广汽集团 GAC GROUP | 匠于心 品于行 CRAFTED BY THE DRIVEN

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 2018

Content

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 meeting 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 2018 and agreed to submit it to the Board for approval.

(IV) Zeng Qinghong, the person in charge of the Company and Feng Xingya, the General Manager of the Company, Wang Dan, the person in charge of accounting function and Zheng Chao, the manager of the accounting department (Chief Accountant), warrant the truthfulness, accuracy and completeness of the financial statements contained in this report.

(V) The Board proposed payment of interim dividend of RMB1 (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.

(VII) There is no non-operational appropriation of the Company's funds by its controlling shareholder and its connected parties.

(VIII) The Company has not provided any third-party guarantees in violation of stipulated decision-making procedures.

(I) CORPORATE INFORMATION

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

(II) CONTACT PERSON AND CONTACT METHOD

	Secretary to the Board & Company Secretary
Name	Sui Li
Address	GAC Centre, Xingguo Road, No. 23, Zhujiang New Town, Tianhe District, Guangzhou
Telephone	020-83151008
Facsimile	020-83150319
E-mail	xul@gagc.com.cn/xul@gac.com.cn

(III) BASIC INFORMATION

Registered address of the Company	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou, Guangdong Province
Postal code of the Company's registered office address	510030
Office address of the Company	GAC Centre, Xingguo Road, No. 23, Zhujiang New Town, Tianhe District, Guangzhou
Postal code of the Company's office address	510623
Principal place of business in Hong Kong	Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Company's website	www.gagc.com.cn/www.gac.com.cn
E-mail	ir@gagc.com.cn/ir@gac.com.cn
Investor hotline	020-83151089
Query index of changes during the reporting period	Nil

(IV) INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by the CSRC for publishing the interim report	www.sse.com.cn
Website designated by the Stock Exchange for publishing the interim report	www.hkexnews.hk
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 listed shares	Stock abbreviation	Stock code
A Shares	SSE	GAC GROUP	601238
H Shares	Stock Exchange	GAC GROUP	02238

Chairman's Statement

Dear shareholders,

This year marks the beginning of full implementation of spirit of the 19th National Congress of the Communist Party of the PRC, the 40th anniversary of Reform and Opening up, and also a critical year to implement the 13th Five-Year plan. In the first half of the year, despite the complicated domestic and international situation, the Group has worked hard to overcome difficulties and promoted high-quality development of the Group to achieve steady growth in production and operation with the trust and support of our shareholders. On behalf of the Board, I would like to hereby express my heartfelt gratitude to all shareholders, partners and stakeholders.

In the first half of the year, **we moved forward in face of challenges, achieving steady development in production and operation.** In the first half of the year, the Group launched 8 new vehicle models and altered vehicle models. Production and sales volume of automobiles both reached over 1,000,000 units. Among which, self-developed brand has mapped out its focus on high-end products. GAC Trumpchi GS8 and GM8 occupied the top rankings in domestic segmental markets. Trumpchi GS4, the first model installed with the smart system collaborated with Tencent was successfully launched after alteration. GAC New Energy created a new form of marketing service, the "25-hour Experience Center+City Showroom+Mixed Brand Store". Sales volume in the first half of the year was 6,301 units which represented a significant leap as compared with the corresponding period last year. The joint venture brands GAC Honda, GAC Toyota and GAC Mitsubishi maintained a rapid growth in terms of sales volume. Hot sales of star products such as the brand new 8th generation Camry, Levin, Highlander, the 10th generation Accord, Avancier, Odyssey, Outlander continued. The commercial vehicles segment developed accordingly, with sales volume of GAC Hino increased sharply by 213.15% and GAC BYD received nearly 5,000 pure electric bus orders in the first half of the year. For the first half of the year, revenue of the Group together with its joint ventures and associated companies amounted to approximately RMB172.607 billion, representing an increase of 6.22% as compared with the corresponding period last year. The consolidated total operating revenue amounted to approximately RMB37.200 billion, representing an increase of 7.00% as compared with the corresponding period last year. Net profit attributable to owners of the company was approximately RMB6.913 billion, representing an increase of 10.31% as compared with the corresponding period last year. Basic earnings per share amounted to approximately RMB0.68 because of the implementation of the issue of 0.4 share for every share by way of conversion of capital reserve during the reporting period, representing a decrease of approximately 1.45% as compared with the corresponding period last year. In the list of 2018 Fortune Global 500 published by the magazine "Fortune", we have been shortlisted as one of the Fortune Global 500 Companies for six years consecutively and we ranked the 202nd, being 36 places higher than last year.

We share the results and continue to create values for shareholders. With regards to the profitability level and future development needs of the Group, the Board recommended distributing an interim dividend of RMB1.0 (tax inclusive) in cash for every 10 shares to all shareholders with an estimated total cash dividend distributable of approximately RMB1.021 billion, representing an increase of approximately 57% as compared with the corresponding period last year. Cash dividend is a basic method for listed companies to reward its investors. We have always adhered to a long-term and continuously stable profit distribution policy and we distribute dividend twice a year to share results of development with investors. The annual dividend payout ratio has always been over 30%. The accumulated cash dividend distributed since listing was over RMB11.0 billion. The Group was also included in the "List of listed companies with high returns" jointly announced by the China Association for Public Companies together with the SSE and Shenzhen Stock Exchange, ranking the 39th.

We focus on the future and actively enhance our strategic layout. Firstly, the Group extended the depth of strategic layout and increased effort in R&D of EIC system and core technology of smart connection enhancement. The Group spared no effort to promote the implementation of GAC smart connection new energy vehicles industrial park project. Secondly, the Group extended the width of strategic layout and promote internationalisation strategy in depth. The newly-established Los Angeles Cutting-edge Design Center and Detroit R&D Center in the first half of the year after the Silicon Valley R&D Center has brought the 24-hour non-stop collaborative development to reality. The large-scale overseas recruitment in Europe has ended with fruitful results with more talents joining the Group. Thirdly, the Group mapped out its strategic layout from innovative perspective. In the first half of the year, the Group has jointly incorporated new energy vehicles company with NIO Inc., and has initiated strategic cooperation with various partners such as Aisin, Didi, Contemporary Amperex, Pony.ai., etc. The Group was gradually extending its ends to trendy segments such as new energy, intelligent network, mobile travel, etc. and fields of upstream and downstream key technology such as EIC technology, gearbox and V2X/5G application.

We increased effort in reformation and continue to enhance development momentum. In the first half of the year, the Group has successfully completed the optimisation reform of corporate organisation and optimised organisation setting and division of responsibilities. The Group has straightened out and reorganised functions of various departments and implemented super-ministry system to further improve management efficiency. The Group explored on the professional manager reform while adhering to the belief of "talents are the most important resources". The Group also promoted talent and remuneration reform to improve and optimise employee's remuneration and welfare management system and performance appraisal system, while the corporate development momentum has been maintained by the continued implementation of share option incentive scheme.

We have the common goal of strengthening corporate culture and the soft power of the brand. The Group has made cultural cultivation one of the corporate strategies and introduced the GAC Philosophy. The Group announced the brand new corporate culture slogan as "Innovation without limits; Plans for future" in April this year to build the GAC culture strategic and visionary system. The Group also established GAC University and GAC Academy to spread the spirit of corporate culture and nurture quality talents teams with specialised skills and high recognition of the corporate values. The Group has increased effort in brand promotion by joining car exhibitions in the North America and Beijing which would further improve brand influence. The Group has first entered the Best China Brands Ranking List published by Interbrand, a global comprehensive brands consultation company.

Currently, the domestic automobile market has entered the phase with low growth rate. The adjustment of new energy vehicles subsidy policy and implementation of policies such as relaxation of joint venture share proportion and the downward adjustment of import tariffs have driven domestic automobile enterprises to make enhancement of core competitiveness as future focus. The change in new energy vehicles market will change from policies-driven to consumption-driven. With accelerated integration of new technologies and vehicles and self-evolution of automobile industry driven by new business model, embracing new industrial practice is inevitable for automobile manufacturers to develop. It is certain that challenges will be brought by complicated external environment, fierce market competition and rapid industrial changes, but it is also certain that the Group can overcome such challenges with incomparable advantages, robust foundations and coping ability. In the second half of the year, the Group will integrate reformation and innovative development so as to increase core competitiveness in all aspects. The Group will spare no effort to achieve annual operation objectives with clear thoughts and hard-work.

In the second half of the year, **development is the first priority of the Group.** The Group will accomplish such goal with increasing efforts in productivity, marketing, brand promotion and execution. In order to cope with the trend of upgrading consumption, R&D direction will be changed from engineering-oriented to client-demand-oriented projects. The Group will focus on making "hot sales" and star models to form a service system that centered around customers' experience. The Group will construct the GAC Smart Connected New Energy Vehicles Industrial Park. With 70% of projects firmly implemented, the Industrial Park was progressing steadily as planned. Among which, the first phase of construction of the GAC New Energy automobile manufacturing plant is expected to be completed and be put into operation by the end of the year. The construction of GAC Aisin automatic transmission plant project, GAC Contemporary Amperex battery joint venture project and GAC powertrain plant were planned to commence at the end of this year which will become new drivers of the industrial upgrading and transformation of the Group.

We will insist on using reform and innovation as the driving force for development. The Group promoted the implementation of professional manager reform pilot program. According to the overall planning and guidance requirements of the "Double Hundred Actions" issued by the State-owned Assets Supervision and Administration Commission of the State Council, the Group explored and established comprehensive reform plans for the "Double Hundred Actions" which clearly specified the specific reform objectives and reform measures and performed the corresponding reporting and approval procedures. The technology-based and innovative enterprises with relatively high contribution of talents capital and technology elements in the Group have increased the pace of mixed ownership reform and introduced strategic investors, and encouraged core members of the team to hold shares and promoted the transformation of achievements in science and technology and innovation. The Group will focus on "Electrification, Intelligence, Networking, and Sharing", keep up with the changes in travel mode and plan to build a mobile travel platform and form a valuable closed loop from R&D to travel application scenarios and big data acquisition in driverless and intelligent networking technology in order to transform from hardware manufacturers to overall travel solution providers. Aimed for commercialised application, the development of 4 key projects, including GOS operating system, integrated electric drive unit, automatic driving system and digital cockpit were initiated. Promotion on the R&D of new energy and intelligent network essential components, G-MC 2.0 and battery cells were accelerated. The network connection terminal overall solution G2.2 will be installed in models such as GM6 while the self-developed motor controller is expected to meet the conditions for mass production by the end of the year.

We will insist on treating talents as the most important resources. The Group has built a systematic talent strategy system, established protection of a competent talent system and vigorously promoted innovation in the employment environment, employment mechanism and supervision system. Combined with the professional manager reform, the Group explored on the reform of labour, personnel, and allocation systems so as to form a viable employment mechanism and establish and improve various incentive scheme and allocation system. The Group has gone to great lengths to introduce foreign talents and cultivate internal talents in order to achieve "perfection both internally and externally" in terms of talents strategy. The Car Town is scheduled to commence at the end of this year with plans to build over 4,200 staff residence units to allow employees to share results of development and continue to improve employees' satisfaction and well-being.

We will insist on treating culture as foundation of soft power. The depth of culture determines the achievement of an enterprise. Culture is the spirit of an enterprise. Enterprises with a year depend on opportunities, with a decade depend on management and with a century depend on culture. The Group has launched the "Cultural Development Year" this year which vigorously cultivated corporate culture, demonstrated the new GAC, new endeavours and new image, took culture as an important component of the Group's core competitiveness and a booster for transformation and development and placed it as a development strategy. We will continue to create a good atmosphere for the GAC brand, promote the in-depth integration of corporate culture and brand building, enterprise management, and infiltrate the corporate culture into the whole process of brand building so as to make the brand a recognisable mark, a spiritual symbol and a valued concept which would continue enhancing the brand value of GAC.

At the beginning of this year, the Group confirmed its development vision and mission for 2027 and 2037. The blueprint was drawn up and the only way to succeed is through effective implementation. We will adhere to the beliefs of "Humanity, Credibility, Creativity" as always and to promote high quality development with quality reform, efficiency reform and dynamic reform. We will stand firm and work hard without fear of risks, and will not be blinded by any distraction, in order to become a world-class enterprise with customers' trust, happy employees and social expectations. We will strive to achieve the vision of a better mobile life for humanity.

