs RMB'000	Total RMB'000
Year ended 31 December 2013				
Opening net book amount	640,249	22,407	1,170,405	1,833,061
Additions	–	7,038	430,003	437,041
Amortisation charge	(56,289)	(8,000)	(229,427)	(293,716)
Decrease due to other reasons	–	–	(54,098)	(54,098)
Disposals	(33,910)	–	(32,597)	(66,507)
Closing net book amount	550,050	21,445	1,284,286	1,855,781
As at 31 December 2013				
Cost	730,835	52,069	1,739,551	2,522,455
Accumulated amortisation	(180,785)	(30,624)	(455,265)	(666,674)
Net book amount	550,050	21,445	1,284,286	1,855,781
Year ended 31 December 2014				
Opening net book amount	550,050	21,445	1,284,286	1,855,781
Additions	68,234	25,740	823,225	917,199
Amortisation charge	(70,983)	(9,674)	(241,388)	(322,045)
Disposals	–	–	(26,728)	(26,728)
Closing net book amount	547,301	37,511	1,839,395	2,424,207
As at 31 December 2014				
Cost	799,069	77,809	2,536,048	3,412,926
Accumulated amortisation	(251,768)	(40,298)	(696,653)	(988,719)
Net book amount	547,301	37,511	1,839,395	2,424,207

(a) Amortisation of the Group's intangible assets mainly charged to cost of sales and administrative expenses.

10. INTANGIBLE ASSETS (continued)

(b) Goodwill arose from acquisition of businesses:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Business acquired by GAC Gonow *(i)*	**201,337**	201,337
Denway	**90,299**	90,299
Others	**36,800**	36,800
	328,436	328,436

Goodwill is allocated to the passenger vehicles and related operations and auto parts segment, which is operated in Mainland China. Impairment testing is performed at each year end, and there was no material impairment for goodwill as at year end.

(i) The recoverable amount of GAC Gonow has been assessed by reference to fair value less costs to sell, using discounted cash flows, in line with the policy in note 2.11(a).

In arriving at fair value less costs to sell, a post-tax discount rate of 12% has been applied to the post-tax cash flows expressed in real terms. Fair value less costs to sell was determined by estimating cash flows for a period of 5 years. The cash flow projections are based on financial budgets approved by management covering a five-year periods. These cash flows are then aggregated with a "terminal value". The terminal value represents the value of cash flows beyond the fifth year, incorporating an annual real-term growth rate of three per cent.

11. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted investment, at cost *(Note (a))*	**28,707,893**	26,859,918
Less: provision for impairment *(Note (b))*	**(14,730,452)**	(623,412)
	13,977,441	26,236,506

(a) Additions in investments in subsidiaries mainly represent the Company's additional capital injection of RMB 635,500,000 and RMB 1,022,000,000 in GAC Business and GAC Motor respectively.

(b) In 2014, Denway declared a dividend of RMB 13,954,121,000 to the Company, resulting in a significant reduction in its net assets. Accordingly, the Company made an impairment provision of RMB 14,023,198,000 for its investment in Denway, which was calculated as the difference between the recoverable amount of the investment and its carrying value.

(c) Particulars of the Group's principal subsidiaries are set out in Note 5.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group

The amounts recognised in the balance sheet are as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Investments in joint ventures	**13,424,452**	13,200,531
Investments in associates	**5,268,404**	5,224,015
	18,692,856	18,424,546

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Share of profit of joint ventures	**3,213,104**	3,100,223
Share of profit of associates	**968,109**	920,127
	4,181,213	4,020,350

The Company

The amounts recognised in the balance sheet are as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Investments in joint ventures	**11,412,672**	11,143,873
Investments in associates	**1,072,665**	1,085,164
	12,485,337	12,229,037

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

12.1 Investments in Joint Ventures

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Investment in unlisted shares	**13,424,452**	13,200,531

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Investment in unlisted shares	**11,959,167**	11,690,368
Less: provision for impairment	**(546,495)**	(546,495)
	11,412,672	11,143,873

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

The Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**13,200,531**	12,313,895
Additions *(Note (i))*	**280,513**	827,600
Share of profits	**3,130,271**	3,136,213
Dividends received	**(3,132,961)**	(3,077,177)
Disposals	**(53,902)**	–
End of the year	**13,424,452**	13,200,531

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

12.1 Investments in Joint Ventures (continued)

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

The Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**11,143,873**	7,366,568
Additions *(Note (i))*	**268,799**	3,777,305
End of the year	**11,412,672**	11,143,873

(i) In 2014, the Company entered into an agreement with BYD Automobile Co., Ltd. to establish a new joint venture with registered capital of RMB 300,000,000. As at 31 December 2014, the Company has contributed capital of RMB58,800,000.

In addition, the Company contributed additional capital of RMB 110,000,000 and RMB 100,000,000 to GAC Hino and GAC Zhongxing (Yichang) Automobile Co., Ltd. respectively in proportion to its interest held.

(b) Set out below are the joint ventures of the Group as at 31 December 2014, which in the opinion of the directors, are material to the Group. The joint ventures as listed below are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Name of joint ventures	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Guangqi Honda	Mainland China	50	*Note 1*	Equity
GAC Toyota	Mainland China	50	*Note 1*	Equity
GAC Fiat	Mainland China	50	*Note 1*	Equity
GAC Mitsubishi	Mainland China	50	*Note 1*	Equity
GAC Hino	Mainland China	50	*Note 1*	Equity
GAC Sofinco	Mainland China	50	*Note 1*	Equity
Wuyang-Honda	Mainland China	50	*Note 1*	Equity

Note 1: Guangqi Honda, GAC Toyota, GAC Fiat, GAC Mitsubishi, GAC Hino are companies manufacturing and selling of 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.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

12.1 Investments in Joint Ventures (continued)

(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.

Summarised balance sheet

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Assets		
Non-current assets	**26,490,675**	24,769,987
Current assets		
– Cash and cash equivalents	**15,521,723**	17,203,187
– Other current assets	**46,339,877**	37,500,378
	61,861,600	54,703,565
Total assets	**88,352,275**	79,473,552
Liabilities		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	**6,564,689**	4,450,020
– Other non-current liabilities (including trade and other payables)	**2,011,747**	1,667,281
	8,576,436	6,117,301
Current liabilities		
– Financial liabilities (excluding trade and other payables)	**15,976,893**	15,080,345
– Other current liabilities (including trade and other payables)	**42,636,068**	37,505,715
	58,612,961	52,586,060
Total liabilities	**67,189,397**	58,703,361
Net assets	**21,162,878**	20,770,191
Less: Non-controlling interests	**(17,593)**	(16,528)
	21,145,285	20,753,663

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

12.1 Investments in Joint Ventures (continued)

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

Summarised statement of comprehensive income

	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue	**140,472,444**	131,999,726
Cost of sales	**(118,596,075)**	(100,949,654)
Other expenditures	**(15,732,879)**	(24,824,593)
Profit after tax	**6,143,490**	6,225,479
Add: losses shared by non-controlling interests	**2,734**	11,082
	6,146,224	6,236,561
Other comprehensive income	**–**	–
Total comprehensive income	**6,146,224**	6,236,561

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.

