



Guangzhou Automobile Group Company Limited
廣州汽車集團股份有限公司

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

Stock Code : 2238

Interim Report **2015**

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Important Notice

- (I) The Board, the supervisory committee and the Directors, supervisors and senior management of the Company warrant that the contents contained herein are true, accurate and complete, there are no false representations or misleading statements contained in or material omissions from this report, and they will jointly and severally accept responsibility.
- (II) All Directors of the Company have attended the meetings of the Board.
- (III) The interim financial report of the Company is unaudited. The Audit Committee of the Company has reviewed the unaudited interim results of the Company for the six months ended 30 June 2015 and agreed to submit it to the Board for approval.
- (IV) Zhang Fangyou, the Chairman of the Company, Zeng Qinghong, the General Manager of the Company, Wang Dan, the person in charge of accounting function and Li Canhui, the manager of the accounting department (Chief of Accounting), warrant the truthfulness, accuracy and completeness of the financial report contained in this report.
- (V) The Board of the Company proposed payment of interim dividend of RMB0.8 (tax inclusive) in cash for every 10 shares to all shareholders.
- (VI) The forward-looking statements contained in this 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.
- (VII) There is no non-operational appropriation of the Company's funds by its controlling shareholders and their connected parties.
- (VIII) The Company has not provided any third-party guarantees in violation of stipulated decision-making procedures.

(I) CORPORATE INFORMATION

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

(II) CONTACT PERSON AND CONTACT METHOD

Name	Lu Sa
Title	Secretary to the Board
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Telephone	020-83150886
Facsimile	020-83150319
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(III) BASIC INFORMATION

Registered address	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou, Guangdong Province
Postal code of the registered address	510030
Office address	GAC Centre, Xingguo Road, No. 23, Zhujiang New Town, Tianhe District, Guangzhou
Postal code of the office address	510623
International website of the Company	www.gagc.com.cn
E-mail	ir@gagc.com.cn

(IV) INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

(V) INFORMATION ON THE COMPANY'S SHARES

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

Chairman's Statement

Dear shareholders,

On behalf of the Board, I am pleased to present the 2015 interim report of the Group for your review.

BUSINESS REVIEW

During the first half of the year, China adhered to the general principle of seeking progress while keeping performance stable, comprehensively deepened reform, maintained the continuity and stability of macro-policies, developed new ideas and methods for macro regulation, made pertinent pro-cyclical advance-tuning and fine-tuning, achieved continuous and stable economic and social development, and entered into a new norm of fast changes, optimized structure and alternating momentum. Compared with the corresponding period last year, GDP grew by 7%, CPI increased by 1.3%, and the economy showed a trend of stabilizing and improving in the first half of the year.

According to the data of China Association of Automobile Manufacturers, the sales growth of SUV, MPV sectors and new-energy vehicles maintained at a high level, but the overall sales growth of domestic automobile fell month by month, the growth of domestic automobile production and sales in the first half of the year was slower than expectation at the beginning of the year. During the first half of the year, the production and sales of vehicles amounted to 12,095,000 units and 11,850,300 units, respectively, representing increases of 2.64% and 1.43%, respectively, as compared with the corresponding period last year, and the growth rates of which dropped by 6.96 and 6.93 percentage points, respectively, as compared with the corresponding period last year. The production and sales of passenger vehicles amounted to 10,327,800 units and 10,095,600 units, respectively, representing increases of 6.38% and 4.80% as compared with the corresponding period last year, and the growth rates of which dropped by 5.67 and 6.38 percentage points, respectively, compared with the corresponding period last year; the growth in the production and sales of passenger vehicles mainly came from SUV and MPV sectors with increases of 45.9% and 17.9% of sales, respectively, as compared with the corresponding period last year, but the sales of sedans decreased 5.89% as compared with the corresponding period last year. The production and sales of commercial vehicles amounted to 1,767,200 units and 1,754,700 units, respectively, representing decreases of 14.86% and 14.41%, respectively, as compared with the corresponding period last year; in addition, the accumulative sales of new-energy vehicles amounted to 72,700 units in the first half of the year, representing an increase of 2.4 times as compared with the corresponding period last year. The production and sales of motorcycles experienced consistent downturn in the first half of the year, amounted to 9,541,900 units and 9,597,900 units, respectively, representing decreases of 8.0% and 7.9%, respectively, as compared with the corresponding period last year. In the first half of the year, major economic indicators of domestic automobile industry showed a trend of slowing down.

In the first half of the year, the Group produced 574,100 vehicles, representing a decrease of 1.20% as compared with the corresponding period last year; sold 569,300 vehicles, representing an increase of 13.01% as compared with the corresponding period last year. The production and sales of motorcycles amounted to 519,200 units and 531,000 units, respectively, representing increases of 10.43% and 15.34%, respectively, as compared with the corresponding period last year. The operating income of the Group together with its joint ventures and associated companies amounted to RMB95.235 billion, representing an increase of approximately 2.47% as compared with the corresponding period last year; the consolidated operating income of the Company amounted to approximately RMB11.450 billion, representing an increase of approximately 6.35% as compared with the corresponding period last year; the net profit attributable to shareholders of listed company amounted to RMB1.75 billion, representing an increase of approximately 1.45% as compared with the corresponding period last year.

In the first half of the year, the Group focused on development, stabilized and improved production and operation at the same time. By carrying out researches on sales, it had an in-depth understanding of the markets, and took proactive measures to effectively boost sales in the market. As a result, the year-on-year growth rate of its vehicle sales was approximately 12 percentage points higher than the average of the industry, mitigating the inventory pressure at the beginning of the year. The various new models such as 1.5L Vezele, upgraded Highlander and Trumpchi GS4 SUV launched in the first half of the year were well received by the market, laying a foundation for sales growth in the first half of the year.

In the first half of the year, the Group actively implemented the “3+e” strategy, speeded up the construction of key projects like the GAC Fiat-Chrysler Guangzhou Plant, further improved the industrial layout, and pushed the integration and coordination of resources. Moreover, it also accelerated the progress of new product development, extended and improved the Group's product lines, and strengthened its market competitiveness. By furthering the evaluation and construction of “Internet + Automobile” project, it embraced the trend of our times. In terms of enhancing the R&D and innovation capacities, the Group's “Key Technologies Research and Development for GAC Trumpchi Four-Wheel Drive and Hybrid Vehicle”(廣汽傳祺四輪驅動混合動力用車的關鍵技術研究與開發), a project in the National High Technology Research and Development Program of China (863 Program), passed the inspection and acceptance by the Ministry of Science and Technology of China; the “GAC Automobile Electronic Control System R&D and Industrialization”(廣汽汽車電子控制系統研發及產業化), a project in the Core Electronic Components, High-end General-purpose Chips and Basic Software Products Program of China, passed the interim audit by the Ministry of Industry and Information Technology of China. In terms of promoting the development of new-energy undertaking, new-energy vehicles Trumpchi GA5 REV and A3X acquired state announcements and entered the stage of new-energy demonstration and operation. Independent brand Trumpchi maintained a fast development trend, completing the switch to second-generation products; this greatly boosted the brand influence and sales of Trumpchi. At the same time, its overseas market planning was accelerated and overseas markets were further explored.

In the first half of the year, the Group continuously promoted the integration of industry and finance, fully leveraging its existing financial insurance and finance leasing platform to expand businesses in the upstream and downstream of the industry chain. GAC Capital initiated several industrial investment funds to promote the integration of industry and finance. It strengthened fund raising and management, improved fund management efficiency, set up a settlement center, expanded financing channels, achieved low-cost financing, and vigorously promoted investment enterprises to apply for quotation on the New Third Board. Meanwhile, the Group continuously deepened innovations and changes, further improved its corporate governance structure and internal control system, intensified efforts into brand building, accelerate the development of talented personnel system, and strengthened the Group's soft power.

Chairman's Statement

PROSPECTS

In the second half of the year, the economic growth rate is expected to stabilize and improve, there is still room for regulating fiscal and monetary policies, and the annual GDP growth rate is projected to be around 7.1%. Driven by the rigid demand for automobiles brought by new-type industrialization, urbanization, additional purchase and trade-in, and energy-saving subsidies, the automobile market will maintain a structural growth. Due to a large total sales volume of automobiles in China, together with buying restrictions in major cities, traffic jams, difficult and expensive parking, the inhibition against automobile consumption resulting from pressure on energy conservation and environmental protection, as well as the negative impact on expected consumption by the decline of macro economy in the first half of the year and the fluctuations of securities market in the middle of the year, however, it will be difficult for the automobile market to achieve a high growth rate. It is expected that the annual growth rate of automobile sales in 2015 will drop to 3%, lower than the 7% projected at the beginning of the year. The sales of motorcycles are expected to decrease by 8% as compared with the corresponding period last year.