Last but not least, I would like to thank the investors, customers, partners and stakeholders for their attention and support to GAC Group!

Summary of Business of the Company

(I) SUMMARY OF BUSINESS

The principal businesses of the Group consist of five major segments, namely research and development, whole vehicles (vehicles and motorcycles), parts and components, commercial services and financial services, which form a complete closed-loop industry chain.

1. Research and development segment

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

2. Whole vehicles segment

(1) Production of whole vehicles is mainly conducted through its subsidiary, GAMC, and joint ventures including GAC Honda, GAC Toyota, GAC FCA and GAC Mitsubishi.

➢ **Products:** The Group's passenger vehicles include 17 series of sedans, 15 series of SUV and 3 series of MPV, details of which are set forth below:

- GAC Trumpchi (GA5, GA6, GA3S, GA8, GA4, GA3S PHEV, GS5 Series, GS4, GS8, GS3, GS7, GS4 PHEV, GM8, GE3);
- GAC Honda Accord, Crider, Vezel, Odyssey, City, Fit, Avancier, Acura CDX, Acura TLX-L, etc.;
- GAC Toyota Camry, Highlander, Yaris L, Levin, C-HR, etc.;
- GAC FCA JEEP Cherokee, JEEP Renegade, JEEP Compass, JEEP Grand Commander, Viaggio, Ottimo, etc.;
- GAC Mitsubishi ASX, Outlander, Qizhi PHEV, etc.;

Besides, the Group also produces City sedans through Honda (China), primarily oriented to markets in the Middle East, the South America, etc.

The commercial vehicles are mainly manufactured by GAC Hino, a joint venture, and GAC BYD, an associated company. Main products include heavy trucks, new energy passenger vehicles, etc.

Energy conservation and new energy products of the Group include: GAC Trumpchi GA3S PHEV, GS4 PHEV, GE3, hybrid GAC Honda Accord Sport Hybrid, Acura CDX Sport Hybrid, GAC Toyota Camry HEV and Levin HEV, GAC Mitsubishi Qizhi PHEV, and GAC BYD pure electric passenger vehicles.

➢ **Production capacity:** During the reporting period, GAC Toyota added production capacity of 100,000 units/year to its third production line which commenced operation in January 2018; GAMC Xinjiang plant added production capacity of 20,000 units/year which commenced operation in March 2018. As at the end of the reporting period, the total vehicle production capacity amounted to 2,103,000 units/year.

➢ **Sales channel:** The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Company, together with its joint ventures and associated companies, had 3,079 sales outlets covering 31 provinces, counties, autonomous regions and municipalities in the PRC. 103,339 units of vehicles were sold through online channels during the reporting period, representing 10.16% of the total sales of vehicles for the year.

(2) Motorcycles

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

3. Commercial services segment

Through GAC Business (a subsidiary) and its controlled and joint stock companies and Tong Fang Logistics (an associated company) in the upstream and downstream of the automobile industrial chain, the Company carried on businesses in vehicle sales, logistics, international trading, second-hand vehicles, disassembling, resources recycling, supporting services, etc.

Through its subsidiary, Da Sheng Technology, the Company established a one-stop platform in consolidating vehicle repair, usage, purchase, lease and exchange, forming an open and common automobile ecosystem on the internet.

4. Parts and components segment

The Group's production of parts and components was mainly carried out through the controlled companies, joint control and joint stock companies of its subsidiary, GAC Component, and GAC Toyota Engine and Shanghai Hino, the Group's associated companies. The parts and components include engines, gearboxes, car seats, HVAC systems, auto lamps, automation accessories, redirectors, shock absorbers and accessories, etc.

5. Financial segment

The Group provides services related to financial investment, insurance, insurance brokerage, financial lease, automobile credit, etc. mainly through its subsidiaries, namely GAC Finance, China Lounge Investments, GAC Capital, Urtrust Insurance, Guang Ai, GAC Leasing and its joint venture, GAC-SOFINCO.

(II) INDUSTRY ENVIRONMENT

According to the data from the Society of Automotive Engineers of China, during the first half of the year, domestic production and sales volume of vehicles were 14,060,000 units and 14,070,000 units respectively, representing increases of 4.2% and 5.6% respectively as compared with the corresponding period last year. The overall performance was satisfactory. Among them, the growth of commercial vehicles was higher than that of passenger vehicles. The production and sales volume of passenger vehicles increased by 3.2% and 4.6% respectively as compared with the corresponding period last year; production and sales volume of commercial vehicles increased by 9.4% and 10.6% respectively as compared with the corresponding period last year. In terms of categories of passenger vehicles, the production and sales volume of sedans and SUV increased, while that of MPV and cross-type passenger vehicles declined. In terms of brands of passenger vehicles, the Korean series and German series experienced a relatively rapid growth, while the USA series experienced a decline as compared with the corresponding period last year. Sales volume of Chinese brand passenger vehicles maintained a growing trend yet a lower market share was recorded with a 0.5% drop as compared with the corresponding period last year. In the first half of 2018, sales volume of new energy vehicles increased sharply. Production and sales volume of new energy vehicles were 413,000 units and 412,000 units respectively, representing increases of 94.9% and 111.5% respectively as compared with the corresponding period last year. Among them, production and sales volume of pure electric vehicles were 314,000 units and 313,000 units respectively, representing increases of 79.0% and 96.0% respectively as compared with the corresponding period last year; production and sales volume of plug-in hybrid vehicles were 100,000 units and 99,000 units respectively, representing increases of 170.2% and 181.6% respectively as compared with the corresponding period last year.

Since 2018, competition in the automobile industry was becoming increasingly intense with greatly variable competitive landscape. Firstly, the domestic automobile market was further opened up. Due to the adjustment of new energy vehicles subsidy policies, relaxation on share ratio and reduction of automobile tariffs, the future focus of domestic automobile enterprises will be to strengthen their own core competitiveness. Secondly, regulations on automobiles (fuel consumption and emissions) were gradually tightened. The requirements of CAFC (corporate-average fuel consumption) figures have been tightened year by year, and the corresponding fuel consumption limit per-vehicle was becoming more stringent. It is imperative to develop advanced powertrains addressing the fuel consumption and emission regulations. Lastly, the electrification, intelligence, networking and sharing of vehicles were vigorously promoted. With the implementation of new policy in relation to new energy subsidies, the government strongly supports pure electric high endurance vehicles and the requirements of policies for power consumption, endurance and energy density would be greatly lifted, and the development of the new energy vehicles market will gradually shift from policy-driven to consumption-driven. The above changes will accelerate the transformation and upgrading of the automobile industry and the ecological and competitive landscape will be restructured. Automotive products will be further driven towards intelligence, networking and sharing. The automobile industry trend will gradually develop into a connected, intelligent and shared travel system.

(III) ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the reporting period, the core competitiveness of the Group remained unchanged and was mainly reflected in:

1. Industry layouts with complete industry chain and optimised structure

The Group has formed an industry strategic layout based in South China and radiating to Central China, East China, Northwest China and Bohai Rim Region and a complete closed-loop industrial chain centering upon manufacture of vehicles and covering R&D of vehicles and parts and components in the upstream and automobile commercial service and automobile financial service in the downstream, making the Group one of the automobile groups in the PRC with the most integrated industry chain and the most optimised industry layout. The synergy in the upstream and downstream of the industrial chain progressed gradually, new profit growth points are emerging and the comprehensive competitiveness of the Group has been constantly enhanced. During the reporting period, the Guangzhou Automobile Zhilian New Energy Automotive Industrial Park project has progressed as planned. The welding and coating plant for construction of phase one of GAC New Energy plant has completed as planned. The GAMC Yichang plant alteration project has officially commenced in January. The main construction of phase one of GAMC Xinjiang plant was completed in February. The phase one project of the third production line of GAC Toyota has been put into operation since mid-January and the preparation work for the phase two capacity expansion project of the third production line has started. The production layout has been continuously enhanced.

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

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

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

The Group has a full range of products including sedans, SUV, MPV, etc. and continued to introduce new models and product iterations to maintain market competitiveness of its products in order to meet changes in demand of consumers. It maintained customer loyalty and a widely-recognised brand reputation. Self-developed brand series, Japanese series, European and American series developed balancedly, and the "three pillars" situation is becoming more satisfactory. During the reporting period, the Group continued to promote the development and introduction of new products, each of the major vehicle factories successively launched eight brand new models and altered vehicle models, which has enriched the product variety.

4. **Initialised the "GAC Model" for the R&D and production system of self-developed brand**

After years of introduction, digestion, absorption and innovation, the Group accumulated funds, technology, talents and experience and formulated a world class production system. In terms of R&D, through the integration of advantageous global resources and the establishment of a cross-platform and modular-structured R&D system, the Group has been equipped with the advantage of integrated innovation. During the reporting period, with constantly strengthened product development efforts, GAEI actively promoted development projects of 14 regular car models and 8 new energy vehicles. Meanwhile, 462 new patent applications (26% was invention patents) were made during the reporting period, achieving a total of 3,850 cumulative effective patent applications. The scale of intellectual property kept expanding.

5. **Connection to worldwide capital operation platforms**

The Group successfully built capital operation platforms in both A share and H share markets, which was favourable to the Group in leveraging on domestic and overseas capital markets in various forms to achieve effective resources allocation and realise the maximisation of capital appreciation and corporate value through the integration of internal and external growth. During the reporting period, the Company explored structural reform in governance, continued to improve the medium and long-term incentive mechanism, continued to expand the investment and financing areas, optimised the financing structure, and enhanced the supporting function of the financial business. During the reporting period, the registration of grant under the second A share option incentive scheme was completed. A total of 403,335,400 registered options were granted to 2,358 participants in total.

(I) MAJOR WORKS

During the first half of 2018, the Group actively advanced various works and ensured stable and steady development of production and operation. Major works performed are as below:

1. Focusing on quality and effectiveness, maintaining stable development of operation

The Group has adhered to focusing on quality and effectiveness. Major indicators such as production and sales volume and effectiveness grew steadily, various vehicle manufacturing enterprises were grasping market opportunities and new models were successfully launched. In the first half of the year, sales volume of GAMC grew by 6.9%, sales volume of Sedans and MPVs continued to increase while the new model, GA4, achieved an upward sales trend with its reasonable model structure. The 10th generation Accord and the 2018 model City of GAC Honda were successfully launched, which led to a 5.5% growth in the sales volume. GAC Toyota has made plentiful preparation and its new 8th generation Camry achieved significant growth in sales volume. The trendy and high performance SUV, C-HR model under the TNGA structure was also launched successfully, hitting its historical peak sales again in the first half year with increase of 16.4% as compared with the corresponding period. GAC Mitsubishi continued its satisfactory operation with a 38.6% growth in sales volume while Outlander remained as a hot sales item and the new strategic model Eclipse Cross was launched. The new model of GAC FCA, JEEP Grand Commander, was officially launched in April. The commercial vehicle segment grew synergistically and the 700 Zhenzhi Series of GAC Hino was launched with positive sales momentum. The business landscape of segments including parts and components, commercial services and finance and vehicles segments was improved, which largely supported the development of the principal vehicles business.

2. Optimising structures, implementing key projects

During the reporting period, the Group achieved remarkable performance in its key projects. The Guangzhou Automobile Zhilian New Energy Automotive Industrial Park project has commenced on schedule and the construction of phase one of GAC New Energy's manufacturing plant is completing. The reconstruction of GAMC Yichang factory officially commenced in early January while the major construction of GAMC Xinjiang factory completed in early February. Phase one of the third production line of GAC Toyota was put into operation in mid-January and preparation work of phase two of the third production line also commenced. The equity transfer agreement on reorganisation of Honda (China) of GAC Honda was signed. GAEI Hualong base phase one expansion and phase two construction project, GAC Mitsubishi's engine construction project and GAC Toyota Engine's TNGA engines production line project are also being put in practice gradually. We have achieved breakthroughs in our core parts and components. In particular, we entered into joint cooperation agreements with Aisin and Contemporary Amperex, respectively, in the first half year in order to promote the automatic transmission and power batteries projects. The implementation of numerous key projects has effectively enhanced the Group's development potential.