Set out below are the assets, liabilities, revenue and dividends of the material joint ventures of the Group:

Name of joint ventures	Assets As at 31 December 2014 RMB'000	2013 RMB'000	Liabilities As at 31 December 2014 RMB'000	2013 RMB'000	Revenue Year ended 31 December 2014 RMB'000	2013 RMB'000	Dividends received Year ended 31 December 2014 RMB'000	2013 RMB'000
Guangqi Honda	**27,059,753**	24,537,171	**20,130,422**	17,772,569	**59,808,971**	58,437,275	**1,543,778**	995,971
GAC Toyota	**18,208,011**	18,016,291	**10,889,619**	11,004,725	**53,878,955**	52,386,212	**1,828,607**	1,373,544
GAC Fiat	**7,217,416**	6,694,592	**6,710,946**	5,471,290	**6,814,164**	5,051,751	**–**	–
GAC Mitsubishi	**6,041,169**	5,305,280	**4,674,263**	4,139,548	**7,478,000**	5,909,444	**–**	–
GAC Hino	**1,576,808**	1,829,243	**1,302,168**	1,679,640	**1,121,197**	1,477,074	**–**	–
GAC Sofinco	**20,435,930**	16,296,426	**18,412,622**	14,544,224	**1,677,100**	1,032,554	**–**	–
Wuyang-Honda	**3,067,617**	2,719,306	**1,822,247**	1,522,626	**5,724,800**	5,527,654	**78,210**	112,830
Total	**83,606,704**	75,398,309	**63,942,287**	56,134,622	**136,503,187**	129,821,964	**3,450,595**	2,482,345

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

12.1 Investments in Joint Ventures (continued)

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

Reconciliation of share of the net assets to the carrying amount of the Group's interests in the material joint ventures:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Assets	**83,606,704**	75,398,309
Less: Liabilities	**(63,942,287)**	(56,134,622)
Non-controlling interests	**(17,593)**	(16,527)
Net assets excluding non-controlling interests	**19,646,824**	19,247,160
% of ownership interest	**50%**	50%
Interests in material joint ventures	**9,823,412**	9,623,580
Goodwill	**2,916,552**	2,916,552
– GAC Mitsubishi	**2,895,293**	2,895,293
– Wuyang-Honda	**21,259**	21,259
Carrying amount of investments in material joint ventures	**12,739,964**	12,540,132

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

12.2 Investments in Associates

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted companies	**5,268,404**	5,224,015

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted companies	**1,072,665**	1,085,164

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

The Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**5,224,015**	4,568,056
Additions	**14,481**	507,587
Disposals	**(151,295)**	(216,664)
Share of profits	**966,161**	920,127
Dividends received	**(784,958)**	(555,091)
End of the year	**5,268,404**	5,224,015

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

12.2 Investments in Associates (continued)

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

The Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**1,085,164**	967,388
Additions	**–**	117,776
Disposals	**(12,499)**	–
End of the year	**1,072,665**	1,085,164

(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:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Associates		
Profit from continuing operations	**968,109**	920,127
Other comprehensive income	**–**	–
Total comprehensive income	**968,109**	920,127

(c) Particulars of the Group's principal associates are set out in Note 5.

13. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Loans and receivables		
– Trade and other receivables		
(excluding prepayments and VAT recoverable) *(Note 18 and Note 16)*	**5,089,673**	4,168,711
– Time deposits *(Note 19)*	**7,422,367**	4,665,056
– Restricted cash *(Note 20)*	**674,180**	291,173
– Cash and cash equivalents *(Note 21)*	**10,268,354**	14,083,345
Financial assets at fair value through the profit and loss	**–**	2,562
Held-to-maturity investments	**189,639**	72,187
Available-for-sale financial assets *(Note 15)*	**1,127,576**	840,411
	24,771,789	24,123,445

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Financial liabilities at amortised cost		
– Trade and other payables (excluding advances from customers, employee benefits payable, other taxes and government grants) *(Note 26)*	**9,194,492**	7,294,599
– Borrowings *(Note 27)*	**14,309,884**	14,171,893
Total	**23,504,376**	21,466,492

13. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Loans and receivables		
– Trade and other receivables (excluding prepayments) *(Note 18)*	**2,782,183**	2,874,851
– Time deposits *(Note 19)*	**4,890,000**	3,630,000
– Restricted cash *(Note 20)*	**–**	51,413
– Cash and cash equivalents *(Note 21)*	**5,828,658**	6,436,821
Total	**13,500,841**	12,993,085

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Financial liabilities at amortised cost		
– Trade and other payables (excluding employee benefits payable) *(Note 26)*	**4,137,915**	15,230,700
– Borrowings *(Note 27)*	**10,556,631**	11,250,525
Total	**14,694,546**	26,481,225

14. DEFERRED INCOME TAX

(a) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts are as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Deferred tax assets:		
– to be recovered after more than 12 months	**228,042**	230,249
– to be recovered within 12 months	**253,369**	299,338
	481,411	529,587
Deferred tax liabilities:		
– to be settled after more than 12 months	**(33,561)**	(3,066)
– to be settled within 12 months	**(1,321)**	(18,273)
	(34,882)	(21,339)
Deferred tax assets – net	**446,529**	508,248

(b) The net movements on the deferred income tax account are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**508,248**	551,299
Tax recognised in consolidated statement of comprehensive income *(Note 35)*	**(31,076)**	(43,612)
Acquisition of GAC Hino (Shenyang) Motor Co., Ltd. ("Shenyang Hino")	**(26,782)**	–
Acquisition of other subsidiaries	**(1,443)**	–
Tax charge relating to components of other comprehensive income	**(2,418)**	561
End of the year	**446,529**	508,248

14. DEFERRED INCOME TAX (continued)

(c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Impairment provision RMB'000	Amortisation of pre-operating expenses RMB'000	Accrued expenses and provisions RMB'000	Tax losses RMB'000	Revaluation of available-for-sale financial assets RMB'000	Total RMB'000
Year ended 31 December 2013						
Opening book amount	19,062	5,047	162,423	381,090	–	567,622
Recognised in the consolidated statement of comprehensive income	2,633	(769)	143,793	(184,232)	–	(38,575)
Tax charge relating to components of other comprehensive income	–	–	–	–	540	540
Closing book amount	21,695	4,278	306,216	196,858	540	529,587
Year ended 31 December 2014						
Opening book amount	21,695	4,278	306,216	196,858	540	529,587
Recognised in the consolidated statement of comprehensive income	13,343	(1,135)	(13,022)	(47,163)	–	(47,977)
Tax charge relating to components of other comprehensive income	–	–	–	–	(199)	(199)
Closing book amount	35,038	3,143	293,194	149,695	341	481,411

14. DEFERRED INCOME TAX (continued)

(c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows: (continued)

Deferred tax liabilities	Accrued bank interest income RMB'000	Accelerated taxation depreciation RMB'000	Revaluation of available-for-sale financial assets RMB'000	Fair value gains RMB'000	Total RMB'000
Year ended 31 December 2013					
Opening book amount	(13,436)	–	(21)	(2,866)	(16,323)
Recognised in the consolidated statement of comprehensive income	(4,837)	–	–	(200)	(5,037)
Tax charge relating to components of other comprehensive income	–	–	21	–	21
Closing book amount	(18,273)	–	–	(3,066)	(21,339)
Year ended 31 December 2014					
Opening book amount	(18,273)	–	–	(3,066)	(21,339)
Acquisition of Shenyang Hino	–	–	–	(26,782)	(26,782)
Acquisition of other subsidiaries	–	–	–	(1,443)	(1,443)
Recognised in the consolidated statement of comprehensive income	16,952	(552)	–	501	16,901
Tax charge relating to components of other comprehensive income	–	–	(2,219)	–	(2,219)
Closing book amount	(1,321)	(552)	(2,219)	(30,790)	(34,882)

(d) In accordance with the PRC tax law, tax losses may be carried forward against future taxable income for a period of five years. As at 31 December 2014, the Group did not recognise deferred tax assets in respect of losses amounting to RMB 5,518,282,000 (2013: RMB 4,185,365,000), as it is uncertain that future taxable profit will be available against which the tax losses can be utilised. These tax losses will expire between 2015 and 2019.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted equity investment at cost	**166,607**	–
Other investment at fair value	**960,969**	840,411
	1,127,576	840,411
Less: non-current portion	**(899,626)**	(152,228)
Current portion	**227,950**	688,183

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted equity investment at cost	**43,000**	–
Other investment at fair value	**500,000**	–
	543,000	–
Less: non-current portion	**(543,000)**	–
Current portion	**–**	–

Available-for-sale financial assets measured at cost are equity investment, where the Group and the Company do not have control, joint control or significant influence over the investee.

Available-for-sale financial assets measured at fair value are bonds, funds, financial products and stocks in which the Group invested (Note 3.3). All available-for-sale financial assets are denominated in RMB.

The maximum exposure to credit risk at the reporting date is the carrying value of available-for-sale financial assets.

None of these financial assets is either past due or impaired.