In the second half of the year, the Group will seize the development opportunity brought by a new round of structural adjustment, proactively cope with internal and external difficulties and challenges, seek advantages and avoid disadvantages, make the best use of our strong points and compensate our weak points, and concentrate on planning and driving reform and development to accelerate transformation and upgrading.

1. Adapt to the new norm of market, actively respond to the opportunities and challenges brought by “Internet +”, plan for development in the Thirteenth Five-Year Plan period;
2. Strengthen independent innovation capabilities, promote integration of resources with “two centers, four platforms” development system, accelerate the development of new energy vehicles and vigorously explore overseas markets;
3. Implement key projects according to plan, accelerate the construction of e-commerce platform, carry out the construction and sharing of an automotive telematics ecosystem, promote plant construction of joint ventures like GAC Fiat-Chrysler;
4. Implement multi-channel financing, strengthen capital operation, further demonstrate synergies between financial and services sectors;
5. Deepen enterprise reform, carry out pilot reform of diversification of interests and vigorously promoted investment enterprises to apply for quotation on the New Third Board;
6. Strengthen brand and corporate culture, enhance corporate soft power.

ACKNOWLEDGEMENT

Finally, on behalf of the Group, I would like to express sincere gratitude to the shareholders, business partners, management and all employees for their continuous support and the contribution they have made to the Group. With the inspiration of “a wise man changes as time and event change” and adhering to its corporate philosophy of “people as foundation, integrity as principle, innovation as priority”, the Group will maintain growth with firm confidence, actively strive for development, make dedicated efforts to realize the annual operating targets of 2015, and persistently create maximum value for shareholders.

(1) SUMMARY OF BUSINESS OF THE GROUP

The main businesses consist of 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 its joint ventures Guangqi Honda, GAC Toyota, GAC Fiat-Chrysler and GAC Mitsubishi, and its subsidiaries GAMC and GAC Gonow. The Company's automobile products mainly include Guangqi Honda Accord, Crider, Vezel, Crosstour, Odyssey, City, 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, GA3S•Vision and GS4), mini vans, small MPV and SUV such as GAC Gonow Aoxuan G5, Xinglang and Xinwang. The Company has a total of more than ten series of sedans, SUV and MPV.

The Group also participates in the production of Accord sedans through its associated company Honda (China).

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

As at 30 June 2015, production capacity of passenger vehicles and commercial vehicles of the Group was 1,550,000 units.



2. Motorcycles

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

As at 30 June 2015, the total production capacity of motorcycles of the Group was 1,250,000 units.

3. Parts and components

The Group's auto-part products include engines, gearboxes, car seats, HVAC systems, auto lamps, shock absorbers and accessories. The Group's production of engines is mainly carried out through its associated companies GAC Toyota Engine and Shanghai Hino and its subsidiary 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 joint stock companies 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.



(2) MAJOR PERFORMANCE OF THE BOARD

1. Explore markets, adjust structure, and steadily grow production and business

It attached high importance to the market environment and intensified market research efforts. In the first half of the year, the Group's management carried out field studies on nearly 200 4S shops in more than 10 cities, and in response to the nearly 500 issues identified in the studies, the Group's management proactively deployed and timely implemented measures, which have effectively solved the issues, boosted business confidence and automobile sales, achieving a growth rate of approximately 12 percentage points higher than the average of the industry. Despite the overall decline in motorcycle industry with sales dropped by 8%, the Group sustained its motorcycle sales growth contrary to the trend, achieving a remarkable result with an increase in sales of 15.3% as compared with the same period last year.

In the meantime, the Group accelerated the launch of new products. In the first half of the year, the Group launched various all-new models vehicles such as upgraded Highlander, 1.5L Vezel and GAC Trumpchi GS4, which are all well received by the market.

2. Develop strategies, strengthen weak links, and advance key projects in an orderly manner

According to the Group's development strategy, in the first half of the year, the third production line of Guangqi Honda, the third production line of GAC Toyota, GAC Fiat-Chrysler Guangzhou Plant, GAC BYD New Energy Passenger Vehicle Co., Ltd. and its support facilities, the R&D, demonstration and operation of new energy vehicles, the introduction and launch of upgraded and new products, the integration of sales network and resources sharing, the e-commerce project (as part of the "3+e" strategy), and other key projects are being advanced in a planned and orderly manner.



3. Optimize governance, avoid risks, and gradually deepen reform

In line with the rules regulating both markets as well as the company's practical situation, the Company revised or formulated more than 10 internal management systems including the Articles of Association and strategic planning management measures and etc. At the same time, the re-election of members of the next session of the Board and the Supervisory Committee of the Company were completed smoothly as scheduled, so as to ensure the standardization of the Company's operation. It implemented comprehensive risk management, keeping in mind the five primary risks (strategic risk, operating risk, financial risk, compliance risk, integrity risk), it studied the status quo of risks and evaluated current risks. Based on the evaluation results, it developed responsive measures to optimize internal control processes, and strengthened the capability of risk management.

It thoroughly implemented the spirit of governments at various levels to deepen the reform of state-owned enterprises, deployed proactively and acted rapidly in this regard, explored and developed a diversified ownership economy and a multi-form incentive mechanism, promoted the integration of industry and finance, improved the efficiency of capital operations, improved the team management of cadres and talents, and strengthened the Group's vigor and competitiveness.

4. Strengthen independence, focus on innovation, continuously enhance independent research and development capability

It enhanced the capabilities of R&D, innovation and independent brands development. It advanced approximately 20 development projects of whole vehicles, smart vehicles, key parts and components, covering medium-and high-end sedans, SUVs and A-class new energy vehicles under independent brands. In the first half of the year, 213 new effective patent applications were submitted (including 38 applications for invention patents), with a total of 110 new patents granted.



5. Promote integration, guarantee synergy, and continuously strengthen the advantages of industry chain

In the first half of the year, it rationally utilized the pattern of currency markets to issue five-year phase-two corporate bonds with value of RMB2 billion, at an interest rate lower than benchmark loan interest for the corresponding period; established a settlement center and put it into operation, and strengthened the integration of the Group's resources; advanced the quotation of Urtrust Insurance on the New Third Board, initiated the establishment of a platform for smart equipment, mergers and acquisitions and automobile industry investment fund, sought opportunities to invest in the upstream and downstream of automobile industry chain as well as in related emerging industries, and promoted a positive interaction with the Group's major businesses.

6. Strict information disclosure, importance in communication, and build a positive market image

Strict management of information disclosure, strengthened active information disclosure, and uploaded 89 regular reports and 74 temporary announcements documents in SSE and the Hong Kong Stock Exchange respectively, enabling investors to understand the Group's operating status in a timely manner.

The Group communicated with more than 300 investors and analysts through activities such as annual results teleconference, domestic and overseas roadshows, reverse roadshows, automobile exhibitions programmes investor summits, and made use of "SSE e-Interaction" online platform and corporate website to answer questions online and release monthly production and sales data as well as roadshow data for results announcement, effectively communicating the Group's business philosophy and value for investment, and improving the Group's image in the capital markets.

Discussion and Analysis by the Board on Operation of the Company during the Reporting Period

During the reporting period, revenue of the Group together with its joint ventures and associated companies amounted to approximately RMB95.235 billion, representing an increase of approximately RMB2.292 billion or approximately 2.47% as compared to the corresponding period last year.

During the reporting period, operating revenue of the Group amounted to approximately RMB11.45 billion, representing an increase of approximately 6.35% as compared to the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB1.750 billion, and earnings per share amounted to RMB0.27, both representing an increase of approximately 1.45% compared to the corresponding period last year.

The major factors leading to variation of results during the reporting period included: 1. along with the launch of new car models such as 1.5L Vezele, upgraded Highlander, Trumpchi GS4 etc, which were well received by the market, continuously increased the Group's product competitiveness and promoted the overall sales of the Group; 2. the Group continuously promoted the integration of industry and finance, and with the common development of automobile credit, insurance, automobile parts and commercial services in the upstream and downstream of the industry as well as automobile production and sales, the industrial synergies were further strengthened.