3. **Innovation development, with accelerated progress on smart networking new energy**

During the reporting period, the Group strengthened its ability to develop new products. GAEI promoted development projects of 14 regular car models and 8 new energy vehicles, continued to strengthen its research capability of core systematic parts and key components and self-developed the 1.5T GDI cylinder direct injection engine. Also, its self-designed 7WDCT wet dual clutch transmission was under vehicle-manufacturing verification phase. Qiyun Concept Smart System (祺雲概念智聯系統), a new artificial intelligence car networking solution jointly developed with Tencent, was installed in GS4 altered model. During the reporting period, the Group had 462 new effective patent applications (119 of which were invention patent applications), achieving a total of 3,850 cumulative patents application (1,061 of which were invention patent applications). The "Gasoline Engine Efficient Combustion Technology and Product Development" project was awarded the First Prize of Machinery Industry Science and Technology Award 2017 in Guangdong Province. Aiming at establishing a new business model of GAC new energy marketing service, GE3 530 was launched for pre-sales, which has become the only pure electric SUV model in China that meets the highest subsidy standard in terms of power consumption, battery life and energy intensity after the implementation of new subsidy policies. Our self-developed brand has put effort in providing products and technologies to Chinese-foreign joint ventures. Sales volume of Qizhi, a model of GAC Mitsubishi, exceeded 1,000 units, while new energy models of GAC Toyota and GAC Honda will be launched in the second half of the year, which will further increase the influence of the GAC self-developed brand.

4. **Reinforcing reform of systems and mechanisms and continuously improving corporate governance standard**

The Group continued the reform of systems and mechanisms, commenced the reform of organisation structure and implemented a large-scale system. The Company's headquarter coordinated the functions of relevant departments, optimised organisational formation and job duties allocation of different departments and explored the feasibility of professional managers reform and talent and remuneration reform. In addition, it continued to implement the second exercise of the first A share option incentive scheme and completed the registration procedures of the grant under the second A share option incentive scheme. The Group also prepared for the re-election of new sessions of the Board and the supervisory committee and improved the corporate governance structure. During the reporting period, two new systems were added and six of the existing systems were revised.

5. **Conducting information disclosure pursuant to laws and regulations, strengthening management of relationship with investors**

In accordance with the requirements of "legal, comprehensive and strict" supervision, the Group insisted on making consistent and simultaneous information disclosure on A and H shares markets and continued to conduct information disclosure in accordance with the principle of being "truthful, accurate, complete, timely, fair and effective". 85 and 68 corporate documents were disclosed on the SSE and the Stock Exchange respectively in the first half of 2018 and such information was disclosed "without error, delay, amendment and supplement". Besides, various modes of investor relationship activities such as domestic and overseas roadshows, vehicles exhibition communication activities and investor summits were held. The Company organised 22 visits for investors' investigation and research in total, organised 8 phone conferences, 1 annual results release conference and 1 investor open day, entertaining more than 500 investors and analysts, through which our operation concept and investment value were effectively delivered.

6. **Strengthening brand and corporate culture, continuously enhancing brand image**

The Group demonstrated its corporate culture and new strategic concept at the vehicles exhibition held in Beijing in April this year, which upgraded its corporate culture to a strategic level. Through its clear corporate vision, corporate mission and operation strategies, the Group came up with a cohesive and encouraging GAC philosophy and created a GAC cultural and strategic system. With the products under our brand being listed in the brand list by various authoritative brand research institutions such as Interbrand, our brand value has been widely recognised. The Group also established the GAC University and GAC Academy as the cultivation base to nurturing new talents who are loyal to the Party, faithful, familiar with new technology and are willing to be innovative. The Group endeavoured to participate in charity works, perform its social responsibilities, continue to help the poor in the villages in Lianzhou city, Qingyuan, Guangdong Province, promote the project of Meizhou GAC Parts and Components Industrial Park, the poverty alleviation in Qiannan and Bijie of Guizhou Province and the cooperation with Weinan City, Shaanxi Province. During the reporting period, the Group and investee enterprises have cumulatively invested more than RMB40.6416 million in social charity such as poverty alleviation, culture and science education, green environment and transportation safety.

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

During the reporting period, operating revenue of the Group together with its joint ventures and associated companies amounted to approximately RMB172.607 billion, representing an increase of approximately RMB10.101 billion, and a growth of approximately 6.22% as compared with the corresponding period last year.

During the reporting period, revenue of the Group amounted to approximately RMB37.200 billion, representing a growth of approximately 7.00% as compared with the corresponding period last year; net profit attributable to owners of the company amounted to approximately RMB6.913 billion, representing a growth of approximately 10.31% as compared with the corresponding period last year; basic earnings per share amounted to approximately RMB0.68 because of the implementation of the issue of 0.4 share for every share by way of conversion of capital reserve during the reporting period, representing a decrease of approximately 1.45% as compared with the corresponding period last year.

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

1. The Group's self-developed brand experienced continuous growth in production and sales as a result of its improved research and development capability, fast introduction of new products, enhanced quality of products and outstanding performance of "star" models. During the first half of 2018, under the circumstances where production and sales in the domestic automobile industry slowed down, production and sales volume of self-developed brand vehicles of the Group increased by 13.98% and 6.90% respectively as compared with the corresponding period last year. MPV GM8 and sedan GA4 were launched in the first half of the year with relatively outstanding market sales and has further enriched the star products mix of the self-developed brand. The sales of self-developed new energy vehicles experienced twofold increase;

2. Japanese series joint ventures launched new products and technologies which further increased integrated competitiveness. Sales volume of the brand new 8th generation Camry increased significantly as compared with the corresponding period last year. Sales volume of vehicle models such as Levin, Avancier and Outlander grew steadily;

3. Ancillary businesses in the upstream and downstream of the industrial chain such as financial services, parts and components and commercial services expanded alongside with the increase in production and sales volume of self-developed brand and joint ventures, which facilitated the growth of operating results and the enhancement of synergy among business sectors. GAC Finance has further facilitated the provision of effective financial support for the Group's business development.

(III) ANALYSIS OF PRINCIPAL BUSINESS

1. Analysis table of relevant items of consolidated statement of comprehensive income and statement of cash flows

Unit: 100 million Currency: RMB

Item	Current period	Corresponding period last year	Percentage Change (%)
Revenue	372.00	347.65	7.00
Costs of sales	299.09	290.26	3.04
Selling and distribution costs	29.04	20.13	44.26
Administrative expenses	19.29	14.46	33.40
Finance costs	2.40	4.08	-41.18
Interest income	2.49	2.73	-8.79
Share of profit of joint ventures and associated companies	49.43	46.01	7.43
Net cash flow generated from operating activities	-46.30	38.98	-218.78
Net cash flow generated from investing activities	-22.22	34.61	-164.21
Net cash flow generated from financing activities	-34.26	-35.61	3.79

2. Revenue

During the reporting period, total revenue of the Group amounted to approximately RMB37.200 billion, representing an increase of approximately 7.00% as compared with the corresponding period last year, mainly due to the continuous enrichment of products mix and growth of sales volume of the self-developed brand "Trumpchi" of the Group, as well as the rapid development of businesses in the upstream and downstream of the industry chain such as the parts and components and automobile after-production service.

3. Costs of sales and gross profit

During the reporting period, the Group recorded costs of sales of approximately RMB29.909 billion, representing an increase of approximately 3.04% as compared with the corresponding period last year. Total gross profit amounted to approximately RMB7.291 billion, representing an increase of approximately RMB1.552 billion as compared with the corresponding period last year. Gross profit margin increased by 18.72% as compared with the corresponding period last year, mainly due to the combined effect of the economies of scale from the continuous increase in sales of passenger vehicles, the reduction in unit cost as a result of strengthened cost control, etc.

4. Expenses

(1) The increase of approximately RMB891 million in selling and distribution costs as compared with the corresponding period last year was mainly attributable to the combined effect of the increase in expenses in logistics and warehousing and aftersales services in line with the growth in business sales, the increase in advertisement and promotion expenditures, etc;

(2) The increase of approximately RMB483 million in administrative expenses as compared with the corresponding period last year was mainly attributable to the combined effect of the increase in A share option incentive, amortisation of intangible assets, etc;

(3) The decrease of approximately RMB168 million in finance costs as compared with the corresponding period last year was mainly attributable to the combined effect of the decrease in borrowings as well as the decrease in average borrowing interest rate during the reporting period;

(4) The decrease of approximately RMB24 million in interest income as compared with the corresponding period last year was mainly attributable to the decrease in average deposit balance during the reporting period.

5. Cash flow

(1) During the reporting period, net cash outflow generated from operating activities amounted to approximately RMB4.630 billion, representing an increase in outflow of approximately RMB8.528 billion as compared with the net cash inflow of RMB3.898 billion in the corresponding period last year, which was mainly attributable to the combined effect of the payment to suppliers for payables last year, the outflow of deposit at GAC Finance for non-consolidated enterprises, etc. during the reporting period;

(2) During the reporting period, net cash outflow arising from investing activities amounted to approximately RMB2.222 billion, representing an increase in outflow of approximately RMB5.683 billion as compared with the net cash inflow of approximately RMB3.461 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in fixed assets and intangible assets investment during the reporting period as well as less government grant related to investment activities received, etc.;

(3) During the reporting period, net cash outflow arising from financing activities amounted to approximately RMB3.426 billion, representing a decrease in outflow of approximately RMB0.135 billion as compared with the net cash outflow of RMB3.561 billion of the corresponding period last year, which was mainly attributable to the combined effect of the repayment of RMB1 billion corporate bonds during the reporting period, the repayment of short-term financing bonds with face value of RMB 2.3 billion during the same period of last year and the increase in distribution of dividend, etc.

(4) As at 30 June 2018, cash and cash equivalent of the Group amounted to approximately RMB26.923 billion, representing an increase of approximately RMB10.570 billion as compared with approximately RMB16.353 billion as at 30 June 2017.

6. Share of profit of joint ventures and associated companies

During the reporting period, the Group's share of profit of joint ventures and associated companies amounted to approximately RMB4.943 billion, representing an increase of approximately RMB0.342 billion as compared with the corresponding period last year, which was mainly attributable to the combined effect of the following: (1) the hot sales of models such as the brand new 8th generation Camry, Avancier, Outlander drove the increase in overall sales and the steady increase of economical benefit of joint ventures; (2) the synergies of industries continued to strengthen, the service businesses of the auto financing, parts and components and auto logistics in the upstream and downstream of the industry chain developed rapidly.

7. Others

Income tax amounted to approximately RMB669 million, representing a decrease of approximately RMB12 million as compared with the corresponding period last year, mainly due to changes in enterprise profit during the reporting period.

To sum up, the Group's net profit attributable to owners of the company for the reporting period amounted to approximately RMB6.913 billion, representing a growth of approximately 10.31% as compared with the corresponding period last year; basic earnings per share amounted to approximately RMB0.68 because of the implementation of the issue of 0.4 share for every share by way of conversion of capital reserve during the reporting period, representing a decrease of approximately 1.45% as compared with the corresponding period last year.

(IV) ANALYSIS BY INDUSTRY, PRODUCT OR REGIONAL OPERATION

1. Principal business by industry

Unit: 100 million Currency: RMB

By industry	Revenue	Cost of sales	Gross profit margin (%)	Changes in revenue compared with last year (%)	Changes in costs of sales compared with last year (%)	Changes in gross profit margin compared with last year (%)
Automobile manufacturing industry	266.05	215.48	19.01	6.11	4.68	Increased by 1.11 percentage points
Parts and components manufacturing industry	8.89	6.93	22.05	0.57	10.17	Decreased by 6.80 percentage points
Commercial services	83.36	70.25	15.73	4.38	-4.63	Increased by 7.97 percentage points
Financial services and others	13.70	6.43	53.07	66.87	44.17	Increased by 7.39 percentage points
Total	372.00	299.09	19.60	7.00	3.04	Increased by 3.09 percentage points

2. Principal business by product

Unit: 100 million Currency: RMB

By product	Revenue	Cost of sales	Gross profit margin (%)	Changes in revenue compared with last year (%)	Changes in cost of sales compared with last year (%)	Changes in gross profit margin compared with last year (%)
Passenger vehicles	266.00	215.48	18.99	6.10	4.68	Increased by 1.10 percentage points
Vehicles-related trades	92.25	77.18	16.34	4.00	-3.46	Increased by 6.48 percentage points
Financial services and others	13.75	6.43	53.24	66.67	43.85	Increased by 7.42 percentage points
Total	372.00	299.09	19.60	7.00	3.04	Increased by 3.09 percentage points

3. Principal business by region

Unit: 100 million *Currency: RMB*

By region	Revenue	Changes in revenue compared with last year (%)
Mainland China	371.98	7.14
Hong Kong	0.02	-95.65
Total	372.00	7.00

(V) ANALYSIS ON ASSETS AND LIABILITIES

1. Analysis table of assets and liabilities

Unit: 100 million *Currency: RMB*

Item	Balance at the end of the current period	Balance at the end of the period over total assets (%)	Balance at the end of previous period	Balance at the end of previous period over total assets (%)	Change (%)
Inventories	61.31	5.10	33.47	2.80	83.18
Short-term borrowings	19.76	1.64	26.40	2.21	-25.15
Share capital	102.14	8.49	72.93	6.09	40.05

2. Analysis on change of items

(1) Inventories increased by 83.18% as compared with the balance at the end of the previous period, mainly due to the increase in production and sales volume during the reporting period which led to the corresponding increase in raw materials and finished products;

(2) Short-term borrowings decreased by 25.15% as compared with the balance at the end of the previous period, mainly due to the repayment of borrowings by headquarter of the Group and investee enterprises during the reporting period;

(3) Share capital increased by 40.05% as compared with the balance at the end of the previous period, mainly due to the combined effect of the conversion of convertible bonds and exercise of share options, as well as the distribution of dividend during the reporting period.