16. PREPAYMENTS AND LONG-TERM RECEIVABLES

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Consideration receivable for transfer of equity investment	**–**	165,046
Other prepayments	**602,655**	214,017
Loans and other receivables	**264,635**	50,000
	867,290	429,063

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Prepayments for purchase of intangible assets	**2,395**	–
Others	**–**	38,068
	2,395	38,068

17. INVENTORIES

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials and consumables	**638,436**	516,118
Work-in-progress	**149,875**	55,323
Finished goods and merchandise	**1,984,353**	1,542,432
	2,772,664	2,113,873
Less: provision for impairment	**(112,095)**	(77,513)
	2,660,569	2,036,360

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials and consumables	**21,428**	5,526
Work-in-progress	**–**	55,476
	21,428	61,002

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB 16,665,375,000 (2013: RMB 14,331,612,000).

As at 31 December 2014, certain bank borrowings (Note 27(a)) and notes payable were secured by the Group's inventories with the carrying value of approximately RMB 373,645,000 (2013: RMB 189,541,000) and RMB 165,102,000 respectively.

18. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**1,208,870**	1,167,049
Less: provision for impairment	**(149,576)**	(142,431)
Trade receivables – net	**1,059,294**	1,024,618
Notes receivable	**290,059**	262,071
Interest receivable	**82,320**	183,953
Consideration receivable for transfer of equity investment	**174,949**	–
Entrusted loans to related parties *(Note (f) and Note 42(b))*	**705,516**	112,500
Value added tax recoverable	**379,140**	286,903
Prepayments	**310,680**	484,251
Dividends receivable *(Note 42(b))*	**1,259,157**	1,588,237
Other receivables *(Note (e))*	**1,253,743**	782,286
	5,514,858	4,724,819

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**187,221**	156,942
Less: provision for impairment	**(70,322)**	(70,322)
Trade receivables – net	**116,899**	86,620
Prepayments	**17,982**	3,614
Dividends receivable *(Note 42(b))*	**1,515,787**	1,821,533
Other receivables *(Note (e))*	**182,270**	127,588
Entrusted loans to related parties *(Note (f) and Note 42(b))*	**955,565**	832,500
Receivables from subsidiaries *(Note (g) and Note 42(b))*	**11,662**	6,610
	2,800,165	2,878,465

18. TRADE AND OTHER RECEIVABLES (continued)

(a) Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 2 to 170 days. As at 31 December 2014 and 2013, ageing analysis of trade receivables at respective balance sheet dates is as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 3 months	**793,388**	783,626
Between 3 months and 1 year	**189,692**	176,372
Between 1 and 2 years	**62,050**	58,743
Between 2 and 3 years	**26,400**	17,914
Over 3 years	**137,340**	130,394
	1,208,870	1,167,049

As at 31 December 2014, most of the trade receivables overdue by more than 1 year were impaired and provided for. The individually impaired receivables were mainly related to customers of the Group with long outstanding balances which arose prior to the conversion of the Company into a joint stock limited liability company.

(b) As at 31 December 2014, trade receivables of RMB 2,102,000 (2013: RMB 2,473,000) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**2,102**	2,473

18. TRADE AND OTHER RECEIVABLES (continued)

(c) As at 31 December 2014, trade receivables of RMB 416,981,000 (2013: RMB 389,904,000) were impaired and provided for. The amount of the provision was RMB 149,576,000 (2013: RMB 142,431,000). The individually impaired receivables were mainly related to customers, with unexpected difficult economic situations. It was assessed that only a portion of these receivables is expected to be recovered. The ageing of these trade receivables is as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**191,191**	182,853
Between 1 and 2 years	**62,050**	58,743
Between 2 and 3 years	**26,400**	17,914
Over 3 years	**137,340**	130,394
	416,981	389,904

Movements of the provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**142,431**	137,655
Impairment loss for trade receivables	**7,340**	4,900
Receivables written-off	**(195)**	(124)
End of the year	**149,576**	142,431

The creation and release of provision for impaired receivables have been included in "selling and distribution costs" in the consolidated statement of comprehensive income (Note 30). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

18. TRADE AND OTHER RECEIVABLES (continued)

(d) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**5,458,179**	4,515,366
USD	**52,224**	205,946
HKD	**4,455**	3,502
Others	**–**	5
	5,514,858	4,724,819

The carrying amounts of the Company's trade and other receivables are denominated in RMB.

(e) The Group was not aware of any major credit risk on other receivables as the counterparties are either state-owned banks or other financial institutions without significant credit risk, or entities without financial difficulties.

(f) The entrusted loans are mainly lent to related parties through financial institutions, which will be mature in 2015. The effective interest rate as at 31 December 2014 is 6.29% (2013: 5.35%).

(g) The amounts due from subsidiaries are unsecured, interest free, denominated in RMB and repayable on demand.

19. TIME DEPOSITS

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Denominated in:		
– RMB	**7,422,367**	4,616,281
– USD	**–**	48,775
Total	**7,422,367**	4,665,056

The initial term of time deposits was over three months. As at 31 December 2014 and 2013, time deposits of the Company are denominated in RMB.

20. RESTRICTED CASH

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Deposits for letters of credit and bank notes	**258,308**	119,218
Security and other deposits	**270,872**	71,955
Capital guarantee deposits for a subsidiary operating insurance business	**145,000**	100,000
	674,180	291,173

The Company

As at 31 December 2014, the Company has no restricted cash (2013: RMB 51,413,000).

21. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Denominated in:		
– RMB	**9,989,691**	13,395,263
– HKD	**94,766**	104,567
– USD	**133,608**	577,734
– JPY	**49,291**	4,677
– Others	**998**	1,104
	10,268,354	14,083,345

The Company

The Company's cash and cash equivalents denominated in USD amounted to approximately RMB 480,000 (2013: RMB 370,465,000), and the remaining are denominated in RMB.

21. CASH AND CASH EQUIVALENTS (continued)

(a) As at 31 December 2014 and 2013, the Group's cash and cash equivalents, restricted cash (Note 20) and time deposits (Note 19) were deposited in financial institutions without significant credit risk. Detail ratings of these financial institutions, as published by Standard & Poor's, are set out as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
A+	**184,169**	149,478
A-	**5,967,799**	5,800,236
BBB	**3,522,490**	3,608,732
BBB-	**7,606,139**	7,716,157
Others and cash on hand	**1,084,304**	1,764,971
Total	**18,364,901**	19,039,574
Representing		
– Time deposits	**7,422,367**	4,665,056
– Restricted cash	**674,180**	291,173
– Cash and cash equivalents	**10,268,354**	14,083,345
	18,364,901	19,039,574

22. NON-CURRENT ASSETS HELD FOR SALE

The Group and the Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Land use rights *(Note (a))*	**95,922**	–

(a) The land use rights with a book value of RMB 95,922,000 has been presented as held for sale following the approval of the Company's management in 2014 to sell the land use rights to a joint venture. The transaction is expected to complete in 2015.

23. SHARE CAPITAL

	RMB ordinary shares of RMB 1 each		Domestic legal person shares of RMB 1 each		Foreign shares listed outside of mainland China of RMB 1 each		Total	
	Number of shares (thousands)	Ordinary shares RMB'000	Number of shares (thousands)	Ordinary shares RMB'000	Number of shares (thousands)	Ordinary shares RMB'000	Number of shares (thousands)	Ordinary shares RMB'000
As at 31 December 2013 and 2014	286,962	286,962	3,934,757	3,934,757	2,213,300	2,213,300	6,435,019	6,435,019

24. SHARE-BASED PAYMENTS

(a) Cash-settled share-based payments – share appreciation rights

In the extraordinary shareholders' meeting held on 29 February 2012, the shareholders resolved to grant 35,850,000 Share Appreciation Rights ("SARs") to the Company's directors, senior management and key technical and managerial personnel ("Incentive Recipients"). Pursuant to the Scheme, each unit of SAR is notionally linked to one H Share and represents the rights conferred on the relevant Incentive Recipients to receive in cash stipulated earnings from the increase in market value of the relevant H share. However, no H Shares will actually be issued to any Incentive Recipients. The SARs will have an exercise period of five years from the date of grant. Upon the second, third and fourth anniversary of the grant date, each one third of the SARs will become exercisable.