(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	114.50	107.66	6.35
Cost of sales	103.75	97.05	6.90
Selling and distribution costs	7.13	5.95	19.83
Administrative expenses	6.31	6.41	-1.56
Finance costs	4.47	3.59	24.51
Interest income	1.70	1.55	9.68
Share of profit of jointly controlled entities and associated companies	19.16	21.30	-10.05
Net cash flow generated from operating activities	-1.94	-4.64	58.19
Net cash flow generated from investing activities	-1.04	-5.54	81.23
Net cash flow generated from financing activities	8.93	-26.52	133.67

Discussion and Analysis by the Board on Operation of the Company during the Reporting Period

2. Revenue

During the reporting period, operating revenue of the Group amounted to approximately RMB11.45 billion, representing an increase of approximately 6.35% as compared with the corresponding period last year, mainly due to the growth of sales volume of the independent brand “Trumpchi” of the Group as new models were launched and the rapid development of businesses in the upstream and downstream of the industry chain such as the automobile parts and components, insurance and commerce and trade service.

3. Cost of sales and gross profit

During the reporting period, the Group recorded total cost of sales and business tax of approximately RMB10.375 billion, representing an increase of approximately RMB670 million or approximately 6.90% as compared with the corresponding period last year. Total gross profit amounted to approximately RMB1.075 billion, representing an increase of approximately RMB14 million as compared with the corresponding period last year. Gross profit margin dropped by 0.47% as compared with the corresponding period last year, mainly due to the increase in the proportion of sales of small vehicles, as a result of the change in sales structure.

4. Expense

- (1) The increase of approximately RMB118 million in selling and distribution costs as compared with the corresponding period last year was mainly attributable to the increase of labor costs and logistics and warehousing expenses;
- (2) The decrease of approximately RMB10 million in the administrative expenses as compared with the corresponding period last year was mainly attributable to the increase in labor costs and depreciation and amortization along with the expansion of the Group and the decrease in operation costs;
- (3) The increase of approximately RMB88 million in the finance costs as compared with the corresponding period last year was mainly attributable to the increase of average borrowings of the Group during the reporting period, resulting in the increase of interests expenses;
- (4) The increase of approximately RMB15 million in interest income as compared with the corresponding period last year was mainly attributable to the increase of average bank deposits during the reporting period.

5. Cash flow

- (1) During the reporting period, net cash outflows arising from operating activities amounted to approximately RMB194 million, representing a decrease of approximately RMB270 million as compared with the net cash outflows of RMB464 million in the corresponding period last year, which was mainly attributable to the increase in sales collection along with the increase of sales, as well as the decrease in the net interests paid in the reporting period;

Discussion and Analysis by the Board on Operation of the Company during the Reporting Period

- (2) During the reporting period, net cash outflows arising from investing activities amounted to approximately RMB104 million, representing a decrease of approximately RMB450 million as compared with the net cash outflows of RMB554 million in the corresponding period last year, which was mainly attributable to the increase investment in joint ventures and associated companies, decrease in the amount of time deposits as compared to the corresponding period last year, and investment in financial products increased during the reporting period;
- (3) During the reporting period, net cash inflows arising from financing activities amounted to approximately RMB893 million, representing an increase of approximately RMB3.545 billion as compared with net cash outflows of approximately RMB2.652 billion of the corresponding period last year, which was mainly attributable to the increase in cash expenses for repayment of medium-term notes of approximately RMB6.7 billion and the decrease in borrowings during the reporting period;
- (4) As at 30 June 2015, cash and cash equivalent of the Group amounted to approximately RMB10.866 billion, representing an increase of approximately RMB451 million as compared with approximately RMB10.415 billion as at 30 June 2014.

6. Share of profit of joint ventures and associated companies

During the reporting period, the Group recorded share of profit of joint ventures and associated companies of approximately RMB1.916 billion, representing a decrease of approximately RMB214 million as compared with the corresponding period last year, which was mainly because: a. as new products were launched and well received in the market, overall sales increased for major joint ventures, which was offset by the decrease in revenue as a result of enhanced inventory clearing measures in preparation for the launch of new products in the first quarter; b. the Group continuously promoted the integration of industry and finance, and with the common development of automobile credit, insurance, automobile parts and commercial services in the upper and down stream of the industry as well as automobile production and sales, the industrial synergies were further strengthened.

7. Others

Income tax expense amounted to approximately RMB81 million, representing a decrease of approximately RMB11 million as compared with the corresponding period last year, which was mainly attributable to the decrease of profit of certain enterprises in the period.

In conclusion, the net profit attributable to the parent company of the Group during the reporting period was approximately RMB1.750 billion and earnings per share were approximately RMB0.27, representing an increase of approximately 1.45% as compared with the corresponding period last year.

Discussion and Analysis by the Board on Operation of the Company during the Reporting Period

(2) ANALYSIS BY INDUSTRY, PRODUCT OR REGIONAL OPERATION

1. Revenue of principal business by industry and product

Unit: 100 million Currency: RMB

Industry	Total operating revenue	Cost of sales and tax	Profit margin (%)	Changes in total operating revenue compared with last year (%)	Changes in cost of sales and tax compared with last year (%)	Changes in profit margin compared with last year (%)
Vehicles and related operations	109.52	100.35	8.37	5.31	6.00	0.60% decrease
Others	4.98	3.40	31.73	35.69	42.86	3.42% decrease
Total	114.50	103.75	9.39	6.35	6.90	0.47% decrease

Gross profit margin dropped by 0.47% as compared with the corresponding period last year, mainly due to the increase in the proportion of sales of small vehicles, as a result of the change in sales structure.

2. Principal business by region

Unit: 100 million Currency: RMB

Region	Total operating revenue	Changes in operating revenue as compared with last year (%)
Mainland China	114.48	6.33
Hong Kong	0.02	272.57
Total	114.50	6.35

Discussion and Analysis by the Board on Operation of the Company during the Reporting Period

(3) ANALYSIS ON CORE COMPETITIVENESS

During the reporting period, the core competitiveness of the Group is mainly characterized as:

1. Complete industry chain and industry layouts with optimized structure

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

2. Advanced manufacturing, craftsmanship, quality and process management

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

3. Enriched product line and optimized product structure

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

Discussion and Analysis by the Board on Operation of the Company during the Reporting Period

(4) ANALYSIS ON ASSETS AND LIABILITIES

1. Table of assets and liabilities analysis

Unit: RMB100 million Currency: RMB

Item	Balance at the end of the current period	Balance at the end of the period to total assets (%)	Balance at the end of previous period	Balance at the end of previous period to total assets (%)	Change (%)
Land use rights	16.94	2.64	15.01	2.41	12.86
Property, plant and equipment	89.35	13.94	85.36	13.69	4.67
Intangible assets	43.40	6.77	39.97	6.41	8.58
Investments in JVs and associated companies	185.69	28.98	186.93	29.97	-0.66
Prepayments and long term receivables	9.51	1.48	8.67	1.39	9.69
Inventories	26.23	4.09	26.61	4.27	-1.43
Trade and other receivables	49.81	7.77	55.15	8.84	-9.68
Available-for-sale financial assets	37.67	5.88	11.28	1.81	233.95
Time deposits	55.39	8.64	74.22	11.90	-25.37
Restricted cash	7.04	1.10	6.74	1.08	4.45
Cash and cash equivalents	108.66	16.96	102.68	16.46	5.82

2. Analysis on change of items

During the reporting period, available-for-sale financial assets increased by 233.95% as compared with the corresponding period last year, mainly because the Group increased purchases of financial products during the reporting period. There were no material changes in other assets and liabilities.

Discussion and Analysis by the Board on Operation of the Company during the Reporting Period

(5) ANALYSIS ON FINANCIAL POSITION

1. Financial indicators

As at 30 June 2015, the Group's current ratio was 1.47 times, representing an increase from approximately 1.33 times as at 31 December 2014, and quick ratio was approximately 1.15 times, remaining at the same level with approximately 1.15 times as at 31 December 2014; both at normal levels.

2. Financial resources and capital structure

As at 30 June 2015, the Group's current assets amounted to approximately RMB27.364 billion, current liabilities amounted to approximately RMB18.628 billion and current ratio was 1.47 times. As at 30 June 2015, the Group's total borrowings amounted to approximately RMB15.068 billion, mainly consisting of debenture issued by the Group with nominal value of RMB600 million, corporate bonds issued with nominal value of RMB6 billion, short-term financing bonds with nominal value of RMB4 billion, and loans from bank and financial institutions amounting to approximately RMB4.524 billion, which resulted in a gearing ratio of 28.73%. The above loans and bonds were payable upon maturity. The Group generally funds its business and operational capital needs with its own working capital. (Calculation of gearing ratio: (borrowings in non-current liabilities + borrowings in current liabilities)/(total equity + borrowings in non-current liabilities + borrowings in current liabilities)).