(VI) ANALYSIS OF FINANCIAL POSITION

1. Financial indicators

As at 30 June 2018, the Group's current ratio was approximately 1.87 times, representing an increase from approximately 1.76 times as at 31 December 2017, and quick ratio was approximately 1.68 times, representing an increase as compared with that of approximately 1.67 times as at 31 December 2017. Current ratio and quick ratio remained normal.

2. Financial resources and capital structure

As at 30 June 2018, the Group's current assets amounted to approximately RMB61.282 billion, current liabilities amounted to approximately RMB32.781 billion and current ratio was approximately 1.87 times. As at 30 June 2018, the Group's total borrowings amounted to approximately RMB10.358 billion, mainly consisting of corporate bonds issued by the Group with nominal value of RMB3 billion and RMB2 billion respectively, medium-term notes with nominal value of RMB0.3 billion, convertible bonds with nominal value of RMB2.476 billion and loans from bank and financial institutions amounting to approximately RMB2.582 billion, gearing ratio was approximately 12.16%. 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 2018, independent third-party guarantee committed by the Group amounted to RMB0, whereas that as at 31 December 2017 was RMB0; as at 30 June 2018, financial guarantee given by the Company to its subsidiaries amounted to RMB0, and that as at 31 December 2017 was RMB0.

5. Charges on the Group's assets

Saved as disclosed in the latest published annual report of the Group, there has been no material change in charges on the Group's assets.

(1) PROFIT DISTRIBUTION PLAN OR CONVERSION OF CAPITAL RESERVE

Formulated half-year profit distribution plan and conversion of capital reserve

Whether making profit distribution or converting capital reserve into share capital	Yes
Number of bonus share for every 10 shares	0
Amount of cash dividend for every 10 shares (RMB) (tax inclusive)	1.00
Number of shares converted for every 10 shares	0
Relevant explanation on profit distribution plan or plan to convert capital reserve into shares	
At the 2nd meeting of the 5th session of the Board of the Company held on 24 August 2018, it was considered and resolved that a cash interim dividend of RMB1.00 (tax inclusive) per 10 shares shall be distributed to all shareholders of the Company on the record date.	

(2) MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

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

(3) MATERIAL LITIGATIONS OR ARBITRATIONS MATTERS

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

(4) SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME AND OTHER INCENTIVE MEASURES OF THE COMPANY AND THE IMPACTS THEREOF

First A share option incentive scheme in 2014

Incentive method: A share options
Source of subject share(s): issue A shares to participants

The measurement method of the fair value of the equity instrument, the selection criteria of parameters and the results:

Measurement method	Black-Scholes model
Name of parameters	Closing price on the grant date S: RMB8.39/A share; Exercise price of options K: RMB7.60/A share; Risk-free interest rate r: 3.48%; Validity of options t: 4 years; Stock volatility σ : 17.46% (Using the historical volatility of the Shanghai Composite Index for the four years from 20 September 2010 to 19 September 2014); Dividend rate i: 1.25% (Using the average cash dividend per share ratio from the listing date of A shares of GAC Group to the grant date)
Measurement result	Fair value of single option: RMB 1.8365/A share.

On 19 September 2017, the second exercise period of the first A share option incentive scheme of the Company started. As at 30 June 2018, options equivalent to a total of 16,667,836 A shares have been exercised and the registration of shares transfer had been completed, accounting for 93.57% of the total exercisable A share options for the second exercise period. For details, please refer to the "Announcement on the Results on the Conversion of Convertible Bonds into Shares and the Exercise Results of the Second Exercise Period of the Share Option Incentive Scheme and the Changes in Shares" published on the websites of SSE and the Stock Exchange on 4 July 2018 (Announcement No.: Lin 2018-052).

On 18 December 2017, the second A share option incentive scheme was passed at the 2017 second extraordinary general meeting and the 2017 first class meetings for holders of A and H shares of the Company. A total of 403,335,400 A share options were granted to 2,358 participants upon the Company's implementation of the initial grant under the scheme on the same date and the registration of grant was completed on 9 February 2018. For details, please refer to the "Announcement on the Completion of Registration of the Initial Grant of the Second Share Option Incentive Scheme" published on the websites of SSE and the Stock Exchange on 9 February 2018 (Announcement No.: Lin 2018-011).

(5) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Trusts

As considered and approved at the 59th meeting of the 4th session of the Board, the Company was entrusted by GAIG, its controlling shareholder, to manage the assets of its wholly-owned subsidiaries, namely Guangzhou Automobile Industry Group Co., Ltd. (廣州摩托集團有限公司), Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悦資產管理有限公司) and Guangzhou Zifeng Asset Management Co., Ltd. (廣州自縫資產管理有限公司) for a term of 3 years.

2. Guarantee

Unit: Yuan Currency: RMB

External guarantee of the Company (excluding those provided to subsidiaries)	
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	0
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	0
Guarantee provided to subsidiaries by the Company and its subsidiaries	
Total guarantee provided to subsidiaries of the Company during the reporting period	100,000,000
Total balance of guarantee provided to subsidiaries of the Company as at the end of the reporting period (B)	100,000,000
Total guarantee of the Company (including those provided to subsidiaries)	
Total guarantee (A+B)	100,000,000
Proportion of total guarantee in the net assets of the Company (%)	0.14
In which:	
Amount of guarantees provided for shareholders, ultimate controllers and its connected parties (C)	0
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio of over 70% (D)	0
Total amount of guarantees in excess of 50% of net assets (E)	0
Sum of the above three guaranteed items (C+D+E)	0
Description on outstanding guarantees which may bear several and joint liability	
Description on guarantees	

(6) A SHARE CONVERTIBLE BONDS OF THE COMPANY

1. Issuance of convertible bonds

On 22 January 2016, the Company completed the issue of A share convertible bonds amounting to RMB4,105.58 million. The conversion period started on 22 July 2016.

2. Holders and guarantors of convertible bonds during the reporting period

Number of convertible bonds holders at the end of the period		1,348
Guarantors of convertible bonds of the Company		Nil
Conditions of top ten convertible bonds holders are as follows:		
Name of convertible bonds holders	Amount of bonds held at the end of the period (RMB)	Percentage of holding (%)
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Industrial and Commercial Bank of China)	591,397,000	23.17
China Merchants Bank Co.,Ltd – Dongfanghong Selected Mixed Securities Investment Fund (東方紅配置精選混合型證券投資基金)	102,551,000	4.02
UBS AG	99,888,000	3.91
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of China)	89,143,000	3.49
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of Communications)	79,291,000	3.11
Credit Industriel & Commercial	69,509,000	2.72
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Capital Securities Brokerage Co., Ltd.)	60,000,000	2.35
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Minsheng Bank Corp., Ltd.)	54,465,000	2.13
Chen Qunying	49,900,000	1.96
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Construction Bank)	49,676,000	1.95

3. **Changes in the convertible bonds during the reporting period**

Unit: Yuan *Currency: RMB*

Name of convertible bond	Prior to current change	Increase/decrease as a result of the current change			After current change
		Converted	Redeemed	Resold	
GAC Convertible Bonds	2,553,143,000	864,000			2,552,279,000

4. **Aggregated conversion of convertible bonds during the reporting period**

Amount of shares converted during the reporting period (RMB)	864,000
Number of shares converted during the reporting period (A shares)	40,672
Aggregated number of shares converted (A shares)	71,853,621
Aggregated number of shares converted per the total number of issued shares of the Company before conversion (%)	1.12
Outstanding convertible bonds (RMB)	2,552,279,000
Outstanding convertible bonds per the total number of convertible bonds issued (%)	62.17

5. Adjustments to the conversion prices

Date of conversion price adjustment	Conversion price after adjustment	Date of disclosure	Media of disclosure	Description of the conversion price adjustment
21 June 2016	RMB21.87	13 June 2016	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily	Based on the profit distribution plan for 2015 of RMB1.2 (tax inclusive) for every 10 shares, the conversion price was adjusted from RMB21.99 per A share to RMB21.87 per A share accordingly.
20 October 2016	RMB21.79	12 October 2016	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily	Based on the profit distribution plan of RMB0.8 (tax inclusive) for every 10 shares for the interim period of 2016, the conversion price was adjusted from RMB21.87 per A share to RMB21.79 per A share accordingly.
21 December 2016	RMB21.75	19 December 2016	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily	As the first exercise period of the first A share option incentive scheme of the Company began, the conversion price was adjusted accordingly based on the number of shares increased as a result of the exercise of share options.
13 June 2017	RMB21.53	6 June 2017	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily	Based on the profit distribution plan for 2016 of RMB2.2 (tax inclusive) for every 10 shares, the conversion price was adjusted from RMB21.75 per A share to RMB21.53 per A share accordingly.
14 September 2017	RMB21.43	6 September 2017	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Based on the profit distribution plan of RMB1 (tax inclusive) for every 10 shares for the interim period of 2017, the conversion price was adjusted from RMB21.53 per A share to RMB21.43 per A share accordingly.
21 November 2017	RMB21.27	20 November 2017	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Due to the non-public issue of 753,390,254 A shares, the conversion price was adjusted from RMB21.43 per A share to RMB21.27 per A share accordingly.

Date of conversion price adjustment	Conversion price after adjustment	Date of disclosure	Media of disclosure	Description of the conversion price adjustment
21 December 2017	RMB21.24	19 December 2017	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Due to exercise of share options under the first A share option incentive scheme, the conversion price was adjusted accordingly based on the number of shares increased as a result of the exercise of share options.
12 June 2018	RMB14.86	5 June 2018	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Due to the profit distribution for the year of 2017, pursuant to which cash dividend of RMB4.3 per 10 shares (tax inclusive) was distributed and at the same time 4 shares were issued for every 10 shares to all shareholders by way of conversion of capital reserve, the conversion price was adjusted accordingly.
Latest conversion price as at the end of the reporting period			RMB14.86	

6. **Information on the Company's liability, credit changes and cash arrangement for debt repayment next year**

As at 30 June 2018, the consolidated total assets amounted to RMB120,246,910,000. During the reporting period, the credit rating of the Company was AAA without changes. The main sources of cash for debt repayment next year are operating cash flow and external investment income of the Company.

(7) CORPORATE GOVERNANCE

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

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. After making specific enquiries with all directors by the Company, all directors have confirmed that they have fully complied with the Model Code throughout the reporting period.

(8) TRANSACTIONS IN RELATION TO PRINCIPAL JOINT VENTURES

At the time of listing of the Company, the Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of immaterial joint ventures. The Company is required to review whether the immaterial joint ventures met the conditions in the waiver on a yearly basis. The principal joint ventures of the Company are GAC Toyota, GAC Honda, GAC-SOFINCO and GAC FCA, calculated based on the financial statements for the year of 2017.

(9) OTHER DISCLOSURES

1. Production safety

The Group adhered to the idea of "people-oriented and safe development", based on the guideline of supervising, monitoring and serving, and focusing on production safety work at the end and the beginning of a year, the Chinese New Year, during the period of the two national meetings, high season and rainy temperature season. For the first half of the year, the Group and its investee enterprises did not experience serious injury or production safety accidents, and its production safety conditions remained stable in general.