Up to 28 February 2015, the second batch SARs assessment date, 2,826,670 units of SARs have lapsed due to the retirement of certain Incentive Recipients. Meanwhile, as certain performance conditions were not achieved, an accumulative total of 21,073,368 units of SARs were forfeited. The SARs that have not yet become effective amounted to 11,949,962 units.

The Company is of the opinion that the fair value of the SARs is not material to the Group. Accordingly, liabilities for the SARs and related staff costs were not recognised.

24. SHARE-BASED PAYMENTS (continued)

(b) Equity-settled share-based payment – share options

According to the resolution of the extraordinary shareholders' meeting held on 19 September 2014, total 64,348,600 Share Options ("SOs") were granted to 620 individuals, including directors, senior management and selected key employees (the "Recipients"). The grant date is 19 September 2014 ("Grant Date").

The exercise price of SOs is determined at the higher of

(1) the Company's stock closing price one trading day before the announcement of the Share Option Incentive Scheme ("Share Option Scheme"); and

(2) the Company's average stock closing price over 30 trading days before the announcement of the Share Option Scheme.

The exercise price will be adjusted when there is transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc.

Each one third of the options granted to the recipients will become exercisable every year starting two years from the Grant Date, subject to the Group achieving the performance conditions as set out in the Share Option Scheme.

The options have a contractual option term of five years starting from the Grant Date. The Company has no legal or constructive obligation to purchase or settle the SOs in cash.

The weighted average fair value of equity-settled share options granted during the year, as estimated at the date of grant, was RMB 1.836 per option. This was calculated using the Black-Scholes share option pricing model.

The fair value of the Group's share option is determined by using valuation techniques. Changes in assumptions about the factors used in the valuation could affect reported fair value of the share option.

The significant inputs into the model are listed as follow:

Exercise price determined at the grant date	RMB 7.60
Expected option life (years)	4 years
Current share price	RMB 8.39
Estimated volatility of the share price	17.46%
Estimated dividend yields	1.25%
Annual risk-free interest rate during the option life	3.48%

The estimated volatility of share price is calculated based on the statistical analysis of historical volatility of Shanghai mainboard composite index for the period from 20 September 2010 to 19 September 2014.

Up to 31 December 2014, there were no movements in the number of SOs outstanding and their related exercise prices. The total expense recognised in the consolidated statement of comprehensive income for share options granted to the recipients is RMB 14,220,000.

25. RESERVES

The Group

	Share premium RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Available-for-sale investments reserve RMB'000	Employee share option scheme RMB'000	Statutory surplus reserve fund RMB'000 *Note (a)*	Total other reserves RMB'000	Retained earnings RMB'000 *Note (c)*	Total reserves RMB'000
As at 1 January 2013	17,503,791	(8,603,733)	1,599	40	–	1,288,332	10,190,029	14,517,023	24,707,052
Profit for the year	–	–	–	–	–	–	–	2,652,837	2,652,837
Appropriation to reserve fund	–	–	–	–	–	341,795	341,795	(341,795)	–
Distributions	–	–	–	–	–	–	–	(514,802)	(514,802)
Change in value of available-for-sale financial assets	–	–	–	1,112	–	–	1,112	–	1,112
Others	–	29,566	407	–	–	–	29,973	–	29,973
As at 31 December 2013	17,503,791	(8,574,167)	2,006	1,152	–	1,630,127	10,562,909	16,313,263	26,876,172
Profit for the year	–	–	–	–	–	–	–	3,185,261	3,185,261
Appropriation to reserve fund	–	–	–	–	–	250,572	250,572	(250,572)	–
Distributions	–	–	–	–	–	–	–	(1,158,304)	(1,158,304)
Change in value of available-for-sale financial assets	–	–	–	7,983	–	–	7,983	–	7,983
Employee share option scheme	–	–	–	–	14,220	–	14,220	–	14,220
Changes in ownership interests in subsidiaries without change of control	–	(15,028)	–	–	–	–	(15,028)	–	(15,028)
Others	–	24,508	2,862	–	–	–	27,370	–	27,370
As at 31 December 2014	17,503,791	(8,564,687)	4,868	9,135	14,220	1,880,699	10,848,026	18,089,648	28,937,674

25. RESERVES (continued)

The Company

	Share premium RMB'000	Deficit on reorganisation RMB'000 *Note (b)*	Other capital reserve RMB'000	Statutory surplus reserve fund RMB'000 *Note (a)*	Employee share option scheme RMB'000	Total other reserves RMB'000	Retained earnings RMB'000	Total reserves RMB'000
As at 1 January 2013	17,503,791	(1,617,558)	2,506	1,288,332	–	17,177,071	3,418,186	20,595,257
Profit for the year	–	–	–	–	–	–	3,038,265	3,038,265
Appropriation to reserve fund	–	–	–	341,795	–	341,795	(341,795)	–
Distributions	–	–	–	–	–	–	(514,802)	(514,802)
As at 31 December 2013	17,503,791	(1,617,558)	2,506	1,630,127	–	17,518,866	5,599,854	23,118,720
Profit for the year	–	–	–	–	–	–	801,095	801,095
Appropriation to reserve fund	–	–	–	250,572	–	250,572	(250,572)	–
Distributions	–	–	–	–	–	–	(1,158,304)	(1,158,304)
Employee share option scheme	–	–	–	–	14,220	14,220	–	14,220
Others	–	1,617,558	13,745	–	–	1,631,303	–	1,631,303
As at 31 December 2014	17,503,791	–	16,251	1,880,699	14,220	19,414,961	4,992,073	24,407,034

(a) In accordance with the relevant rules and regulations in the PRC, except for Sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory surplus reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory surplus reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

(b) As at the date of reorganisation and formation of the joint stock holding company, retained earnings of the company-only financial statements prepared under generally accepted accounting principles in the PRC ("PRC GAAP") amounted to approximately RMB 1.6 billion, which mainly resulted from the Company's share of results from its subsidiaries, associates and joint ventures using equity method. On the conversion of the Company to a joint stock holding company, retained earnings of RMB 1.6 billion under PRC GAAP were converted into share capital. Under HKFRS, the results of these investee companies were accounted for using cost method in the company-only financial statements and there were no such retained earnings in the company-only financial statements available to be utilised. Such amount was therefore charged to the capital reserve account of the Company. Considering the nature of this deficit balance, the Company will transfer dividends declared by the investees which relate to the profits generated before the reorganisation and formation of the joint stock holding company, to capital reserve, to the extent that the deficit balance becomes zero. In 2014, Denway declared a dividend of RMB 13,954,121,000 to the Company, which included the aforesaid profits generated before the reorganisation and formation of the joint stock holding company. The deficit balance of approximately RMB 1.6 billion was fully recovered.

(c) As at 31 December 2014, consolidated retained earnings including subsidiaries' statutory surplus reserve fund attributable to the Company, amounted to RMB 898,174,000 (2013: RMB 889,917,000).

26. TRADE AND OTHER PAYABLES

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payables *(Note (a))*	**4,601,335**	3,624,095
Notes payable	**1,066,509**	944,122
Advances from customers	**498,205**	408,946
Employee benefits payable	**704,703**	568,656
Other taxes *(Note (c))*	**234,987**	359,516
Interest payable	**300,395**	361,091
Government grants	**13,293**	9,670
Other payables	**3,226,253**	2,365,291
	10,645,680	8,641,387
Less: non-current portion of trade and other payables	**(1,151)**	(4,134)
Current portion	**10,644,529**	8,637,253

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payables *(Note (a))*	**64,684**	15,097
Employee benefits payable	**240,337**	194,356
Interest payable	**262,221**	333,772
Other payables	**716,128**	580,501
Amounts due to subsidiaries *(Note (d) and Note 42(b))*	**3,094,882**	14,301,330
Current portion	**4,378,252**	15,425,056

26. TRADE AND OTHER PAYABLES (continued)

(a) As at 31 December 2014 and 2013, ageing analysis of trade payables at respective balance sheet dates is as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**4,545,382**	3,572,843
Between 1 and 2 years	**32,686**	35,449
Between 2 and 3 years	**5,716**	9,763
Over 3 years	**17,551**	6,040
	4,601,335	3,624,095

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**58,230**	4,489
Between 1 and 2 years	**112**	1,864
Between 2 and 3 years	**1,627**	–
Over 3 years	**4,715**	8,744
	64,684	15,097

(b) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**10,587,239**	8,575,263
HKD	**53,280**	44,176
USD	**4,101**	21,948
Others	**1,060**	–
	10,645,680	8,641,387

All the Company's trade and other payables are denominated in RMB.