3. Foreign exchange risk

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

4. Contingent liabilities

As at 30 June 2015, third-party guarantee committed by the Group amounted to RMB95,833,908.22, whereas that as at 31 December 2014 was RMB12,637,594; as at 30 June 2015, financial guarantee of the Company for its subsidiaries amounted to RMB0, whereas that as at 31 December 2014 was RMB0.

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

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

(2) MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

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

(3) TRANSACTION OF ASSETS AND MERGER OF BUSINESS

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

Description and nature	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. Change in business registration was completed on 6 February 2015.	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. (SSE Announcement No.: Lin 2014-074)

(4) IMPLEMENTATION OF THE SHARE OPTION INCENTIVE SCHEME AND ITS EFFECT

1. Matters concerning share option incentives that had been disclosed in the provisional announcement and had no progress or changes in subsequent implementation:

Description	Query Index
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 second session of H share appreciation rights has lapsed.	The “Announcement on Implementation Progress of First Grant Plan of H Share Appreciation Rights” was disclosed on the websites of SSE and Hong Kong Stock Exchange on 3 March 2015 stating the reasons including the retirement of the targets and invalidity of the second grant of appreciation rights, and the total number of unvested share appreciation rights amounts to 11,949,962 shares. (SSE Announcement No.: Lin 2015-016)

(5) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Matters that had been disclosed in the provisional announcements and had no progress or changes in subsequent implementation:

Description	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. Change in business registration was completed on 6 February 2015.	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. (SSE Announcement No.: Lin 2014-074)

(6) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Trusts, contracts and lease arrangements

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

2. Guarantee

Unit: 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 (Date of signing agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	The guarantee is fully performed	Overdue	Is counter guarantee available	Guarantee provided to the related parties	Relationship
GAC Bus	Wholly-owned subsidiary	Foshan City Nan Hai Fo Guang Public Motor Company (佛山市南海佛廣公共汽車有限公司)	8,443,050	25 July 2014	19 September 2014	19 September 2019	Suretyship of joint and several liability	No	No	No	No	
GAC Hino (Shenyang) Motors Co., Ltd.	Wholly-owned subsidiary	Guangzhou Yang Cheng Zhi Lv Tourism and Transport Co., Ltd. (廣州羊城之旅旅遊運輸有限公司)	1,494,908.4	1 December 2014	1 December 2014	30 November 2016	Suretyship of joint and several liability	No	No	No	No	
GAC Hino (Shenyang) Motors Co., Ltd.	Wholly-owned subsidiary	Guangzhou Yang Cheng Zhi Lv Tourism and Transport Co., Ltd. (廣州羊城之旅旅遊運輸有限公司)	185,949.82	26 February 2014	26 February 2014	25 February 2016	Suretyship of joint and several liability	No	No	No	No	
GAC Commercial	Wholly-owned subsidiary	Guangzhou United Exchange Park Business Investment Co., Ltd.	4,220,000	26 March 2015	26 March 2015	25 March 2018	Suretyship of joint and several liability	No	No	Yes	Yes	Associated company
GAC Commercial	Wholly-owned subsidiary	Guangzhou United Exchange Park Business Investment Co., Ltd.	81,490,000	26 March 2015	26 March 2015	25 March 2018	Suretyship of joint and several liability	No	No	Yes	Yes	Associated company
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)											85,710,000	
Total balance of guarantee as at the end of the reporting period (A)(excluding those provided to subsidiaries)											95,833,908.22	
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)											95,833,908.22	
Proportion of total guarantee in the net assets of the Company (%)											0.26%	

Significant Events

3. Other material contracts or transactions

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

(7) CONVERTIBLE BOND OF THE COMPANY

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 review.

(8) CORPORATE GOVERNANCE

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

During the reporting period, a total of 2 general meetings, 9 Board meetings, 4 meetings of the Supervisory Committee were held, and the procedures of the convening, holding and considering and voting for meetings have been in strict compliance with the Articles of Association and rules of proceedings, and the re-election of members of the next session of the Board and the Supervisory Committee was conducted based on the term of their respective members.

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

During the reporting period, the Company revised the Articles of Association and formulated related systems including strategic planning management measures and detailed rules for annual review of key projects, further improved the basic management system and provided solid foundation for the continuous improvement of working efficiency and management level for the corporate governance.

In addition, in accordance with the requirement of Basic Principles for Internal Control of Enterprises and Guidelines of Shanghai Stock Exchange for the Internal Control of Listed Companies, the Company prepared and disclosed 2014 evaluation report of internal control and engaged intermediaries to audit the internal control of the Company.

During the reporting period, the Company has been in full compliance with all the code provisions set out in Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.

The Company has adopted the Model Code for “Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 of the Hong Kong Listing Rules. After making specific enquiries with all Directors by the Company, all Directors have confirmed that they have fully complied with such Model Code throughout the reporting period.

(9) PROFIT DISTRIBUTION

1. Implementation or adjustment of profit distribution plan during the reporting period

Upon the consideration and approval of 2014 annual general meeting of shareholders of the Company held on 25 June 2015, the Company proposed to declare dividend of RMB0.8 (tax inclusive) in cash for every 10 shares to all shareholders and such dividend had already been distributed.

2. Declared half-year profit distribution plan

Upon the 5th meeting of the 4th Session of the Board of the Company, it was considered and approved the 2015 interim profit distribution plan, and it was decided to pay a cash dividend of RMB0.8 per 10 shares (tax inclusive) to all shareholders of the Company.

(10) TRANSACTIONS IN RELATION TO PRINCIPAL JOINTLY CONTROLLED ENTITIES

At the time of listing of the Company, the Hong Kong Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Hong Kong 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. As the size tests calculated based on the financial statements for the year 2014 do not exceed the threshold of 5%, as at 30 June 2015, Wuyang-Honda ceased to be a jointly controlled entity of the Group.

(11) OTHER DISCLOSURES

1. Production safety

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

During the first half of the year, the Group had experienced no serious injury or above accidents, and its safety production condition remained stable in general.

2. Environmental protection

Actively responding to China’s call for energy conservation, emission reduction, sewage reduction and efficiency improvement, the Group dedicated to the development of energy-conserving and new energy vehicles, carried out a wide range of energy conservation activities, took on the green and eco-friendly philosophy and promoted construction of intelligence intensive eco-friendly factories when constructing factories, invested in the distributed roof photovoltaic power projects in some factory areas, recycling light energy while lowering the temperature of factory buildings, and putting into practice the new concept of environmental protection for corporate citizens.

3. Remuneration and legal rights of employees

As at 30 June 2015, the number of registered employees of the Group (including joint ventures and associates) amounted to 63,081.

Based on its overall development plan, the Group took further steps to establish and improve various human resource management systems, strengthened macro management of remuneration, and attached importance to maintaining the market competitiveness of its remuneration system. By studying and analyzing market remuneration data, CPI growth rate and industry benchmark, it reviews its remuneration system on a yearly basis and popularize a salary negotiation mechanism, so as to ensure that the remuneration system plays an incentive role in retaining talents.

It advocated the implementation of performance-linked remuneration policy and continuously improved the performance evaluation mechanism, individual performance evaluation measures, and employee promotion system, and formulated remuneration policies that provide incentives and impose restrictions.

It attached great importance to the establishment and improvement of employee benefits system, made timely and full-amount contributions to pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing provident funds and other statutory benefit schemes in accordance with the relevant requirements in the PRC, abided by the regulations on work time, breaks and leaves; certain enterprises of the Group have established benefits systems including supplementary medical insurance, supplementary pension insurance (or enterprise annuity).

Changes in Shares and Shareholders

(1) STATEMENT OF CHANGES IN SHARE CAPITAL

Statement of changes in shares

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

Changes in restricted shares

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

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

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

(3) SHARE INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

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

Name	Class of shares	Capacity	Number of shares (Note 1)	Percentage in the class of issued share capital (%)	Percentage of total share capital
GAIGC (Note 2)	A Shares	Beneficial owner	3,679,503,529 (L)	87.16	58.81
	H Shares	Interest of a controlled corporation	79,276,000 (L)	3.58	1.23
Templeton Asset Management Ltd.	H Shares	Investment manager	532,418,508 (L)	24.06	8.27
Massachusetts Financial Services Company	H Shares	Investment manager	238,323,362 (L)	10.77	3.70
Sun Life Financial Inc.	H Shares	Investment manager	238,323,362 (L)	10.77	3.70
BlackRock, Inc.	H Shares	Interest of a controlled corporation	134,589,289 (L)	6.08	2.09
			166,000 (S)	0.01	0.003

Notes:

- (L) – Long Position, (S) – Short Position, (P) – Lending Pool
- As at 30 June 2015, GAIGC held a total of 3,705,129,384 A shares of the Company, 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.