For the second half of the year, the Group's production safety work will continue to thoroughly implement the major responsibility in relation to full implementation of enterprises production safety and the relevant national laws and regulations on production safety. The Group will, in accordance with the annual business plan, strictly implement the respective requirements in relation to production satety management work, fulfill the supervision, guidance and service of the investee enterprises, in order to ensure that the targets of production safety responsibility will be achieved.

2. Remuneration and legal rights of employees

As at 30 June 2018, there are 86,969 registered employees of the Group (including its investee enterprises).

Based on its development plan, the Group strengthened macro-management of remuneration, and attached importance to maintaining the market competitiveness of its remuneration level. By studying and analysing market remuneration data, CPI growth rate and industry benchmark, it evaluated its remuneration level and popularised a salary negotiation mechanism, so as to ensure that remuneration plays an incentive role in retaining talents.

The Group advocated the implementation of performance-linked remuneration policy and continuously improved the corporate performance evaluation mechanism, individual performance evaluation measures and employee promotion system, and formulated remuneration policies that provide incentives and are binding.

Timely and full contributions to various social insurances were made on behalf of the employees in accordance with the requirements of national and provincial laws and regulations on labour and social security in order to safeguard the interests of the employees. The Group also purchased supplementary medical and other commercial insurances for its staff in order to further protect and safeguard their interests and health beyond the requirements of policies and regulations.

The Group will further improve the remuneration system in terms of incentive and retention of talents. Contributions to pension insurance, medical insurance, injury insurance, unemployment insurance, maternity insurance, housing fund and other statutory benefits schemes will be made in accordance with the national laws and regulations. Investee enterprises under the Group are encouraged to further enhance the flexibility and protection of their staff welfare systems.

3. Significant investment held, material acquisition and disposal

Save as disclosed in the most recent published annual report of the Group, the Group has not had have any significant investments and has not conducted any material acquisitions or disposals of subsidiaries, associates and joint ventures during the reporting period.

4. Future plans for material investments or acquisition of capital assets

Save as disclosed in the most recent published annual report of the Group, the Group does not have any specific future plans for material investments or capital assets.

Changes in Shares and Shareholders

(1) STATEMENT OF CHANGES IN SHARES

Unit: share

	Before change		Increase/decrease in this change (+,-)					After change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from contributed capital surplus	Others	Subtotal	Number	Percentage (%)
I. Restricted Shares	753,390,254	10.33			301,356,102		301,356,102	1,054,746,356	10.33
1. State-owned shares									
2. Shares held by state-owned legal person									
3. Shares held by other domestic entities	753,390,254				301,356,102		301,356,102	1,054,746,356	10.33
Including: Shares held by domestic non-state-owned legal persons	753,390,254				301,356,102		301,356,102	1,054,746,356	10.33
Shares held by domestic natural persons									
4. Shares held by foreign entities									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted tradable shares	6,540,033,797	89.67			2,616,765,655	2,182,159	2,618,947,814	9,158,981,611	89.67
1. RMB-denominated ordinary shares	4,326,733,579	59.32			1,731,445,568	2,182,159	1,733,627,727	6,060,361,306	59.34
2. Domestically-listed foreign shares									
3. Overseas listed foreign shares	2,213,300,218	30.35			885,320,087		885,320,087	3,098,620,305	30.33
4. Others									
III. Total ordinary shares	7,293,424,051	100			2,918,121,757	2,182,159	2,920,303,916	10,213,727,967	100

Statement of changes in shares

On 12 June 2018, pursuant to the profit distribution plan for the year of 2017, 4 shares were issued for every 10 shares by way of conversion of capital reserve.

During the reporting period, as a result of exercise of share option incentive scheme and conversion of convertible bonds, an aggregate of 2,182,159 shares were increased.

Changes in restricted shares

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the reporting period	Number of restricted shares released for the reporting period	Number of additional restricted shares for the reporting period	Number of restricted shares with at the end of the reporting period	Reasons for restriction	Date of release of restriction
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司)	301,356,102	0	120,542,441	421,898,543	Non-public Issuance	16 November 2020
Guangzhou State-owned Assets Development Holdings Co., Ltd. (廣州國資發展控股有限公司)	150,678,051	0	60,271,221	210,949,272	Non-public Issuance	16 November 2020
Guangzhou Finance Holdings Assets Management Co., Ltd – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司－廣金資產財富管理優選3號私募投資基金)	150,678,051	0	60,271,220	210,949,271	Non-public Issuance	16 November 2020
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	75,339,025	0	30,135,610	105,474,635	Non-public Issuance	16 November 2020
Suiyong Holdings Co., Ltd. (穗甬控股有限公司)	75,339,025	0	30,135,610	105,474,635	Non-public Issuance	16 November 2020
Total	753,390,254	0	301,356,102	1,054,746,356	/	/

(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 30 June 2018, the interests and short positions of the persons (other than directors and supervisors) interested in 5% or more of the respective classes of issued capital, as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO are set out below:

Name	Class of shares	Capacity	Number of shares (Note 1)	Percentage in the class of issued share capital (%)	Percentage of total share capital (%)
GAIG (Note 2)	A Shares	Beneficial owner	5,191,015,530 (L)	72.96	53.68
	H Shares	Interest of a controlled corporation	292,208,000 (L)	9.43	
BlackRock, Inc.	H Shares	Interest of a controlled corporation	223,511,175 (L) 1,148,000 (S)	7.21 0.04	2.20

Notes:

1. (L) – Long Position, (S) – Short Position

2. The total number of A shares of the Company held by GAIG as at 30 June 2018 was 5,192,187,830 shares, representing approximately 72.97% of the A share capital of the Company. At the same time, it held 292,208,000 H shares of the Company through its wholly owned subsidiary in Hong Kong, Guangzhou Auto Group (Hong Kong) Limited, and "Southbound Transaction", representing approximately 9.43% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,484,395,830 shares, representing approximately 53.70% of the total share capital of the Company.

(1) CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY DURING THE REPORTING PERIOD

Nil.

(2) INTERESTS OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES DURING THE REPORTING PERIOD

As at 30 June 2018, the interests of the incumbent and resigned 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 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, to be notified to the Company and the Stock Exchange, were as follows (unit: share):

1. Interest in shares

Changes of shareholdings of incumbent and resigned directors, supervisors and senior management during the reporting period are set out below:

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	Reasons for increase/decrease
Zeng Qinghong	Chairman	225,000 (A shares)	735,000 (A shares)	510,000 (A shares)	Profit distribution and exercise of share option incentive
Feng Xingya	Director	443,333 (A shares)	620,666 (A shares)	177,333 (A shares)	Profit distribution and exercise of share option incentive
Chen Maoshan	Director	431,666 (A shares) 79,481 (H shares)	604,333 (A shares) 111,274 (H shares)	172,667 (A shares) 31,793 (H shares)	Profit distribution and exercise of share option incentive
Wu Song	Senior Management	431,666 (A shares)	604,333 (A shares)	172,667 (A shares)	Profit distribution and exercise of share option incentive
Li Shao	Senior Management	185,000 (A shares)	604,332 (A shares)	419,332 (A shares)	Profit distribution and exercise of share option incentive
Wang Dan	Senior Management	185,000 (A shares)	604,333 (A shares)	419,333 (A shares)	Profit distribution and exercise of share option incentive
Chen Hanjun	Senior Management	84,532 (A shares)	118,345 (A shares)	33,813 (A shares)	Profit distribution and exercise of share option incentive
Zhang Qingsong	Senior Management	185,000 (A shares)	604,333 (A shares)	419,333 (A shares)	Profit distribution and exercise of share option incentive
Sui Li	Senior Management	38,233 (A shares)	53,526 (A shares)	15,293 (A shares)	Profit distribution and exercise of share option incentive
He Jinpei	Supervisor	66,000 (H shares)	92,400 (H shares)	26,400 (H shares)	Profit distribution

2. A share options during the reporting period

The allocation of A share options granted to participants is set out below:

Name	Position	Number of A share options held at the beginning of the reporting period	Number of new A share options granted during the reporting period	Number of A share options increased due to profit distribution plan for the year of 2017 during the reporting period	A share options exercisable during the reporting period	Shares issued upon exercise of A share options during the reporting period	Exercise price of A share options	Number of A share options held at the end of the reporting period
Zeng Qinghong	Chairman and Party Secretary	1,400,000	0	440,000	300,000	300,000	See notes	1,540,000
Feng Xingya	Director and General Manager	1,013,334	0	405,333	253,333	0	See notes	1,418,667
Yan Zhuangli	Director and Deputy Party Secretary	760,000	0	304,000	0	0	/	1,064,000
Chen Maoshan	Director, chairman of the labor union	966,668	0	386,667	246,666	0	See notes	1,353,335
Wu Song	Deputy General Manager	966,668	0	386,667	246,666	0	See notes	1,353,335
Li Shao	Deputy General Manager	1,213,334	0	386,667	246,666	246,666	See notes	1,353,335
Wang Dan	Deputy General Manager and person in charge of accounting function	1,213,334	0	386,667	246,666	246,666	See notes	1,353,335
Chen Hanjun	Deputy General Manager	767,768	0	307,107	47,766	0	See notes	1,074,875
Zhang Qingsong	Deputy General Manager	1,213,334	0	386,667	246,666	246,666	See notes	1,353,335
Sui Li	Secretary of the Board	758,234	0	303,293	38,233	0	See notes	1,061,527
Total	/	10,272,674	0	3,693,068	1,872,662	1,039,998	/	12,925,744

Notes:

Since the date of grant up to 30 June 2018, as the Company has implemented multiple dividend distribution, and in accordance to the final profit distribution plan for the year of 2017, the exercise price of the A share options was adjusted to RMB4.58 per A share since 12 June 2018.

A share option represents the right granted to a participant by the Company to acquire certain number of A shares of the Company at a pre-determined price and conditions within 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.

2014 First A Share Option Incentive Scheme

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilise 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 (the "**First Share Option Incentive Scheme**") was formulated and passed at the first extraordinary general meeting of 2014 of the Company held on 19 September 2014. The participants include the directors, senior management and other core businesses, technical and management key personnel during the Company's implementation of the First Share Option Incentive Scheme.

As at 19 September 2014, the exercise price of the A share options was RMB 7.6 per share. The closing price of the A shares of the Company immediately prior to the date of grant of the A share options was RMB8.37 per share.

On 19 September 2014, the Company granted A share options to all participants. On 19 September 2017, the second exercise period for the First Share Option Incentive Scheme commenced. As of 30 June 2018, options amounting to a total of 16,667,836 A shares have been exercised and the registration of shares transfer have been completed, accounting for 93.57% of the total exercisable A share options for the second exercise period. For details, please refer to the "Announcement on the Results on the Conversion of Convertible Bonds into Shares and the Exercise Results of the Second Exercise Period of the Share Option Incentive Scheme and the Changes in Shares" disclosed on the websites of SSE and the Stock Exchange on 4 July 2018 (Announcement No.: Lin 2018-052).

The First Share Option Incentive Scheme shall be effective for 10 years, and in principle, certain number of A 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. Total number of securities issuable under the First Share Option Incentive Scheme (i.e. 56,024,200 shares) represented approximately 0.55% of the total issued shares of the Company as at 30 June 2018. The vesting period represents the period from the grant of the share options to the exercise date of the share options. The vesting period of the share options granted under the First Share Option Incentive Scheme is 24 months. If the conditions of exercise under the scheme are fulfilled on the exercise date, participants shall exercise their share options in different periods within 36 months after expiry of the 24-month period from the date of grant.

The exercise period and the exercise arrangements in each stage are as follows:

Exercise arrangements	Exercise period	Exercise proportion
First exercise	Commencing from the first trading day after expiry of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant	1/3
Second exercise	Commencing from the first trading day after expiry of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant	1/3
Third exercise	Commencing from the first trading day after expiry of the 48-month period from the date of grant and ending on the last trading day of the 60-month period from the date of grant	1/3

The participants shall complete the exercise of share options during the validity period. If the conditions of exercise are not fulfilled, the share options for that period shall not be exercised. If the conditions of exercise are fulfilled but not all of the relevant share options for that period have been exercised, such portion of the share options shall be cancelled by the Company.