26. TRADE AND OTHER PAYABLES (continued)

(c) Balances of other taxes include value-added tax payables, business tax payables, consumption tax payables and other taxes payable.

(d) The amounts due to subsidiaries are denominated in RMB, unsecured and interest free.

27. BORROWINGS

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Non-current		
Borrowings from banks and other financial institutions		
– secured *(Note (a))*	**66,538**	130,000
– unsecured	**121,079**	88,990
	187,617	218,990
Corporate bonds – secured *(Notes (a), (g) and (h))*	**4,561,750**	4,556,137
Entrusted loans from related parties – unsecured	**20,000**	–
Total non-current borrowings	**4,769,367**	4,775,127
Current		
Borrowings from banks and other financial institutions		
– secured *(Note (a))*	**832,626**	592,689
– unsecured	**3,038,510**	2,034,289
	3,871,136	2,626,978
Debentures – unsecured *(Note (i))*	**–**	6,694,388
Entrusted loans – unsecured	**674,500**	75,400
Short-term financing bonds *(Note (j))*	**4,994,881**	–
Total current borrowings	**9,540,517**	9,396,766
Total borrowings	**14,309,884**	14,171,893

27. BORROWINGS (continued)

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Non-current		
Corporate bonds – secured *(Notes (a), (g) and (h))*	**4,561,750**	4,556,137
Current		
Short-term financing bonds *(Note (j))*	**4,994,881**	–
Debentures – unsecured *(Note (i))*	**–**	6,694,388
Loans from a subsidiary – unsecured	**1,000,000**	–
	5,994,881	6,694,388
Total borrowings	**10,556,631**	11,250,525

(a) Details of the securities of the Group's and the Company's borrowings are as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Secured by certain assets of the Group	**686,223**	698,262
Guarantees given by a state-owned financial institution	**596,930**	596,024
Corporate bonds guaranteed by Guangzhou Automobile Industry Group Co., Ltd.	**3,964,820**	3,960,113
Guarantees given by subsidiaries within the Group	**212,941**	24,427
Total borrowings	**5,460,914**	5,278,826

27. BORROWINGS (continued)

(a) Details of the securities of the Group's and the Company's borrowings are as follows: (continued)

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Guarantees given by a state-owned financial institution	**596,930**	596,024
Corporate bonds guaranteed by Guangzhou Automobile Industry Group Co., Ltd.	**3,964,820**	3,960,113
Total borrowings	**4,561,750**	4,556,137

(b) The exposure of the Group's and the Company's borrowings to interest rate changes and the contractual repricing dates or maturity dates whichever is earlier at the balance sheet dates are as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**9,748,134**	9,615,756
Between 1 and 5 years	**1,589,649**	1,586,704
Over 5 years	**2,972,101**	2,969,433
	14,309,884	14,171,893

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**5,994,881**	6,694,388
Between 1 and 5 years	**1,589,649**	1,586,704
Over 5 years	**2,972,101**	2,969,433
	10,556,631	11,250,525

27. BORROWINGS (continued)

(c) The maturities of the Group's and the Company's total borrowings at respective balance sheet dates are set out as follows:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**9,583,097**	9,396,766
Between 1 and 2 years	**92,954**	24,957
Between 2 and 5 years	**1,661,732**	1,780,737
Over 5 years	**2,972,101**	2,969,433
	14,309,884	14,171,893

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**5,994,881**	6,694,388
Between 2 and 5 years	**1,589,649**	1,586,704
Over 5 years	**2,972,101**	2,969,433
	10,556,631	11,250,525

27. BORROWINGS (continued)

(c) The maturities of the Group's and the Company's total borrowings at respective balance sheet dates are set out as follows: (continued)

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Wholly repayable within 5 years	**11,303,713**	11,202,460
Wholly repayable after 5 years	**3,006,171**	2,969,433
	14,309,884	14,171,893

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Wholly repayable within 5 years	**7,584,530**	8,281,092
Wholly repayable after 5 years	**2,972,101**	2,969,433
	10,556,631	11,250,525

(d) The carrying amounts of the Group's borrowings are denominated in the following currencies:

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**13,778,850**	13,767,585
USD	**531,034**	404,308
	14,309,884	14,171,893

All the Company's borrowings are denominated in RMB.

27. BORROWINGS (continued)

(e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

The Group

	As at 31 December	
	2014	2013
Borrowings from banks and other financial institutions		
– RMB	**6.12%**	5.61%
– USD	**2.91%**	2.78%
Corporate bonds (RMB)	**5.34%**	5.37%
Debentures (RMB)	**–**	4.02%
Entrusted loans (RMB)	**5.84%**	4.10%
Short-term financing bonds (RMB)	**4.99%**	–

The Company

	As at 31 December	
	2014	2013
Loans from subsidiaries (RMB)	**4.08%**	–
Corporate bonds (RMB)	**5.34%**	5.37%
Debentures (RMB)	**–**	4.02%
Short-term financing bonds (RMB)	**4.99%**	–

(f) The fair values of the Group's and the Company's current borrowings equal to their carrying amounts.

(g) In December 2007, the Company issued corporate bonds with par value of RMB 600,000,000 at the weighted average effective interest rate of 6.21% 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, and will be used to finance projects related to passenger vehicles. The guarantee provided by China Development Bank will not be released until the full redemption of corporate bonds.

(h) In March 2013, the Company issued five-year period corporate bonds with par value of RMB 1,000,000,000 and ten-year period RMB 3,000,000,000 at the weighted average effective interest rate of 5.21% per annum. 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, and are with a full-amount, unconditional, irrevocable and jointly-liability guarantee by Guangzhou Automobile Industry Group Co., Ltd. ("GAIGC"), the holding company of the Company.

27. BORROWINGS (continued)

(i) On 10 April 2009 and 27 April 2009, the Company issued debentures with principals of RMB 3,300,000,000 and RMB 3,400,000,000 which bore weighted average effective interest rate of 4.02% respectively. The related interest is payable on an annual basis. These debentures have been fully redeemed at par in April 2014.

(j) On 11 March 2014 and 10 September 2014, the Company issued two tranches of short-term financing bonds with principals of RMB 1,000,000,000 and RMB 4,000,000,000, and interest rate of 5.15% and 4.95% respectively. These short-term financing bonds with a maturity of 365 days will be fully repaid with principal and interest when they fall due.

28. PROVISIONS

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Warranty	**186,256**	74,221

Provision for product warranties granted by the Group for certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

29. GOVERNMENT GRANTS

The Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**793,541**	507,786
Additions	**320,614**	329,784
Amortisation	**(124,338)**	(44,029)
End of the year	**989,817**	793,541

29. GOVERNMENT GRANTS (continued)

The Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**230,386**	218,926
Additions	**211,804**	30,740
Amortisation	**(99,874)**	(19,280)
End of the year	**342,316**	230,386

30. EXPENSES BY NATURE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Auditors' remuneration	**8,607**	6,668
Depreciation and amortisation *(Notes 7, 8, 9 and 10)*	**1,215,630**	950,816
Impairment charges of property, plant and equipment *(Note 8)*	**28,005**	2,729
Impairment charges of intangible assets *(Note 10)*	**12,307**	–
Impairment of inventories	**44,945**	44,884
Provision for impairment loss of trade and other receivables	**31,929**	32,671
Employee benefit expenses *(Note 31)*	**2,775,942**	2,165,669
Changes in inventories of finished goods, merchandise and work-in-progress	**(517,232)**	(604,878)
Raw materials, goods and consumables used	**17,182,607**	14,936,490
Sales tax and levies	**877,070**	740,659
Transportation	**373,288**	129,982
Advertising and promotion	**789,518**	580,832
Warranty expenses	**154,511**	97,237
Research costs	**299,473**	262,887
Amortisation of government grants	**(44,799)**	(44,029)
Operating lease expenses	**71,332**	78,083
Other expenses	**240,106**	232,750
Total cost of sales, selling and distribution costs and administrative expenses	**23,543,239**	19,613,450

31. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Wages and salaries	**2,115,008**	1,651,360
Pension scheme and other social security costs *(Note (a))*	**317,517**	213,511
Employee share option scheme *(Note 24 and 25)*	**14,220**	–
Housing benefits *(Note (b))*	**132,422**	94,545
Welfare, medical and other expenses	**196,775**	206,253
	2,775,942	2,165,669

(a) The Group's employees in the PRC are covered by certain defined contribution pension schemes regulated by the relevant municipal and provincial governments in the PRC, pursuant to which the municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and retired employees. The contributions to the scheme are expensed as incurred.