Directors, Supervisors and Senior Management

(1) MOVEMENT IN 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 Xiaojin	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
Huang Zhiyong	Supervisor	Resigned	Resigned upon change of session
He Yuan	Supervisor	Resigned	Resigned upon change of session
Wu Chunlin	Supervisor	Election	Elected upon change of session
Su Zhanpeng	Supervisor	Election	Elected upon change of session

The elections upon the change of session of the Board and the Supervisory Committee were held on 25 June 2015. Save for the Directors and supervisors resigned or newly appointed above, Directors of the 3rd session of the Board and supervisors of the 3rd session of the Supervisory Committee and senior management of the Company continue to act as the 4th session Directors of the Board and supervisors of the Supervisory Committee and senior management.

Directors, Supervisors and Senior Management

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

As at 30 June 2015, the interests of the directors, supervisors and senior management of the Company in the shares of the Company and its associated corporations (as defined in Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) of the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, were as follows (unit: share):

1. Interest in shares

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

Name	Capacity	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/decrease during the reporting period
Yao Yiming	Non-executive Director and Deputy Party Secretary	536,597	536,597	0
Chen Maoshan	Non-executive Director, chairman of the labor union	9,481	9,481	0
Gao Fusheng	Chairman of the Supervisory Committee	87	87	0
Total	/	546,165	546,165	0

Save as the above directors and supervisors, other directors, supervisors and senior management of the Company did not have interests in underlying shares during the reporting period.

Directors, Supervisors and Senior Management

2. H Share Appreciation Rights

According to the H share appreciation rights scheme (details of which were set out in the circular of the Company dated 14 January 2012), as at 30 June 2015, the following Directors were granted with the number of H share appreciation rights set out below:

Name	Date of grant	Number of units of Share Appreciation Rights granted under the whole scheme	Number of units of Share Appreciation Rights granted during the reporting period	Number of units of Share Appreciation Rights lapsed as at 30 June 2015	Number of units of Share Appreciation Rights that are still valid at 30 June 2015	Percentage of issued share capital of the category (%)	Percentage of the total issued share capital (%)
Zhang Fanyou	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
Feng Xingya	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
Wu Song	29 February 2012	500,000	0	333,334	166,666	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

Save as disclosed above, as at 30 June 2015, none of the Directors, supervisors or senior management had any interests or short position in any shares, underlying shares and debentures of the Company and its associated corporations. Save as disclosed above, as at 30 June 2015, the Company had not granted any rights to subscribe for shares or debentures of the Company or any of its associated corporations to any director, supervisor or senior management of the Company or their respective spouses or children under 18 years of age.

3. A Share Options

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.

Directors, Supervisors and Senior Management

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, middle level 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 Options 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
Feng Xingya	Executive Director	0	76.00	0	0	7.6	76.00
Lu Sa	Executive Director, deputy general manager, secretary of the Company and secretary of the Board	0	76.00	0	0	7.6	76.00
Wu Sung	Executive Director	0	74.00	0	0	7.6	74.00
Yao Yiming	Non-executive Director	0	74.00	0	0	7.6	74.00
Chen Maoshan	Non-executive Director	0	74.00	0	0	7.6	74.00
Senior, Middle level and other core businesses, technical and management key personnel (total 612 people)	/	0	5,800.86	0	0	7.6	5,800.86
Total	/	0	6,440.86	0	0	/	6,440.86

Directors, Supervisors and Senior Management

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.

Condensed Consolidated Interim Financial Information

INTERIM CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Land use rights	7	1,693,559	1,501,392
Property, plant and equipment	7	8,935,147	8,535,881
Investment properties	7	364,768	342,232
Intangible assets	7	4,339,516	3,997,256
Investments in joint ventures and associates	8	18,569,189	18,692,856
Deferred income tax assets		434,501	481,411
Available-for-sale financial assets		1,351,995	899,626
Held-to-maturity investments		79,802	79,639
Prepayments and long term receivables		951,350	867,290
		<u>36,719,827</u>	<u>35,397,583</u>
Current assets			
Inventories		2,623,202	2,660,569
Trade and other receivables	9	4,980,555	5,514,858
Available-for-sale financial assets		2,415,452	227,950
Held-to-maturity investments		110,000	110,000
Financial assets at fair value through profit or loss		29,697	–
Time deposits		5,539,279	7,422,367
Restricted cash		704,171	674,180
Cash and cash equivalents		10,866,099	10,268,354
		<u>27,268,455</u>	<u>26,878,278</u>
Non-current assets held for sale		95,922	95,922
		<u>27,364,377</u>	<u>26,974,200</u>
Total assets		<u>64,084,204</u>	<u>62,371,783</u>

Condensed Consolidated Interim Financial Information

	<i>Note</i>	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	6,435,019	6,435,019
Other reserves		10,848,716	10,848,026
Retained earnings		19,324,475	18,089,648
– Proposed dividend	17	514,802	514,802
– Others		18,809,673	17,574,846
		<u>36,608,210</u>	<u>35,372,693</u>
Non-controlling interests		766,294	795,956
		<u>37,374,504</u>	<u>36,168,649</u>
LIABILITIES			
Non-current liabilities			
Trade and other payables	11	118,867	1,151
Borrowings		6,860,072	4,769,367
Deferred income tax liabilities	12	43,814	34,882
Provisions		220,763	186,256
Government grants		837,776	989,817
		<u>8,081,292</u>	<u>5,981,473</u>
Current liabilities			
Trade and other payables	11	10,403,567	10,644,529
Current income tax liabilities		16,922	36,615
Borrowings	12	8,207,919	9,540,517
		<u>18,628,408</u>	<u>20,221,661</u>
Total liabilities		<u>26,709,700</u>	<u>26,203,134</u>
Total equity and liabilities		<u>64,084,204</u>	<u>62,371,783</u>
Net current assets		<u>8,735,969</u>	<u>6,752,539</u>
Total assets less current liabilities		<u>45,455,796</u>	<u>42,150,122</u>

Condensed Consolidated Interim Financial Information

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
Revenue	6	11,449,667	10,766,397
Cost of sales		(10,374,780)	(9,705,066)
Gross profit		1,074,887	1,061,331
Selling and distribution costs		(712,550)	(595,185)
Administrative expenses		(630,771)	(641,427)
Interest income		113,479	107,286
Other gains – net		431,718	56,205
Operating profit/(loss)	13	276,763	(11,790)
Finance costs	14	(446,759)	(359,089)
Interest income		56,334	47,271
Share of profit of joint ventures and associates	8	1,916,124	2,129,634
Profit before income tax		1,802,462	1,806,026
Income tax expense	15	(81,194)	(92,434)
Profit for the period		1,721,268	1,713,592
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss – fair value gain/(loss) on available-for-sale financial assets, net of tax		21,599	(433)
Total comprehensive income for the period		1,742,867	1,713,159

Condensed Consolidated Interim Financial Information

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
Profit/(loss) attributable to:			
Equity holders of the Company		1,749,629	1,725,401
Non-controlling interests		(28,361)	(11,809)
		<u>1,721,268</u>	<u>1,713,592</u>
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		1,760,142	1,723,944
Non-controlling interests		(17,275)	(10,785)
		<u>1,742,867</u>	<u>1,713,159</u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– basic	16	<u>0.27</u>	<u>0.27</u>
– diluted	16	<u>0.27</u>	<u>0.27</u>
Dividends	17	<u>514,802</u>	<u>514,802</u>