2017 Second A Share Option Incentive Scheme

In order to further refine the corporate governance structure of the Company, facilitate the establishment and improvement of incentive systems of the Company, fully mobilise the enthusiasm, sense of responsibility and sense of mission of the directors, senior management and other key personnel in core technology, business and management of the Company, and effectively bond the interests of shareholders, the Company and individual operators, making all parties to attend to and jointly strive for the long-term development of the Company, the second A share option incentive scheme (the "**Second Share Option Incentive Scheme**") was formulated and passed at the 2017 second extraordinary general meeting and the 2017 first class meetings for holders of A and H shares of the Company held on 18 December 2017. A total of 403,335,400 A share options were granted to 2,358 participants upon the Company's implementation of the initial grant under the Second Share Option Incentive Scheme on the same date and the registration of grant was completed on 9 February 2018. The participants under the initial grant pursuant to the Second Share Option Incentive Scheme include the directors (excluding independent directors), senior management and other management personnel and core technical (business) key personnel of the Company having direct impact on the operation results and development of the Company. Participants eligible for the grant of reserved options shall include core talents of the Company's new energy and intelligent network business or other management and technical personnel having significant impact on the Company's operation and development, who should be introduced or promoted. The aforesaid personnel shall be considered and approved by the Board and shall be confirmed within 12 months after consideration and approval of the Second Share Option Incentive Scheme at the shareholders' meetings and shall not duplicate any participant under the initial grant.

As at 18 December 2017, the exercise price of the A share options was RMB28.40 per share. The closing price of the A shares of the Company immediately prior to the date of grant of the Second Share Option Incentive Scheme was RMB24.06 per share.

The Second Share Option Incentive Scheme shall be effective for 10 years. Total number of securities issuable under the Second Share Option Incentive Scheme (i.e. 450,451,400 shares) represented approximately 4.41% of total issued shares of the Company as at 30 June 2018. The vesting period of the share options granted under the Second Share Option Incentive Scheme is 24 months. If the conditions of exercise under the scheme are fulfilled on the exercise date, participants shall exercise their A share options in different periods within 36 months after expiry of the 24-month period from the date of grant.

The exercise arrangements in each stage of the share options under initial grant are as follows:

Exercise arrangements	Exercise period	Exercise proportion
First exercise	Commencing on the first trading day after expiry of the 24-month period from the date of initial grant and ending on the last trading day of the 36-month period from the date of grant	1/3
Second exercise	Commencing on the first trading day after expiry of the 36-month period from the date of initial grant and ending on the last trading day of the 48-month period from the date of grant	1/3
Third exercise	Commencing on the first trading day after expiry of the 48-month period from the date of initial grant and ending on the last trading day of the 60-month period from the date of grant	1/3

The exercise arrangements in each stage of the reserved share options to be granted are as follows:

Exercise arrangements	Exercise period	Exercise proportion
First exercise	Commencing on the first trading day after expiry of the 24-month period from the date of grant of reserved share options and ending on the last trading day of the 36-month period from the date of grant	1/3
Second exercise	Commencing on the first trading day after expiry of the 36-month period from the date of grant of reserved share options and ending on the last trading day of the 48-month period from the date of grant	1/3
Third exercise	Commencing on the first trading day after expiry of the 48-month period from the date of grant of reserved share options and ending on the last trading day of the 60-month period from the date of grant	1/3

The participants shall complete the exercise of share options within the validity period. If the conditions of exercise are not fulfilled, the share options for that period shall not be exercised. If the conditions of exercise are fulfilled but not all of the relevant share options for that period have been exercised, such portion of the share options shall lapse automatically and shall be cancelled by the Company.

Save as disclosed above, so far as the directors of the Company are aware, as at 30 June 2018, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in section 352 of the SFO or were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
ASSETS			
Non-current assets			
Land use rights	*6*	**3,823,858**	3,716,582
Property, plant and equipment	*6*	**14,452,461**	13,405,384
Investment properties	*6*	**1,509,332**	1,339,996
Intangible assets	*6*	**6,583,891**	5,861,045
Investments in joint ventures and associates	*7*	**27,291,670**	25,743,137
Financial assets at fair value through profit or loss		**2,277,011**	–
Financial assets at amortised cost		**1,054,454**	–
Deferred income tax assets	*8*	**1,274,025**	1,123,418
Available-for-sale financial assets		**–**	2,205,196
Prepayments and long-term receivables		**697,941**	1,776,264
		58,964,643	55,171,022
Current assets			
Inventories		**6,130,933**	3,346,598
Trade and other receivables	*10*	**13,194,830**	10,638,090
Available-for-sale financial assets		**–**	423,852
Financial assets at fair value through profit or loss		**1,224,125**	608,929
Time deposits		**11,725,437**	10,113,301
Restricted cash		**2,083,832**	2,155,899
Cash and cash equivalents		**26,923,110**	37,198,750
		61,282,267	64,485,419
Total assets		**120,246,910**	119,656,441

	Note	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**10,213,727**	7,293,423
Other reserves		**25,481,580**	28,329,822
Retained earnings		**37,750,897**	33,801,023
		73,446,204	69,424,268
Non-controlling interests		**1,383,417**	1,043,725
Total equity		**74,829,621**	70,467,993
LIABILITIES			
Non-current liabilities			
Trade and other payables	*12*	**262,850**	141,431
Borrowings	*13*	**8,382,697**	8,272,573
Deferred income tax liabilities	*8*	**145,618**	107,517
Provisions		**821,187**	915,212
Government grants		**3,024,031**	3,133,278
		12,636,383	12,570,011
Current liabilities			
Trade and other payables	*12*	**29,021,209**	33,070,690
Contract liabilities		**1,142,224**	–
Current income tax liabilities		**641,917**	907,470
Borrowings	*13*	**1,975,556**	2,640,277
		32,780,906	36,618,437
Total liabilities		**45,417,289**	49,188,448
Total equity and liabilities		**120,246,910**	119,656,441

The notes on pages 47 to 88 form an integral part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Revenue	*5*	**37,200,307**	34,765,443
Cost of sales		**(29,908,639)**	(29,025,955)
Gross profit		**7,291,668**	5,739,488
Selling and distribution costs		**(2,903,519)**	(2,013,285)
Administrative expenses		**(1,928,706)**	(1,445,781)
Interest income		**221,123**	234,591
Other gains – net		**202,112**	217,244
Operating profit	*14*	**2,882,678**	2,732,257
Interest income		**27,990**	38,790
Finance costs	*15*	**(240,371)**	(408,239)
Share of profit of joint ventures and associates	*7*	**4,942,947**	4,600,997
Profit before income tax		**7,613,244**	6,963,805
Income tax expense	*16*	**(668,606)**	(681,259)
Profit for the period		**6,944,638**	6,282,546
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
– change in value of available-for-sale financial assets		**–**	3,740
– exchange differences on translation of foreign operations		**500**	–
Other comprehensive income for the period, net of tax		**500**	3,740
Total comprehensive income for the period		**6,945,138**	6,286,286
Profit attributable to:			
Owners of the Company		**6,912,986**	6,267,194
Non-controlling interests		**31,652**	15,352
		6,944,638	6,282,546
Total comprehensive income attributable to:			
Owners of the Company		**6,913,486**	6,267,017
Non-controlling interests		**31,652**	19,269
		6,945,138	6,286,286

	Note	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000 (Restated)
Earnings per share attributable to the ordinary equity holders of the Company			
(expressed in RMB per share)			
– basic	*17*	**0.68**	0.69
– diluted	*17*	**0.67**	0.68

The notes on pages 47 to 88 form an integral part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	RMB'000	RMB'000
Balance at 31 December 2017 as originally presented	7,293,423	28,329,822	33,801,023	69,424,268	1,043,725	70,467,993
Change in accounting policy (Note 4)	–	(232,737)	173,869	(58,868)	–	(58,868)
Balance at 1 January 2018 (restated)	7,293,423	28,097,085	33,974,892	69,365,400	1,043,725	70,409,125
Comprehensive income						
Profit for the period	–	–	6,912,986	6,912,986	31,652	6,944,638
Other comprehensive income	–	500	–	500	–	500
Total comprehensive income	–	500	6,912,986	6,913,486	31,652	6,945,138
Transactions with owners in their capacity as owners						
Transfer from other reserve to share capital	2,918,122	(2,918,122)	–	–	–	–
Dividend declared by the Company and subsidiaries	–	–	(3,136,981)	(3,136,981)	(24,764)	(3,161,745)
Contributions from non-controlling shareholders of subsidiaries	–	–	–	–	252,524	252,524
Share options granted to directors and employees						
– Value of employee services	–	283,039	–	283,039	–	283,039
– Proceeds from shares issued	2,141	11,825	–	13,966	–	13,966
Non-controlling interest arising on business combination	–	–	–	–	80,018	80,018
Convertible bonds (Note 13)						
– Convertion of convertible bonds	41	782	–	823	–	823
Others	–	6,471	–	6,471	262	6,733
Total transactions with owners in their capacity as owners	2,920,304	(2,616,005)	(3,136,981)	(2,832,682)	308,040	(2,524,642)
Balance as at 30 June 2018	10,213,727	25,481,580	37,750,897	73,446,204	1,383,417	74,829,621
Balance at 1 January 2017	6,453,360	11,848,133	25,554,660	43,856,153	1,037,308	44,893,461
Comprehensive income for the period						
Profit for the period	–	–	6,267,194	6,267,194	15,352	6,282,546
Other comprehensive (loss)/income – Available-for-sale financial assets, net of tax	–	(177)	–	(177)	3,917	3,740
Total comprehensive (loss)/income	–	(177)	6,267,194	6,267,017	19,269	6,286,286
Transactions with owners in their capacity as owners						
Dividends declared by the Company and subsidiaries	–	–	(1,429,960)	(1,429,960)	(28,158)	(1,458,118)
Contribution from non-controlling shareholders of subsidiaries	–	–	–	–	1,500	1,500
Share options granted to directors and employees						
– Value of employee services	–	8,095	–	8,095	–	8,095
– Proceeds from shares issued	1,689	10,272	–	11,961	–	11,961
Convertible bonds						
– Convertion of convertible bonds	45,406	879,196	–	924,602	–	924,602
Others	–	4,965	–	4,965	354	5,319
Total transactions with owners in their capacity as owners	47,095	902,528	(1,429,960)	(480,337)	(26,304)	(506,641)
Balance at 30 June 2017	6,500,455	12,750,484	30,391,894	49,642,833	1,030,273	50,673,106

The notes on pages 47 to 88 form an integral part of these interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Cash flows from operating activities		
Cash (used in)/generated from operations	**(3,642,073)**	4,815,328
Interest received	**426,034**	229,107
Interest paid	**(367,528)**	(427,970)
Income tax paid	**(1,046,665)**	(718,066)
Net cash flows (used in)/generated from operating activities	**(4,630,232)**	3,898,399
Cash flows from investing activities		
Purchases of property, plant and equipment, land use rights and intangible assets	**(4,199,100)**	(3,052,134)
Proceeds from sales of property, plant and equipment and intangible assets	**10,726**	195,864
Acquisition of a subsidiary, net of cash acquired	**157,247**	–
Disposal of an associate	**231,593**	–
Acquisition and set-up of joint ventures	**(5,000)**	(72,131)
Additional capital injection in joint ventures	**(525,320)**	(558,556)
Additional capital injection in associates	**(107,852)**	(96,955)
Acquisition and set-up of associates	**(27,498)**	(10,000)
Acquisition of available-for-sale financial assets, financial assets at fair value through profit or loss and loans and receivables	**–**	(9,753,262)
Acquisition of financial assets at amortised cost and financial assets at fair value through profit or loss	**(1,046,809)**	–
Disposal of available-for-sale financial assets, held-to-maturity investments, financial assets at fair value through profit or loss and loans and receivables	**–**	10,101,349
Disposal of financial assets at amortised cost and financial assets at fair value through profit or loss	**1,021,192**	–
Proceeds from investment income from financial instruments	**133,659**	117,471
Granting of entrusted loans	**(20,000)**	(31,368)
Proceeds from repayment of entrusted loans	**200,339**	617,253
Receipt of government grants related to assets	**152,895**	778,459
Dividends received	**3,393,640**	3,038,003
(Increase)/decrease in time deposits	**(1,591,569)**	1,186,606
Decrease in restricted cash	**–**	1,000,000
Net cash flows (used in)/generated from investing activities	**(2,221,857)**	3,460,599

	Note	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Cash flows from financing activities			
Proceeds from issurance of ordinary shares	*11*	**13,847**	10,654
Contribution from non-controlling shareholders of subsidiaries		**252,524**	1,500
Distribution to shareholders of the Company and non-controlling shareholders of subsidiaries		**(3,162,360)**	(1,448,645)
Proceeds from bank borrowings		**1,170,726**	858,147
Repayments of bank borrowings		**(701,041)**	(682,203)
Repayments of short-term debentures		**–**	(2,300,000)
Repayments of corporate bonds		**(1,000,000)**	–
Net cash flows used in financing activities		**(3,426,304)**	(3,560,547)
Net (decrease)/increase in cash and cash equivalents		**(10,278,393)**	3,798,451
Cash and cash equivalents at beginning of the period		**37,198,750**	12,579,571
Exchange gains/(losses) on cash and cash equivalents		**2,753**	(24,559)
Cash and cash equivalents at end of the period		**26,923,110**	16,353,463

The notes on pages 47 to 88 form an integral part of these interim condensed consolidated financial information.