(b) The Group's contributions to the defined contribution housing fund scheme administered by a government agency are determined at a certain percentage of the salaries of the employees. The contributions to the scheme are expensed as incurred.

31. EMPLOYEE BENEFIT EXPENSES (continued)

(c) Directors' and senior management's emoluments

The remuneration of every Director and Supervisor for the year ended 31 December 2014 is set out below:

Name	Fees RMB'000	Basic salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Name of director:					
Zhang Fangyou (Chairman)	–	–	–	–	–
Zeng Qinghong	–	780	250	669	1,699
Yuan Zhongrong	–	580	211	548	1,339
Liu Huilian	–	1,327	170	–	1,497
Lu Sa	–	597	239	622	1,458
Wei Xiaoqin	–	1,366	126	–	1,492
Li Tun	–	687	42	116	845
Li Pingyi	–	–	–	–	–
Ding Hongxiang	–	–	–	–	–
Fu Yuwu *(note (i))*	–	150	–	–	150
Lan Hailin *(note (i))*	–	150	–	–	150
Li Fangjin *(note (i))*	–	150	–	–	150
Liang Nianchang *(note (i))*	–	150	–	–	150
Wang Susheng *(note (i))*	–	150	–	–	150
Name of supervisor:					
Gao Fusheng	–	–	–	–	–
Huang Zhiyong	–	–	–	–	–
He Yuan	–	–	–	–	–
He Jinpei	–	686	96	286	1,068
Lai Boyi	–	708	84	474	1,266

Expense recognized in the consolidated statement of comprehensive income for share options granted to the above directors for the year ended 31 December 2014 (for the year ended 31 December 2013: Nil) is set out as below:

Name	Number of share options granted	Expense recognised for the share options granted RMB'000
Name of director:		
Zhang Fangyou *(Chairman)*	950,000	210
Zeng Qinghong	900,000	199
Yuan Zhongrong	810,000	179
Liu Huilian	760,000	168
Lu Sa	760,000	168
Wei Xiaoqin	760,000	168
Li Tun	760,000	168

In 2014, no share option was granted to the supervisors (2013: Nil).

31. EMPLOYEE BENEFIT EXPENSES (continued)

(c) Directors' and senior management's emoluments (continued)

The remuneration of every Director and Supervisor for the year ended 31 December 2013 is set out below:

Name	Fees	Basic salaries, housing allowances, other allowances and benefits-in-kind	Contributions to pension plans	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Name of director:					
Zhang Fangyou (Chairman)	–	–	–	–	–
Zeng Qinghong	–	584	173	1,422	2,179
Yuan Zhongrong	–	495	162	1,305	1,962
Fu Shoujie	–	222	129	518	869
Liu Huilian	–	504	153	1,255	1,912
Lu Sa	–	498	159	1,256	1,913
Wei Xiaoqin	–	438	219	1,110	1,767
Li Tun	–	1,118	75	551	1,744
Li Pingyi	–	–	–	–	–
Ding Hongxiang	–	–	–	–	–
Wu Gaogui *(note (i))*	100	–	–	–	100
Ma Guohua *(note (i))*	100	–	–	–	100
Xiang Bing *(note (i))*	100	–	–	–	100
Luo Yuqun *(note (i))*	100	–	–	–	100
Li Zhengxi *(note (i))*	100	–	–	–	100
Name of supervisor:					
Gao Fusheng	–	–	–	–	–
Huang Zhiyong	–	–	–	–	–
He Yuan	–	–	–	–	–
He Jinpei	–	467	73	194	734
Ye Ruiqi	–	225	38	20	283
Lai Boyi	–	336	42	46	424

(i) The second provisional shareholders' general meeting held in 16 December 2013 approved the retirement of Mr. Wu Gaogui, Mr. Ma Guohua, Mr. Xiang Bing, Mr. Luo Yuqun and Mr. Li Zhengxi as independent directors, and formally appointed Mr. Fu Yuwu, Mr. Lan Hailin, Mr. Li Fangjin, Mr. Liang Nianchang and Mr. Wang Susheng as succeeded independent directors. The newly appointed independent directors did not receive any director remuneration in the year of 2013.

31. EMPLOYEE BENEFIT EXPENSES (continued)

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 5 directors and supervisors (2013: 5) whose emoluments are reflected in the analysis presented above.

32. OTHER (GAINS)/LOSSES-NET

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Net foreign exchange gains	**(3,494)**	(8,169)
(Gains)/losses on disposal of property, plant and equipment and intangible assets *(Note a)*	**(3,997)**	498,622
Donations	**17,023**	42,815
(Gains)/losses on disposal of subsidiaries, joint ventures and associates	**(1,433)**	51,618
Government grants	**(71,253)**	(125,599)
Gains on acquisition of GAC Hino (Shenyang) Motors Co., Ltd. ("Shenyang Hino") *(Note b)*	**(157,069)**	–
Investment income of available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss	**(107,104)**	(28,056)
Others	**(18,075)**	1,593
	(345,402)	432,824

(a) The Group disposed of certain assets to a third party in 2013. The loss on this disposal amounted to approximately RMB 498,192,000.

32. OTHER (GAINS)/LOSSES-NET (continued)

(b) As one of the preconditions of the Company's acquisition of Shenyang Hino's equity interests from GAC Hino Motors Co., Ltd. ("GAC Hino", a joint venture of the Group), the Company entered into agreements with Hino Motors Limited ("Hino Motors", another joint venture partner of GAC Hino) on 4 November 2013, according to which Hino Motors should make a payment of RMB 206,000,000 ("Compensation") to Shenyang Hino for its settlement of liabilities. On 16 July 2014, the Compensation was received by Shenyang Hino.

On 29 April 2014, the Company entered into an agreement with GAC Hino to acquire 80.02% equity interests of Shenyang Hino held by GAC Hino at a consideration of RMB 1. On 9 June 2014 ("Acquisition Date"), the Company obtained the control over Shenyang Hino. As at the Acquisition Date, the fair value of identifiable net liabilities of Shenyang Hino amounted to RMB 61,149,000. The difference among 80.02% of the fair value of identifiable net liabilities acquired by the Company at the Acquisition Date of RMB 48,931,000, the consideration of RMB 1 paid by the Company and the Compensation received by Shenyang Hino, amounting to RMB 157,069,000, was recorded as "Other gains/(losses) – net". Subsequently, the Company further acquired 5% and 4.98% equity interests in Shenyang Hino from its other two shareholders at considerations of RMB 1 and RMB 5,500,001 respectively. These acquisitions were treated as "transactions with non-controlling interests", and the difference between the consideration paid by the Company and the relevant share of the carrying amount of the net assets of Shenyang Hino acquired amounting to RMB 15,028,000 was debited to equity.

Up to 31 December 2014, all the share transfers have been completed. The Company and GAC Hino held 90% and 10% equity interests in Shenyang Hino as at 31 December 2014, respectively.