Condensed Consolidated Interim Financial Information

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to equity holders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2015	6,435,019	10,848,026	18,089,648	35,372,693	795,956	36,168,649
Comprehensive income						
Profit/(loss) for the period	-	-	1,749,629	1,749,629	(28,361)	1,721,268
Other comprehensive income – Available-for-sale financial assets, net of tax	-	10,513	-	10,513	11,086	21,599
Total comprehensive income/(loss)	-	10,513	1,749,629	1,760,142	(17,275)	1,742,867
Total contributions by and distributions to equity holders of the Company recognised directly in equity						
Dividends declared by the Company and subsidiaries	-	-	(514,802)	(514,802)	(29,444)	(544,246)
Others	-	2,349	-	2,349	563	2,912
Total contributions by and distributions to equity holders of the Company	-	2,349	(514,802)	(512,453)	(28,881)	(541,334)
Contribution from non-controlling shareholders of subsidiaries	-	-	-	-	2,700	2,700
Acquisition of non-controlling interests	-	(12,172)	-	(12,172)	12,172	-
Others	-	-	-	-	1,622	1,622
Total transactions with owners	-	(9,823)	(514,802)	(524,625)	(12,387)	(537,012)
Balance at 30 June 2015	6,435,019	10,848,716	19,324,475	36,608,210	766,294	37,374,504
Balance at 1 January 2014	6,435,019	10,562,909	16,313,263	33,311,191	805,005	34,116,196
Comprehensive income						
Profit/(loss) for the period	-	-	1,725,401	1,725,401	(11,809)	1,713,592
Other comprehensive loss – Available-for-sale financial assets, net of tax	-	(1,457)	-	(1,457)	1,024	(433)
Total comprehensive (loss)/income	-	(1,457)	1,725,401	1,723,944	(10,785)	1,713,159
Total contributions by and distributions to equity holders of the Company recognised directly in equity						
Dividends declared by the Company and subsidiaries	-	-	(643,502)	(643,502)	(18,450)	(661,952)
Others	-	1,530	-	1,530	401	1,931
Total contributions by and distributions to equity holders of the Company	-	1,530	(643,502)	(641,972)	(18,049)	(660,021)
Contribution from non-controlling shareholders of subsidiaries	-	-	-	-	3,850	3,850
Total transactions with owners	-	1,530	(643,502)	(641,972)	(14,199)	(656,171)
Balance at 30 June 2014	6,435,019	10,562,982	17,395,162	34,393,163	780,021	35,173,184

Condensed Consolidated Interim Financial Information

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	134,723	(164,243)
Interest received	194,631	303,414
Interest paid	(373,940)	(552,160)
Income tax paid	(149,414)	(51,113)
Net cash flows used in operating activities	(194,000)	(464,102)
Cash flows from investing activities		
Purchases of property, plant and equipment, land use rights, investment properties and intangible assets	(1,711,904)	(1,785,173)
Proceeds from sales of property, plant and equipment	78,966	113,755
Acquisition of subsidiaries, net of cash acquired	(76,781)	–
Acquisition of non-controlling interests	(5,500)	–
Disposal of a joint ventures	31,846	53,046
Additional capital investment in joint ventures	(648,200)	(60,000)
Additional capital investment in associates	(49,192)	(6,690)
Acquisition of available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss	(13,717,889)	(409,052)
Disposal of available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss	11,204,095	652,671
Issue of entrusted loans	(500,000)	(534,180)
Proceeds from repayment of entrusted loans	681,196	17,500
Receipt of government grant	18,356	11,731
Dividends received from joint ventures and associates	2,707,250	2,547,009
Decrease/(increase) in time deposits	1,883,087	(1,154,708)
Increase in restricted cash	–	(327)
Net cash flows used in investing activities	(104,670)	(554,418)

Condensed Consolidated Interim Financial Information

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Cash flows from financing activities		
Contribution from non-controlling shareholders of subsidiaries	64,831	3,850
Distribution to shareholders of the Company and non-controlling shareholders of subsidiaries	(28,413)	(13,383)
Proceeds from borrowings	2,242,493	4,522,113
Repayments of borrowings	(2,365,767)	(1,462,647)
Proceeds from bonds	1,979,382	998,080
Repayments of debentures	–	(6,700,347)
Repayments of short term bonds	(1,000,000)	–
Net cash flows generated from/(used in) financing activities	892,526	(2,652,334)
Net increase/(decrease) in cash and cash equivalents	593,856	(3,670,854)
Cash and cash equivalents at beginning of the period	10,268,354	14,083,345
Exchange (losses)/gains on cash and cash equivalents	3,889	2,509
Cash and cash equivalents at end of the period	10,866,099	10,415,000

The notes on pages 38 to 65 form an integral part of these interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

1 GENERAL INFORMATION

Guangzhou Automobile Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of passenger vehicles, commercial vehicles, engines and auto parts.

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

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

The Company privatised Denway Motors Limited (“Denway”), 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.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”) Yuan, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 28 August 2015.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with HKFRSs.

Notes to the Interim Consolidated Financial Statements

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the condensed consolidated financial information are consistent with those described in the annual financial statements for the year ended 31 December 2014.

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

- (a) The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2015:

Standards/Interpretation	Subject of amendment
HKAS 19 (Amendment)	Employee benefits
Annual improvements 2010-2012 cycle	Improvements to HKFRSs
Annual improvements 2011-2013 cycle	Improvements to HKFRSs

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

- (b) The following new standards and amendments, revisions and interpretations to standards have been issued but are not in force for the financial year beginning 1 January 2015 and have not been adopted in advance:

Standards/Interpretation	Subject of amendment	Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
Annual improvements 2012-2014 cycle	Improvements to HKFRSs	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

3 ACCOUNTING POLICIES (continued)

(b) (continued)

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

4 ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There were no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to year end, except for new issuance of five-year period corporate bonds with par value of RMB 2,000,000,000 and at the interest rate of 4.70% per annum, and redemption of short term bonds of RMB 1,000,000,000 during the period, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Notes to the Interim Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset 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).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss				
– Bond investments	20,007	–	–	20,007
– Stocks	9,690	–	–	9,690
Available-for-sale financial assets				
– Bond investments	93,010	–	–	93,010
– Fund investments	192,666	–	–	192,666
– Financial products	–	–	2,374,930	2,374,930
– Stocks	436,234	–	500,000	936,234
Total assets	751,607	–	2,874,930	3,626,537

Notes to the Interim Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation (continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	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

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

The following table presents the changes in level 3 instruments for the year ended 30 June 2015.

	Available-for-sale financial assets				Total RMB'000
	– Stocks RMB'000	– Financial products RMB'000	– Fund investments RMB'000	– Trust products RMB'000	
Opening balance	500,000	198,000	–	–	698,000
Additions	–	13,007,630	–	–	13,007,630
Settlements	–	(10,830,700)	–	–	(10,830,700)
Closing balance	500,000	2,374,930	–	–	2,874,930
Total unrealised profits for the period included in profit or loss for assets held at the end of the reporting period	–	–	–	–	–

Notes to the Interim Consolidated Financial Statements

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation (continued)

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

As at 30 June 2015	Fair value RMB'000	Valuation techniques(s)	Unobservable input	Range (weighted average)
Available-for-sale financial assets – Financial products	2,374,930	Discounted cash flow	Expected interest rate per annum	3.40%-4.70%

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%.

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, production and sale of a variety of passenger vehicles, commercial vehicles, automotive parts, and related operations;

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

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

Notes to the Interim Consolidated Financial Statements

6 SEGMENT INFORMATION (continued)

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Six months ended 30 June 2015					
External revenue	10,977,158	511,024	(38,515)		11,449,667
Internal revenue	(24,946)	(13,569)	38,515		–
Total segment revenue	10,952,212	497,455	–		11,449,667
Segment results	(101,450)	36,581	(20,115)	–	(84,984)
Unallocated income – Headquarter interest income				69,405	69,405
Unallocated income – Headquarter government grant income				300,210	300,210
Unallocated costs – Headquarter expenditure				(7,868)	(7,868)
Operating profits					276,763
Finance costs	(151,968)	(1,613)	–	(293,178)	(446,759)
Interest income	20,552	833	–	34,949	56,334
Share of profit of joint ventures and associates	1,741,657	174,467	–	–	1,916,124
Profit before income tax					1,802,462
Income tax expense	(67,960)	(13,219)	–	(15)	(81,194)
Profit for the period					1,721,268

Notes to the Interim Consolidated Financial Statements

6 SEGMENT INFORMATION (continued)

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

Notes to the Interim Consolidated Financial Statements

6 SEGMENT INFORMATION (continued)

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total assets					
At 30 June 2015	41,043,796	4,851,758	(1,396,845)	19,585,495	64,084,204
At 31 December 2014	40,237,161	4,523,232	(1,041,437)	18,652,827	62,371,783
Total liabilities					
At 30 June 2015	14,238,911	1,273,991	(1,396,845)	12,593,643	26,709,700
At 31 December 2014	14,102,049	1,488,739	(971,456)	11,583,802	26,203,134