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 automotive parts. The Company's holding company is Guangzhou Automobile Industry Group Co., Ltd. ("GAIG"), which is incorporated in Guangzhou, Guangdong, the People's Republic of China (the "PRC").

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

The Company was established in June 1997 as a limited liability company in the PRC. In June 2005, the Company underwent a reorganisation and transformed itself into a joint stock 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 RMB1 each. In 2009, the Company issued additional 435,091,902 shares at par value of RMB1 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")). In 2012, subsequent to the approval by the Company's shareholders and China Securities Regulatory Commission ("CSRC"), the Company paid cash and issued 286,962,422 ordinary shares denominated in RMB of the Company to acquire the remaining interests of GAC Changfeng. On 20 March 2012, GAC Changfeng was delisted from SSE and became a wholly-owned subsidiary of the Company. On 29 March 2012, the Company was listed on the SSE.

On 16 November 2017, the Company completed the non-public issuance of A shares (the "Non-public Issuance"), as approved by the Company's shareholders and CSRC. The Company issued 753,390,254 ordinary shares denominated in RMB ("A shares") at RMB15 billion in 2017.

On 12 June 2018, pursuant to a resolution of the Company's general meeting of shareholders, the Company's capital reserves were converted into share capital of the Company. Upon completion of the conversion, the Company's share capital increased by RMB2,918,121,757.

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 24 August 2018.

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 2018 has been prepared in accordance with Hong Kong Accounting Standard ("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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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 2017.

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

(a) New and amended standards adopted by the Group

The following new standards, amendments to existing standards and interpretation are mandatory for adoption for the financial year beginning 1 January 2018 for the Group:

Standards	Subject of amendment
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendment)	Transfers of Investment Property
HKFRS 1 (Amendment)	First Time Adoption of HKFRS
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

The Group has assessed the impact of the adoption of these new and amended standards that are effective for the first time for this interim. The Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- HKFRS 9 Financial Instruments, and

- HKFRS 15 Revenue from Contracts with Customers

Then impact of the adoption of these standards and the new accounting policies are disclosed in Note 4. The other standards, amendments and interpretation did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3 ACCOUNTING POLICIES (continued)

(b) New and amended standards not yet adopted by the Group

The following new standards and amendments, revisions and interpretations to standards have been issued but are not effective for the financial year beginning 1 January 2019 and have not been early adopted. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except those set out in Note (i) below.

Standards/Interpretation	Subject of amendment	Effective for accounting periods beginning on or after
HKFRS 16 (Note (i))	Leases	1 January 2019
HK(IFRIC) 23	Uncertainty over Income Tax Treatment	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Repayment Features with Negative Compensation	1 January 2019
HKAS 19 (Amendment)	Employee Benefits	1 January 2019
Annual Improvements to HKFRSs 2015-2017 cycle	Improvements to HKFRSs	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

(i) HKFRS 16, 'Leases'

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB234,805,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments arising from the new impairment and revenue recognition rules are therefore not reflected in the consolidated balance sheet as at 31 December 2017, but are recognised in the opening consolidated balance sheet on 1 January 2018.

4.1 Impact on the financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated Balance Sheet (extract)	31 December 2017 As originally presented RMB'000	Effect of adoption of HKFRS 9 RMB'000	Effect of adoption of HKFRS15 RMB'000	1 January 2018 Restated RMB'000
Non-current assets				
Investments in joint ventures and associates	25,743,137	(58,868)	–	25,684,269
Financial assets at fair value through profit or loss (FVPL)	–	2,205,196	–	2,205,196
Financial assets at amortised cost	–	1,382,457	–	1,382,457
Available-for-sale financial assets (AFS)	2,205,196	(2,205,196)	–	–
Prepayments and long-term receivables	1,776,264	(1,382,457)	–	393,807
Current assets				
Available-for-sale financial assets	423,852	(423,852)	–	–
Financial assets at fair value through profit or loss	608,929	423,852	–	1,032,781
Total assets	119,656,441	(58,868)	–	119,597,573
Non-current liabilities	12,570,011	–	–	12,570,011
Current liabilities				
Trade and other payables	33,070,690	–	(1,073,690)	31,997,000
Contract liabilities	–	–	1,073,690	1,073,690
Total liabilities	49,188,448	–	–	49,188,448
Net assets	70,467,993	(58,868)	–	70,409,125
Other reserves	28,329,822	(232,737)	–	28,097,085
Retained earnings	33,801,023	173,869	–	33,974,892
Total equity	70,467,993	(58,868)	–	70,409,125

4 CHANGES IN ACCOUNTING POLICIES (continued)

4.2 HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 4.3 below.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	Notes	**RMB'000**
Closing retained earnings 31 December 2017 – HKAS 39		33,801,023
Reclassify available-for-sale financial assets to FVPL	*(a)*	232,737
Impact on investments in joint ventures due to increase in provision	*(b)*	(58,868)
Adjustment to retained earnings from adoption of HKFRS 9 on 1 January 2018		173,869
Opening retained earnings 1 January 2018 – HKFRS 9		33,974,892

(a) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets – 1 January 2018	*Notes*	**FVPL RMB'000**	**Available-for-sale financial assets RMB'000**
Closing balance 31 December 2017 – HKAS 39		608,929	2,629,048
Reclassify investments from available-for-sale to FVPL	*(i)*	2,629,048	(2,629,048)
Opening balance 1 January 2018 – HKFRS 9		3,237,977	–

4 CHANGES IN ACCOUNTING POLICIES (continued)

4.2 HKFRS 9 Financial Instruments – Impact of adoption (continued)

(a) Classification and measurement (continued)

The impact of these changes on the Group's equity is as follows:

	Notes	Effect on AFS reserves RMB'000	Effect on retained earnings RMB'000
Opening balance – HKAS 39		232,737	–
Reclassify available-for-sale financial assets to FVPL	*(i)*	(232,737)	232,737
Opening balance – HKFRS 9		–	232,737

(i) Reclassification from available-for-sale to FVPL

Certain investments were reclassified from available-for-sale to financial assets at FVPL. They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

The following table presents the Group's financial assets that were reclassified from available-for-sale to financial assets at FVPL.

Financial assets – 1 January 2018	Bond investment RMB'000	Fund investment RMB'000	Financial products RMB'000	Trust products RMB'000	Stocks RMB'000	Total RMB'000
Closing balance 31 December 2017 – HKAS 39	68,933	–	–	–	539,996	608,929
Reclassify available-for-sale financial assets to FVPL	219,138	321,599	417,657	175,000	1,495,654	2,629,048
Opening balance 1 January 2018 – HKFRS 9	288,071	321,599	417,657	175,000	2,035,650	3,237,977

Related accumulated fair value gains of RMB232,737,000 were transferred from the available-for-sale financial assets reserves to retained earnings on 1 January 2018.

(ii) Long-term receivables previously classified as "prepayments and long-term receivables" were presented as "financial assets at amortised cost" on 1 January 2018 when adopting HKFRS 9.

4 CHANGES IN ACCOUNTING POLICIES (continued)

4.2 HKFRS 9 Financial Instruments – Impact of adoption (continued)

(b) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade and other receivables (excluding prepayments), and

- long-term receivables

The Group, as well as its joint ventures and associates, were required to revise their impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity, which was attributable to one of the Group's joint ventures, is disclosed in the table above.

4.3 HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

(a) Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4 CHANGES IN ACCOUNTING POLICIES (continued)

4.3 HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

(a) Investments and other financial assets (continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)", together with foreign exchange gains and losses. Impairment losses are presented in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

4 CHANGES IN ACCOUNTING POLICIES (continued)

4.3 HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

(a) Investments and other financial assets (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4.4 HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

4 CHANGES IN ACCOUNTING POLICIES (continued)

4.4 HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (continued)

The Group establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contract(s) with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The Group recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services based on transfer of control. The Group recognises revenue when a performance obligation is satisfied.

The directors of the Company consider the adoption of HKFRS 15 did not have a material impact on the Group's retained earnings as of 1 January 2018.

"Advance from customers" previously classified as "trade and other payables" was presented as "contract liabilities" as at 1 January 2018 to be consistent with the terminology used under HKFRS 15.

4.5 HKFRS 15 Revenue from Contracts with Customers – Accounting policies

(a) Sales of products

The Group manufactures and sells a range of passenger vehicles, commercial vehicles, engines and automotive parts to its dealers and end customers. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

(b) Rendering of service

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

5 SEGMENT INFORMATION

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

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

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

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

Certain operating segments have been aggregated into one reportable segment as they have similar expected growth rates.

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 interim consolidated statement of comprehensive income.

During the six months ended 30 June 2018, no revenue from transactions with a single external customer counted to 10% or more of the Group's total revenue.

5 SEGMENT INFORMATION (continued)

The segment results for the six months ended 30 June 2018 and 30 June 2017 and other segment items included in the interim consolidated statement of comprehensive income are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Six months ended 30 June 2018					
Total gross segment revenue	35,891,026	1,467,162	(157,881)		37,200,307
Internal revenue	(60,849)	(97,032)	157,881		–
Revenue (from external customers)	35,830,177	1,370,130	–		37,200,307
Timing of revenue recognition					
At a point in time	35,830,177	1,370,130	–		37,200,307
Segment results	2,888,189	194,887	(28,773)	–	3,054,303
Unallocated income – Headquarter interest income				172,790	172,790
Unallocated costs – Headquarter expenditure				(344,415)	(344,415)
Operating profits					2,882,678
Interest income	23,727	800	(18,409)	21,872	27,990
Finance costs	(106,456)	(4,461)	47,181	(176,635)	(240,371)
Share of profit of joint ventures and associates	4,783,324	159,623	–	–	4,942,947
Profit before income tax					7,613,244
Income tax expense	(594,104)	(74,260)	–	(242)	(668,606)
Profit for the period					6,944,638

5 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 2017					
Total gross segment revenue	33,995,861	859,308	(89,726)		34,765,443
Internal revenue	(51,900)	(37,826)	89,726		–
Revenue (from external customers)	33,943,961	821,482	–		34,765,443
Segment results	2,620,132	162,048	19,086	–	2,801,266
Unallocated income – Headquarter interest income				41,351	41,351
Unallocated costs – Headquarter expenditure				(110,360)	(110,360)
Operating profits					2,732,257
Interest income	20,467	4,850	–	13,473	38,790
Finance costs	(126,213)	(67,639)	–	(214,387)	(408,239)
Share of profit of joint ventures and associates	4,381,766	219,231	–	–	4,600,997
Profit before income tax					6,963,805
Income tax expense	(662,815)	(22,544)	–	4,100	(681,259)
Profit for the period					6,282,546

5 SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 30 June 2018 and 31 December 2017 are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
Total assets					
At 30 June 2018	**84,222,414**	**28,913,882**	**(26,619,410)**	**33,730,024**	**120,246,910**
At 31 December 2017	80,115,134	38,733,760	(27,521,567)	28,329,114	119,656,441
Total liabilities					
At 30 June 2018	**39,397,550**	**22,242,959**	**(26,619,410)**	**10,396,190**	**45,417,289**
At 31 December 2017	32,898,935	32,707,001	(28,323,979)	11,906,491	49,188,448

6 LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROSPERITIES 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 2018				
Opening net book amount as at 1 January 2018	**3,716,582**	**13,405,384**	**1,339,996**	**5,861,045**
Acquisition of a subsidiary	**36,010**	**72,265**	**74,347**	**784**
Additions	**234,380**	**1,791,910**	**–**	**1,320,205**
Transfers	**(123,829)**	**(420)**	**124,249**	**–**
Disposals	**–**	**(104,486)**	**–**	**–**
Impairment	**–**	**–**	**–**	**(66,612)**
Depreciation and amortisation	**(39,285)**	**(712,192)**	**(29,260)**	**(531,531)**
Closing net book amount as at 30 June 2018	**3,823,858**	**14,452,461**	**1,509,332**	**6,583,891**
Six months ended 30 June 2017				
Opening net book amount as at 1 January 2017	2,308,959	11,856,013	1,311,433	5,319,222
Additions	743,903	968,859	–	1,080,536
Transfers	(27,483)	(7,718)	35,201	–
Disposals	–	(94,677)	–	(32)
Impairment	–	(216,326)	–	(726,136)
Depreciation and amortisation	(29,418)	(606,894)	(42,058)	(392,213)
Closing net book amount as at 30 June 2017	2,995,961	11,899,257	1,304,576	5,281,377

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Investments in joint ventures	**21,243,362**	19,201,981
Investments in associates	**6,048,308**	6,541,156
	27,291,670	25,743,137

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

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Share of profit of joint ventures (Note (i))	**4,165,166**	3,829,582
Share of profit of associates (Note (i))	**777,781**	771,415
	4,942,947	4,600,997

(i) Unrealised profits or losses resulting from up stream and down stream transactions are eliminated.