33. FINANCE COSTS

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Interest expense	**806,777**	700,351
Interest capitalised in qualifying assets	**(62,808)**	(46,550)
Net foreign exchange losses/(gains) on financing activities	**1,441**	(8,496)
	745,410	645,305

34. INTEREST INCOME

Interest income recognised in the consolidated statement of comprehensive income is as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Interest income from time deposits	**317,678**	373,577
Interest income from restricted cash, cash and cash equivalents	**120,935**	102,745
	438,613	476,322

35. TAXATION

(a) Income tax expense

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Current income tax:		
– Hong Kong profits tax	**–**	–
– PRC enterprise income tax	**95,018**	57,172
	95,018	57,172
Deferred tax *(Note 14)*	**31,076**	43,612
	126,094	100,784

35. TAXATION

(a) Income tax expense (continued)

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit before income tax	**3,052,513**	2,629,292
Tax calculated at domestic tax rates applicable to profits in the respective countries	**762,044**	631,606
Share of profit of joint ventures and associates	**(1,045,303)**	(1,005,088)
Income not subject to tax	**–**	(4,183)
Expenses not deductible for tax purposes	**29,128**	25,757
Utilisation of previously unrecognised tax losses	**(19,275)**	(7,708)
Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	**399,500**	460,400
Income tax expense	**126,094**	100,784

The tax rates applicable to the major subsidiaries, joint ventures and associates for the year ended 31 December 2014 are 25% (2013: 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year ended 31 December 2014.

The Group's subsidiaries, China Lounge Investment Ltd. and Denway, are recognised as PRC resident taxpayer by Guangzhou Yuexiu District Local Taxation Bureau, and are subject to "The PRC Enterprise Income Tax Law".

35. TAXATION (continued)

(b) Consumption tax ("CT") and business tax ("BT")

Certain companies within the Group are subject to CT at rates ranging from 3% to 25% for the sales of passenger vehicles and commercial vehicles.

In addition, the Group is also subject to BT at the rate of 5% for service fee income received and receivable.

(c) Value-added tax ("VAT")

The sales of products are normally subject to output VAT at 17% which is included in the selling price. An input credit is available whereby input VAT previously paid on purchases of raw materials or semi-finished products can be used to offset output VAT to determine net VAT payable.

36. OTHER COMPREHENSIVE INCOME, NET OF TAX

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Change in fair value of available-for-sale financial assets, net of tax	**11,293**	437

37. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB 801,095,000 (2013: RMB 3,038,265,000).

38. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	**3,185,261**	2,652,837
Weighted average number of ordinary shares in issue (thousands)	**6,435,019**	6,435,019
Basic earnings per share (RMB per share)	**0.49**	0.41

38. EARNINGS PER SHARE (continued)

(b) Diluted

Diluted earnings per share is calculated by dividing the consolidated profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue adjusted by all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options in 2014 (2013: Nil). When calculating the diluted earnings per share, a calculation is done to determine the number of shares that could have been acquired at fair value (determined based on the average market share price of the Company's shares from the grant date to the year end) based on the monetary value of the subscription rights attached to outstanding share options.

The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	**3,185,261**	2,652,837
Weighted average number of ordinary shares in issue (thousands)	**6,435,019**	6,435,019
Add: weighted average number of ordinary shares assuming conversion of all share options (thousands)	**1,431**	–
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	**6,436,450**	6,435,019
Diluted earnings per share (RMB per share)	**0.49**	0.41

39. DIVIDENDS

Dividends paid in 2014 and 2013 were RMB 1,158,304,000 and RMB 514,802,000 respectively. A final dividend in respect of the year ended 31 December 2014 of RMB 0.08 per ordinary share, amounting to a total dividend of approximately RMB 514,802,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Interim dividend paid of RMB: 0.08(2013: RMB 0.06) per ordinary share	**514,802**	386,102
Proposed final dividend of RMB 0.08(2013: RMB 0.10) per ordinary share	**514,802**	643,502
	1,029,604	1,029,604

40. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit for the year	**2,926,419**	2,528,508
Adjustments for:		
– Income tax expense *(Note 35)*	**126,094**	100,784
– Depreciation *(Notes 8 and 9)*	**690,599**	530,079
– Amortisation *(Notes 7 and 10)*	**525,031**	420,737
– Amortisation of government grants	**(124,338)**	(44,029)
– Impairment provision	**40,312**	2,729
– (Gains)/losses on disposal of property, plant and equipment and intangible assets	**(3,997)**	498,622
– Interest income *(Note 34)*	**(438,613)**	(476,322)
– Finance costs *(Note 33)*	**745,410**	645,305
– (Gains)/losses on disposal of associates, joint ventures and subsidiaries *(Note 32)*	**(1,433)**	51,618
– Foreign exchange losses on cash and cash equivalents	**1,720**	19
– Share of profit of joint ventures and associates *(Note 12)*	**(4,181,213)**	(4,020,350)
– Gains on disposal of financial instruments	**(107,104)**	–
– Gains on acquisition of subsidiary	**(163,700)**	–
– Fair value gains on financial assets at fair value through profit or loss	**–**	(347)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Inventories	**(559,319)**	(674,931)
– Trade and other receivables	**(353,616)**	(741,835)
– Restricted cash	**(434,420)**	205,239
– Trade and other payables	**1,847,776**	1,724,633
– Provisions	**112,035**	52,634
Cash generated from operations	**647,643**	803,093

41. COMMITMENTS

(a) Capital commitments

The capital commitments as at each of the balance sheet dates during the year are as follows:

The Group	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Property, plant and equipment		
– Contracted but not provided for	**310,225**	915,437
– Authorised but not contracted for	**10,015**	247,075
	320,240	1,162,512
Intangible assets		
– Contracted but not provided for	**277**	16,031
– Authorised but not contracted for	**745,629**	1,168,833
	745,906	1,184,864
Investments		
– Contracted but not provided for *(Note (i))*	**2,150,127**	374,195
	3,216,273	2,721,571

41. COMMITMENTS (continued)

(a) Capital commitments (continued)

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Property, plant and equipment		
– Contracted but not provided for	**–**	2,512
Intangible assets		
– Contracted but not provided for	**–**	16,000
– Authorised but not contracted for	**745,629**	1,168,833
	745,629	1,184,833
Investments		
– Contracted but not provided for *(Note (i))*	**2,150,127**	361,198
	2,895,756	1,548,543

(i) In 2013, the Board of Directors of GAC Toyota, a joint venture of the Company, approved an additional capital contribution of USD 82,500,000. The Company will make a contribution of USD 41,250,000 according to the share portion. As at 31 December 2014, a total amount of USD 8,250,000 has been paid, and the remaining USD 33,000,000 (equivalent to RMB 201,927,000) is expected to be paid in future according to the schedule.

In 2014, the Board of Directors of the Company approved to set up a new joint venture namely GAC Zhongxing (Yichang) Automobile Co., Ltd. with HeBei Zhongxing Automobile Co., Ltd.. The registered capital is RMB 500,000,000, and the Company's total capital contribution is RMB 200,000,000 according to the share portion. As at 31 December 2014, a total amount of RMB 140,000,000 has been paid, and the remaining RMB 60,000,000 is expected to be paid in future according to the schedule.

In 2014, the Board of Directors of the Company approved to set up a new joint venture namely GAC-BYD New Energy Automobile Co., Ltd. with BYD Automobile Co., Ltd. The registered capital is RMB 300,000,000, and the Company's total capital contribution is RMB 147,000,000 according to the share portion. As at 31 December 2014, a total amount of RMB 58,800,000 has been paid, and the remaining RMB 88,200,000 is expected to be paid in future according to the schedule.

In 2014, the Board of Directors of the Company approved an additional capital contribution of RMB 1,800,000,000 to GAC Fiat, which will be paid in as scheduled. As at 31 December 2014, the capital has not been paid.

41. COMMITMENTS (continued)

(b) Operating lease commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**40,919**	41,379
Between 1 and 5 years	**146,474**	150,899
Over 5 years	**213,922**	211,645
	401,315	403,923

42. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("State-owned Enterprises") are regarded as related parties of the Group.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, during the year.