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

	Land use rights RMB'000	Property, plant and equipment RMB'000	Investment properties RMB'000	Intangible assets RMB'000
Six months ended 30 June 2015				
Opening net book amount as at 1 January 2015	1,501,392	8,535,881	342,232	3,997,256
Additions	210,024	977,406	27,189	654,209
Disposals	–	(186,889)	–	–
Depreciation and amortisation	(17,857)	(391,251)	(4,653)	(311,949)
Closing net book amount as at 30 June 2015	1,693,559	8,935,147	364,768	4,339,516
Six months ended 30 June 2014				
Opening net book amount as at 1 January 2014	1,150,803	7,366,265	143,474	3,083,630
Additions	207,708	1,021,619	1,792	415,582
Disposals	–	(19,533)	–	–
Depreciation and amortisation	(11,900)	(312,913)	(2,538)	(229,382)
Closing net book amount as at 30 June 2014	1,346,611	8,055,438	142,728	3,269,830

Notes to the Interim Consolidated Financial Statements

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Investments in joint ventures	13,404,220	13,424,452
Investments in associates	5,164,969	5,268,404
	<u>18,569,189</u>	<u>18,692,856</u>

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Share of profit of joint ventures	1,453,226	1,576,447
Share of profit of associates	462,898	553,187
	<u>1,916,124</u>	<u>2,129,634</u>

8.1 Investments in joint ventures

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

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
At beginning of the period	13,424,452	13,200,531
Additions	648,200	60,000
Share of profit	1,421,983	1,547,378
Disposals	(25,756)	(57,471)
Dividends declared	(2,064,659)	(1,908,710)
	<u>13,404,220</u>	<u>12,841,728</u>

Notes to the Interim Consolidated Financial Statements

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

- (b) Set out below are the joint ventures of the Group as at 30 June 2015, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

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

Note 1: Guangqi Honda, GAC Toyota, GAC Fiat-Chrysler, 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.

- (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 covers over 90% of combined financial information of all the joint ventures of the Group listed below.

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

Notes to the Interim Consolidated Financial Statements

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

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

Summarised balance sheet

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Assets		
Non-current assets	27,055,254	26,490,675
Current assets		
– Cash and cash equivalents	10,456,308	15,521,723
– Other current assets	41,701,188	46,339,877
	52,157,496	61,861,600
Total assets	79,212,750	88,352,275
Liabilities		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	8,746,232	6,564,689
– Other non-current liabilities (including trade and other payables)	2,619,137	2,011,747
	11,365,369	8,576,436
Current liabilities		
– Financial liabilities (excluding trade and other payables)	12,708,828	15,976,893
– Other current liabilities (including trade and other payables)	33,979,158	42,636,068
	46,687,986	58,612,961
Total liabilities	58,053,355	67,189,397
Net assets	21,159,395	21,162,878
Less: Non-controlling interests	(18,055)	(17,593)
	21,141,340	21,145,285

Notes to the Interim Consolidated Financial Statements

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

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

Summarised statement of comprehensive income

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Revenue	65,366,474	62,129,970
Cost of sales	(56,144,358)	(52,048,779)
Other expenditures	(6,332,554)	(6,936,924)
Profit after tax	2,889,562	3,144,267
Add: (gains)/losses shared by non-controlling interests	(461)	3,576
	2,889,101	3,147,843
Other comprehensive income	–	–
Total comprehensive income	2,889,101	3,147,843

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.

Notes to the Interim Consolidated Financial Statements

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

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

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

Name of joint ventures	Assets		Liabilities		Revenue		Dividends received	
	30 June	31 December	30 June	31 December	Six months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Guangqi Honda	23,172,270	27,059,753	15,248,956	20,130,422	28,997,201	22,446,515	-	-
GAC Toyota	15,745,421	18,208,011	10,528,729	10,889,619	24,996,906	26,944,738	1,972,229	1,828,607
GAC Fiat-Chrysler	7,073,238	7,217,416	5,909,607	6,710,946	1,721,865	3,221,695	-	-
GAC Mitsubishi	5,049,715	6,041,169	3,583,232	4,674,263	3,339,200	3,753,274	-	-
GAC Hino	1,662,164	1,576,808	1,385,683	1,302,168	535,330	607,623	-	-
GAC Sofinco	18,434,498	20,435,930	16,168,797	18,412,622	942,680	787,311	-	-
Wuyang-Honda	2,883,763	3,067,617	1,722,692	1,822,247	2,835,285	2,551,567	92,430	78,210
Total	74,021,069	83,606,704	54,547,696	63,942,287	63,368,467	60,312,723	2,064,659	1,906,817

Notes to the Interim Consolidated Financial Statements

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.1 Investments in joint ventures (continued)

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

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

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Assets	74,021,069	83,606,704
Less: Liabilities	(54,547,696)	(63,942,287)
Non-controlling interests	(18,054)	(17,593)
Net assets excluding non-controlling interests	19,455,319	19,646,824
% of ownership interest	50%	50%
Interests in material joint ventures	9,727,660	9,823,412
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	12,644,212	12,739,964

Notes to the Interim Consolidated Financial Statements

8 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

8.2 Investments in associates

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Beginning of the period	5,268,404	5,224,015
Additions	104,028	6,690
Share of profits	462,898	553,187
Disposals	–	(129,610)
Dividend declared	(670,361)	(730,889)
End of the period	5,164,969	4,923,393

(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:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
Associates		
Profit from continuing operations	462,898	553,187
Other comprehensive income	–	–
Total comprehensive income	462,898	553,187

Notes to the Interim Consolidated Financial Statements

9 TRADE AND OTHER RECEIVABLES

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

As at 30 June 2015 and 31 December 2014, the aging analysis of trade receivables is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade receivables		
Within 3 months	541,901	793,388
Between 3 months and 1 year	87,589	189,692
Between 1 and 2 years	49,712	62,050
Between 2 and 3 years	22,962	26,400
Over 3 years	140,510	137,340
	<u>842,674</u>	<u>1,208,870</u>
Less: Provision for impairment	(149,713)	(149,576)
Trade receivables – net	<u>692,961</u>	<u>1,059,294</u>

10 SHARE CAPITAL

	RMB ordinary shares of RMB 1 each		Foreign shares listed out of mainland China		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
As at 31 December 2014 and 30 June 2015	<u>4,221,719</u>	<u>4,221,719</u>	<u>2,213,300</u>	<u>2,213,300</u>	<u>6,435,019</u>	<u>6,435,019</u>

Notes to the Interim Consolidated Financial Statements

11 TRADE AND OTHER PAYABLES

As at 30 June 2015 and 31 December 2014, the aging analysis of the trade payables is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade payables		
Within 1 year	4,774,273	4,545,382
Between 1 and 2 years	136,788	32,686
Between 2 and 3 years	12,576	5,716
Over 3 years	11,470	17,551
	<u>4,935,107</u>	<u>4,601,335</u>

12 BORROWINGS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current		
Bank borrowings	314,947	187,617
Corporate bonds (a)	6,545,125	4,561,750
Entrusted loans from related parties – unsecured	–	20,000
	<u>6,860,072</u>	<u>4,769,367</u>
Current		
Borrowings from bank and financial institutions	4,089,194	3,871,136
Entrusted loans from related parties – unsecured	120,200	674,500
Short term bonds (b)	3,998,525	4,994,881
	<u>8,207,919</u>	<u>9,540,517</u>
Total borrowings (c)	<u>15,067,991</u>	<u>14,309,884</u>

Notes to the Interim Consolidated Financial Statements

12 BORROWINGS (continued)

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

In March 2013, the Company issued five-year period corporate bonds with par value of RMB 1,000,000,000 and ten-year period RMB 3,000,000,000 which bear interest rate of 4.89% per annum and 5.09% per annum respectively. 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.

In January 2015, the Company issued five-year corporate bonds with principal of RMB 2,000,000,000, which bear interest rate of 4.70% per annum. The related interest is payable on an annual basis. These corporate bonds will be fully redeemed at par in January 2020, 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.

- (b) In March 2014 and 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. The short-term financing bond with principal of RMB 1,000,000,000 was fully repaid with principal and interests on March 2015.
- (c) Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
At the beginning of the period	14,309,884	14,171,893
Proceeds of new borrowings	5,393,624	6,858,927
Repayments of borrowings	(4,639,974)	(9,822,856)
Amortisation of bond issuance costs	4,457	2,719
At the end of the period	15,067,991	11,210,683

Notes to the Interim Consolidated Financial Statements

13 OPERATING PROFIT/(LOSS)

The following items have been charged to the operating profit/(loss) during the period:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Depreciation and amortisation	725,710	556,733
Changes in impairment of inventories	(16,410)	2,270
Changes in provision for bad debts of trade and other receivables	(29,818)	1,547
Staff costs	1,320,771	1,035,557
Gain on disposal of property, plant and equipment	(2,409)	(943)
Government grants	(482,440)	(194,372)
Donation	496	2,053
	<u>1,515,900</u>	<u>1,402,845</u>

14 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest for borrowings from banks and other financial institutions	419,957	337,002
Others	26,802	22,087
	<u>446,759</u>	<u>359,089</u>

Notes to the Interim Consolidated Financial Statements

15 INCOME TAX EXPENSE

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

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	32,667	43,692
Deferred income tax	48,527	48,742
	<u>81,194</u>	<u>92,434</u>

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

The tax rates applicable to the Company and its major joint ventures for the period ended 30 June 2015 is 25% (the period ended 30 June 2014: 25%).