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

42. RELATED PARTY TRANSACTIONS (continued)

(a) Significant related party transactions

	Year ended 31 December 2014 RMB'000	2013 RMB'000
Sales of goods		
Sales of auto parts and steels		
– Joint ventures	465,759	554,802
– Associates	341,784	375,065
	807,543	929,867
Sales of passenger vehicles		
– Joint ventures	3,205	1,822
– Associates	1,384	246
	4,589	2,068
Sales of equipment		
– Joint ventures	15,950	–
	828,082	931,935
Rendering of labour and insurance services		
– Joint ventures	684,268	639,021
– Associates	413,140	386,573
– Subsidiaries of GAIGC	1,152	1,191
	1,098,560	1,026,785

42. RELATED PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Purchases of goods		
Purchases of auto parts and materials		
– Joint ventures	815,516	629,528
– Associates	518,712	478,292
	1,334,228	1,107,820
Purchases of passenger vehicles		
– Joint ventures	4,512,770	4,371,464
	5,846,998	5,479,284
Receiving labour and insurance service		
– Joint ventures	26,363	29,984
– Associates	23,813	20,228
– Subsidiaries of GAIGC	2,473	166
	52,649	50,378
Rental received from related parties		
– Joint ventures	8,122	2,029
– Associates	6,320	7,827
– GAIGC	1,432	–
	15,874	9,856
Rental paid to related parties		
– Subsidiaries of GAIGC	2,728	5,098
– Joint ventures	60	–
– GAIGC	310	–
	3,098	5,098
Provision of entrusted loans to related parties		
– Joint ventures	665,516	83,300

42. RELATED PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Repayment of entrusted loans from related parties		
– Joint ventures	72,500	25,800
– Associates	–	21,600
	72,500	47,400
Entrusted loans provided by related parties		
– Joint ventures	207,500	20,000
– Associates	52,600	50,000
	260,100	70,000
Repayment of entrusted loans to related parties		
– Joint ventures	95,000	–
– Associates	–	50,000
	95,000	50,000
Borrowings provided by related parties		
– Joint ventures	2,490,555	2,281,257
Repayment of borrowings from related parties		
– Joint ventures	2,344,626	2,212,396
Interest paid to related parties		
– Joint ventures	68,400	45,830
Guarantee fee paid to related parties		
– GAIGC	4,000	4,000

42. RELATED PARTY TRANSACTIONS (continued)

(b) Significant balances with related parties

The Group

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables		
– Joint ventures	326,988	330,876
– Associates	111,230	57,142
	438,218	388,018
Interest receivable		
– Associates	3,461	–
Other receivables and prepayments		
– Joint ventures	340,942	167,041
– Associates	296,355	14,374
– Subsidiaries of GAIGC	2,497	6
	639,794	181,421
Dividends receivable from		
– Joint ventures	1,224,251	1,543,778
– Associates	34,906	44,459
	1,259,157	1,588,237
Entrusted loans due from		
– Joint ventures	705,516	112,500
Long-term receivables		
– Joint ventures	42,000	–

42. RELATED PARTY TRANSACTIONS (continued)

(b) Significant balances with related parties (continued)

The Group (continued)

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payables		
– Joint ventures	182,012	329,026
– Associates	159,262	174,818
– Subsidiaries of GAIGC	481	–
	341,755	503,844
Advances from customers and other payables due to		
– Joint ventures	147,437	12,201
– Associates	108,714	28,610
– Subsidiaries of GAIGC	729	–
	256,880	40,811
Notes payable		
– Joint ventures	356,812	536,941
Short-term borrowings		
– Joint venture *(Note ii)*	352,229	206,300
Entrusted loans due to		
– Joint ventures	132,500	20,000
– Associates	108,000	55,400
	240,500	75,400
Interest payable		
– Joint ventures	13,096	16,435
– Associates	134	–
	13,230	16,435

42. RELATED PARTY TRANSACTIONS (continued)

(b) Significant balances with related parties (continued)

The Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Other receivables		
– Subsidiaries	**11,662**	6,610
Dividends receivable from		
– Subsidiaries	**256,630**	256,630
– Associates	**34,905**	21,125
– Joint ventures	**1,224,252**	1,543,778
	1,515,787	1,821,533
Entrusted loans due from		
– Subsidiaries	**778,850**	720,000
– Joint ventures	**176,715**	112,500
	955,565	832,500
Other payables due to		
– Subsidiaries	**3,094,882**	14,301,330
Loans due to		
– A subsidiary	**1,000,000**	–

(i) There was no provision for impairment of receivables from related parties for the year.

(ii) Borrowings from a joint venture, which is a financial institution, are interest bearing (Note 27). Other balances with related parties are unsecured, interest free and repayable on demand.

42. RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**20,944**	33,574

Expense recognised in the consolidated statement of comprehensive income for share options granted to the key management for the year ended 31 December 2014 is RMB 2,572,000 (2013: Nil).

(d) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by state-owned enterprises. During the year, 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.

Nevertheless, 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 none of these transactions are material related party transactions that require separate disclosure except for the transactions with state-owned financial institutions as disclosed below.

(i) Balances with state-owned financial institutions

As at 31 December 2014 and 2013, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

(ii) Guarantees given by State-owned Enterprises

As at 31 December 2014 and 2013, information of borrowings secured by guarantees given by a state-owned financial institution and the parent company is presented in Note 27(g) and 27(h).

43. CONTINGENT LIABILITIES

As at 31 December 2014, there were no financial guarantees provided by the Company to the subsidiaries within the Group (2013: Nil).

As at 31 December 2014, the financial guarantees provided to certain third parties by the Group amounted to approximately RMB 12,638,000 (2013: RMB 3,967,000).

It is expected that the financial guarantees provided by the Group will not lead to any significant liabilities.

44. SUBSEQUENT EVENTS

(a) In January 2015, the Company issued long term financing bonds with a principal amount of RMB 2 billion. The bonds carry an interest rate of 4.70% per annum and will mature in five years.

(b) In January 2015, Fiat Group Automobiles S.p.A. ("Fiat Group") transferred 25% of its equity interest in GAC FIAT to Chrysler Asia Pacific Investment Co., Ltd. ("Chrysler Investment"). Meanwhile, the Company and Chrysler Investment contributed additional capital of RMB 1,800,000,000 to GAC FIAT respectively. Upon completion of the equity transfer and additional capital injection, on 13 January 2015, GAC FIAT updated its business license with the company name changed to "GAC Fiat Chrysler Automobiles Co., Ltd.".

Five-Year Financial Summary

A summary of the published financial results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements of the Group, is set out below:

	Year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**22,375,934**	18,824,199	12,963,860	10,984,273	8,742,344
Cost of sales	**19,828,678**	(16,829,736)	(12,273,586)	(10,559,896)	(7,999,290)
Gross profit	**2,547,256**	1,994,463	690,274	424,377	743,054
Selling and distribution costs	**1,841,061**	(1,070,813)	(814,760)	(589,242)	(325,572)
Administrative expenses	**1,873,500**	(1,712,901)	(1,332,539)	(1,216,442)	(516,308)
Interest income	**317,678**	373,577	279,795	316,222	209,666
Other gains/(losses) – net	**345,402**	(432,824)	12,865	840,288	57,844
Operating (loss)/profit	**(504,225)**	(848,498)	(1,164,365)	(224,797)	168,684
Finance costs	**(745,410)**	(645,305)	(528,644)	(414,744)	(362,288)
Interest income	**120,935**	102,745	55,891	57,879	24,986
Share of profit of joint ventures and associates	**4,181,213**	4,020,350	2,637,092	4,638,648	5,690,212
Profit before income tax	**3,052,513**	2,629,292	999,974	4,056,986	5,521,594
Income tax (expense)/credit	**(126,094)**	(100,784)	64,786	109,914	(1,675)
Profit for the year	**2,926,419**	2,528,508	1,064,760	4,166,900	5,519,919
Profit attributable to:					
Equity holders of the Company	**3,185,261**	2,652,837	1,133,982	4,271,703	4,295,099
Non-controlling interests	**(258,842)**	(124,329)	(69,222)	(104,803)	1,224,820
	2,926,419	2,528,508	1,064,760	4,166,900	5,519,919

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets, liabilities and non-controlling interests					
Total assets	**62,371,783**	57,843,281	49,433,949	44,611,887	38,519,860
Total liabilities	**26,203,134**	23,727,085	17,370,118	14,426,263	12,675,763
Non-controlling interests	**795,956**	805,005	921,760	976,052	232,587