16 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.

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	1,749,629	1,725,401
Weighted average number of ordinary shares in issue (thousands)	6,435,019	6,435,019
Basic earnings per share (RMB per share)	<u>0.27</u>	<u>0.27</u>

Notes to the Interim Consolidated Financial Statements

16 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 six months ended 30 June 2015 (Six months ended 30 June 2014: 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.

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	1,749,629	1,725,401
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)	19,809	–
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	6,454,828	6,435,019
Diluted earnings per share (RMB per share)	0.27	0.27

Notes to the Interim Consolidated Financial Statements

17 DIVIDEND

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interim dividend declared: RMB0.08 (2014: RMB0.08)	514,802	514,802

No dividend was paid in six months ended 30 June 2015 (Six months ended 30 June 2014: nil).

In addition, an interim dividend of RMB0.08 per share (2014: RMB0.08) was declared by the board of directors on 28 August 2015. This interim dividend, amounting to approximately RMB514,802,000 (2014: RMB514,802,000), has not been recognised as a liability in this interim financial information.

18 CAPITAL COMMITMENTS

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

	Unaudited	Audited
	30 June	31 December
	2015	2014
	RMB'000	RMB'000
Property, plant and equipment		
– Contracted but not provided for	1,777,025	310,225
– Authorised but not contracted for	523,810	10,015
	<u>2,300,835</u>	<u>320,240</u>
Intangible assets		
– Contracted but not provided for	–	277
– Authorised but not contracted for	1,659,764	745,629
	<u>1,659,764</u>	<u>745,906</u>
Investments		
– Contracted but not provided for	1,564,799	2,150,127
	<u>5,525,398</u>	<u>3,216,273</u>

Notes to the Interim Consolidated Financial Statements

19 CONTINGENT LIABILITIES

As at 30 June 2015, the Group had provided financial guarantees to a third party for an amount of approximately RMB95,834,000 (2014: RMB12,638,000).

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

20 RELATED-PARTY TRANSACTIONS

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

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

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

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

Notes to the Interim Consolidated Financial Statements

20 RELATED-PARTY TRANSACTIONS (continued)

(a) Significant related party transactions

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Sales of goods		
Sales of auto parts and materials		
– Joint ventures	243,176	554,802
– Associates	144,078	154,192
	<u>387,254</u>	<u>708,994</u>
Sales of passenger vehicles		
– Joint ventures	1,698	1,822
– Associates	443	336
	<u>2,141</u>	<u>2,158</u>
	<u>389,395</u>	<u>711,152</u>
Rendering of labour and insurance services		
– Joint ventures	276,861	270,029
– Associates	165,907	191,472
	<u>442,768</u>	<u>461,501</u>
Purchases of goods		
Purchases of auto parts and materials		
– Joint ventures	725,811	367,390
– Associates	126,614	258,364
	<u>852,425</u>	<u>625,754</u>
Purchases of passenger vehicles		
– Joint ventures	2,051,815	1,866,107
	<u>2,904,240</u>	<u>2,491,861</u>

Notes to the Interim Consolidated Financial Statements

20 RELATED-PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Receiving of labour and insurance services		
– Joint ventures	5,779	18,226
– Associates	12,605	8,210
	<u>18,384</u>	<u>26,436</u>
Rental received from related parties		
– Joint ventures	4,504	3,044
– Associates	3,202	4,058
– GAIGC	716	–
	<u>8,422</u>	<u>7,102</u>
Rental paid to related parties		
– Subsidiaries of GAIGC	1,135	1,593
	<u>1,135</u>	<u>1,593</u>
Provision of entrusted loans to related parties		
– Joint ventures	500,000	517,500
	<u>500,000</u>	<u>517,500</u>
Repayment of entrusted loans from related parties		
– Joint ventures	664,516	17,500
	<u>664,516</u>	<u>17,500</u>
Entrusted loans provided by related parties		
– Joint ventures	–	40,000
– Associates	50,000	50,000
	<u>50,000</u>	<u>90,000</u>

Notes to the Interim Consolidated Financial Statements

20 RELATED-PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Repayment of entrusted loans to related parties		
– Joint ventures	120,300	20,000
– Associates	50,000	–
	<u>170,300</u>	<u>20,000</u>
Borrowings provided by related parties		
– Joint ventures	704,277	1,008,678
	<u>704,277</u>	<u>1,008,678</u>
Repayment of borrowings from related parties		
– Joint ventures	863,900	1,034,941
	<u>863,900</u>	<u>1,034,941</u>
Guarantees given by related party		
– GAIGC (Note 12(a))	6,000,000	4,000,000
	<u>6,000,000</u>	<u>4,000,000</u>
Guarantees provided for related party		
– Associates	85,710	–
	<u>85,710</u>	<u>–</u>

In the first half of 2015, GAC Commercial, the wholly-owned subsidiary of the Group paid RMB 82,712,014 in cash to GAIGC, the parent company of the Group for the acquisition of 100% equity interests held by GAIGC in Guangzhou Lixin Car Rental Co., Ltd..

(b) Key management compensation

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Salaries and other short-term employee benefits	7,426	8,817
	<u>7,426</u>	<u>8,817</u>

20 RELATED-PARTY TRANSACTIONS (continued)

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

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

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

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

(i) Balances with state-owned financial institutions

As at 30 June 2015 and 31 December 2014, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions.

(ii) Guarantees given by State-owned Enterprises

As at 30 June 2015, information of borrowings secured by guarantees given by a state-owned financial institution is presented in note 12(a).

21 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- (a) Details of the interim dividend proposed are given in Note 17.

Definitions

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

“Articles of Association”	the articles of association of Guangzhou Automobile Group Co., Ltd.
“associated companies, associated enterprises”	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
“CSRC”	China Securities Regulatory Commission
“Directors”	directors of the Company
“GAC Bus”	Guangzhou Automobile Group Autobus Co., Ltd (廣州汽車集團客車有限公司) (formerly known as Guangzhou Denway Bus Co., Ltd (廣州駿威客車有限公司)), a wholly-owned subsidiary of the Group incorporated on 18 January 1993 under PRC law
“GAC BYD”	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd.(廣州廣汽比亞迪新能源客車有限公司), an associated company incorporated on 4 August 2014 under PRC law by the Group and BYD Company Limited, and the Group holds 49% of its equity interest
“GAC Capital”	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary of the Company incorporated in April 2013 under PRC Law
“GAC Commercial”	Guangzhou Automobile Group Business Co., Ltd (廣州汽車集團商貿有限公司), a wholly-owned subsidiary of the Group incorporated on 21 March 2000 under PRC law
“GAC Component”	Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司), a wholly-owned subsidiary incorporated on 29 August 2000 under PRC law and jointly funded by the Group and its subsidiaries
“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 Fiat Group Automobiles S.P.A. and the Company, 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 (廣汽吉奧汽車有限公司), a subsidiary incorporated on 8 December 2010 under PRC Law by the Company and Gonow Auto, and 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 incorporated on 25 September 2012 under PRC law held by the Company and Mitsubishi Motors Corporation
“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
“GAIGC”	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, the controlling shareholder of the Company
“GAC-SOFINCO”	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽匯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
“Group”	the Company, its subsidiaries, joint ventures and associated companies
“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
“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.
“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

Definitions

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“joint venture, joint enterprise, 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
“Listing Rules”	the Hong Kong Listing Rules and the Rules Governing the Listing of Shares on the SSE, as amended from time to time
“MPV”	multi-purpose passenger vehicle
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the PRC
“Shanghai Hino”	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated company incorporated 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
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SSE”	the Shanghai Stock Exchange
“SUV”	sports utility vehicle
“Tong Fang Logistics”	Tong Fang Global (Tianjin) Logistics Co., Limited (同方環球(天津)物流有限公司), jointly established by China First Automobile Works Group and Toyota Motor Company in July 2007, 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