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

7.1 Investments in joint ventures

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

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Beginning of the period as originally presented	**19,201,981**	16,730,779
Changes in accounting policy (Note 4.2)	**(58,868)**	–
Beginning of the period (restated)	**19,143,113**	16,730,779
Additions (Note (i))	**530,320**	630,687
Disposals	**(62,391)**	–
Share of profit	**4,217,495**	3,848,506
Dividends declared	**(2,585,175)**	(2,355,278)
End of the period	**21,243,362**	18,854,694

(i) In 2018, the Company contributed additional capital of RMB508,457,000 to GAC Toyota Motor Co., Ltd. in proportion to its interest held.

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

7.1 Investments in joint ventures (continued)

(b) Set out below are the joint ventures of the Group as at 30 June 2018, which in the opinion of the directors, are material to the Group. The joint ventures as listed below are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Name of joint ventures	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
GAC Honda Automobile Co., Ltd. ("GAC 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: GAC 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 cover over 90% of combined financial information of all the joint ventures of the Group listed below.

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

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

7.1 Investments in joint ventures (continued)

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

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

Summarised balance sheet

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Assets		
Non-current assets	**56,303,538**	53,804,188
Current assets		
– Cash and cash equivalents	**41,632,944**	40,772,493
– Other current assets	**49,734,496**	42,387,164
	91,367,440	83,159,657
Total assets	**147,670,978**	136,963,845
Liabilities		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	**11,019,206**	8,645,170
– Other non-current liabilities (including trade and other payables)	**7,766,663**	5,982,432
	18,785,869	14,627,602
Current liabilities		
– Financial liabilities (excluding trade and other payables)	**22,459,757**	20,204,314
– Other current liabilities (including trade and other payables)	**69,253,313**	69,075,712
	91,713,070	89,280,026
Total liabilities	**110,498,939**	103,907,628
Net assets	**37,172,039**	33,056,217
Less: Non-controlling interests	**(17,088)**	(17,053)
	37,154,951	33,039,164

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

7.1 Investments in joint ventures (continued)

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

Summarised statement of comprehensive income

	Unaudited	
	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Revenue	**110,892,346**	105,949,030
Cost of sales	**(88,649,662)**	(87,366,382)
Other expenditures	**(13,833,158)**	(10,922,336)
Profit after tax	**8,409,526**	7,660,312
Less: profit attributable to non-controlling interests	**(35)**	(204)
	8,409,491	7,660,108
Other comprehensive income	**–**	–
Total comprehensive income	**8,409,491**	7,660,108

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

7.1 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 material joint ventures	Assets		Liabilities		Revenue		Dividends received	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December	Six months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GAC Honda	37,733,797	36,930,220	25,494,969	28,710,625	45,022,654	41,317,295	–	–
GAC Toyota	27,180,620	26,257,366	17,687,397	16,412,427	37,205,762	31,175,312	2,442,200	2,205,946
GAC Fiat Chrysler	15,818,073	16,289,098	11,440,302	11,867,168	10,964,621	16,850,674	–	–
GAC Mitsubishi	10,029,232	10,706,876	7,330,893	8,540,519	9,849,937	8,179,585	–	–
GAC Hino	2,013,952	1,651,464	1,993,503	1,644,110	847,147	323,884	–	–
GAC Sofinco	38,633,697	31,287,798	35,031,572	27,852,789	1,487,274	1,247,932	–	–
Wuyang-Honda	2,528,742	3,064,262	1,340,140	1,740,335	2,197,514	2,542,679	85,179	101,332
Total	133,938,113	126,187,084	100,318,776	96,767,973	107,574,909	101,637,361	2,527,379	2,307,278

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

7.1 Investments in joint ventures (continued)

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

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

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Assets	**133,938,113**	126,187,084
Less: Liabilities	**(100,318,776)**	(96,767,973)
Non-controlling interests	**(17,088)**	(17,053)
Net assets excluding non-controlling interests	**33,602,249**	29,402,058
Percentage of ownership interest	**50%**	50%
Interests in material joint ventures	**16,801,125**	14,701,029
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	**19,717,677**	17,617,581

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

7.2 Investments in associates

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

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Beginning of the period	**6,541,156**	5,927,340
Additions	**135,350**	106,955
Disposal	**(191,418)**	–
Share of profits	**783,858**	769,720
Dividend declared	**(1,220,638)**	(940,412)
End of the period	**6,048,308**	5,863,603

(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 2018 RMB'000	2017 RMB'000
Associates		
Profit from continuing operations	**777,781**	771,415
Total comprehensive income	**777,781**	771,415

8 DEFERRED INCOME TAX

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

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Beginning of the period	**1,015,901**	717,923
Tax recognised in profit or loss (Note 16)	**112,506**	72,239
Tax charge relating to components of other comprehensive income	**–**	(1,247)
End of the period	**1,128,407**	788,915

9 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

9.1 Fair value hierarchy

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 that are measured at fair value at 30 June 2018.

	Level 1 RMB'000 Note (a)	Level 2 RMB'000 Note (b)	Level 3 RMB'000 Note (c)	Total RMB'000
Assets				
Financial assets at fair value through profit or loss				
– Bond investments	641,507	–	–	641,507
– Fund investments	67,623	229,811	–	297,434
– Financial products	–	–	348,318	348,318
– Trust products	–	–	236,000	236,000
– Stocks	535,038	–	1,442,839	1,977,877
Total assets	1,244,168	229,811	2,027,157	3,501,136

9 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

9.1 Fair value hierarchy (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017.

	Level 1 RMB'000 Note (a)	Level 2 RMB'000 Note (b)	Level 3 RMB'000 Note (c)	Total RMB'000
Assets				
Financial assets at fair value through profit or loss				
– Bond investments	68,933	–	–	68,933
– Stocks	539,996	–	–	539,996
	608,929	–	–	608,929
Available-for-sale financial assets				
– Bond investments	219,138	–	–	219,138
– Fund investments	21,128	300,471	–	321,599
– Financial products	–	–	417,657	417,657
– Trust products	–	–	175,000	175,000
– Stocks	108,270	–	1,239,322	1,347,592
	348,536	300,471	1,831,979	2,480,986
Total assets	957,465	300,471	1,831,979	3,089,915

(a) Financial instruments in level 1

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

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

9 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

9.1 Fair value hierarchy (continued)

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the six months ended 30 June 2018.

	Stocks RMB'000	Financial products RMB'000	Trust products RMB'000	Total RMB'000
Opening balance as originally presented	1,239,322	417,657	175,000	1,831,979
Change in accounting policy	148,062	–	–	148,062
Restated opening balance	1,387,384	417,657	175,000	1,980,041
Purchase	55,455	272,800	191,000	519,255
Gains for the period recognised in profit or loss	5,437	2,314	4,658	12,409
Disposal	(5,437)	(344,453)	(134,658)	(484,548)
Closing balance	1,442,839	348,318	236,000	2,027,157
Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period	–	(16,329)	–	(16,329)

9 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

9.1 Fair value hierarchy (continued)

(c) Financial instruments in level 3 (continued)

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

	Fair value at 30 June 2018 RMB'000	Valuation techniques(s)	Unobservable input	Range (weighted average)
– Financial products	348,318	Discounted cash flow	Expected interest rate per annum	4.55%-5.6%
– Trust products	236,000	Discounted cash flow	Expected interest rate per annum	5.60%-6.35%
			Discount rate	3.90%-3.92%
– Stocks (Note (i))	558,696	Discounted cash flow	Expected dividend yield	6%
– Stocks (Note (i))	680,626	Comparable transaction approach	Recent market transaction	USD110-120 per share
– Stocks (Note (ii))	203,517	Discounted cash flow	Discount rate	1%-3%

(i) The stocks in Level 3 represent the Group's investment in preference shares.

(ii) The stocks in Level 3 represent the Group's investment in interests of non-listed company.

9 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

9.1 Fair value hierarchy (continued)

(c) Financial instruments in level 3 (continued)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2017.

	Stocks RMB'000	Financial products RMB'000	Trust products RMB'000	Total RMB'000
Opening balance	1,050,400	1,796,380	190,000	3,036,780
Purchase	–	9,077,400	–	9,077,400
Gains for the period recognised in other comprehensive income	–	33,679	3,029	36,708
Disposal	–	(9,238,629)	(113,029)	(9,351,658)
Closing balance	1,050,400	1,668,830	80,000	2,799,230
Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period	–	–	–	–

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

	Fair value at 30 June 2017 RMB'000	Valuation techniques(s)	Unobservable input	Range (weighted average)
– Financial products	1,668,830	Discounted cash flow	Expected interest rate per annum	2.20%-4.40%
– Trust products	80,000	Discounted cash flow	Expected interest rate per annum	5.00%-5.30%
– Stocks	532,300	Discounted cash flow	Discount rate Expected dividend yield	3.90%-3.92% 6%
– Stocks	518,100	Comparable transaction approach	Recent market transaction	USD110-120 per share

10 TRADE AND OTHER RECEIVABLES

Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 0 to 170 days.

As at 30 June 2018 and 31 December 2017, the ageing analysis of these trade receivables is presented on the basis of the date of the relevant invoices as follows:

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Trade receivables		
Within 3 months	**1,928,247**	1,257,455
Between 3 months and 1 year	**104,670**	120,207
Between 1 and 2 years	**88,272**	77,284
Between 2 and 3 years	**10,905**	12,976
Over 3 years	**170,108**	165,632
	2,302,202	1,633,554
Less: Provision for impairment	**(257,352)**	(259,744)
Trade receivables – net	**2,044,850**	1,373,810

11 SHARE CAPITAL

	RMB ordinary shares of RMB 1 each		Foreign shares listed out of mainland China of RMB 1 each		Total	
	Number of shares (thousands)	Share capital RMB'000	Numb shareser of (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000
As at 31 December 2017	5,080,123	5,080,123	2,213,300	2,213,300	7,293,423	7,293,423
Employee share option scheme						
– Proceeds from share issued (Note (a))	2,141	2,141	–	–	2,141	2,141
Convertible bonds (Note 13(c))	41	41	–	–	41	41
Transfer from capital reserve	2,032,802	2,032,802	885,320	885,320	2,918,122	2,918,122
As at 30 June 2018	7,115,107	7,115,107	3,098,620	3,098,620	10,213,727	10,213,727

(a) Share-based payments

According to the resolution of the extraordinary shareholders' meeting held on 19 September 2014, total 64,348,600 A Share Options ("SOs-I") were granted to 620 individuals, including directors, senior management and selected key employees (the "Recipients-I"). Each share option represents the right granted to the recipients to acquire one share of the Company at pre-determined exercise price and conditions in the validity period as set out in the Share Option Incentive Scheme. The grant date is 19 September 2014 ("Grant Date").

As at 19 September 2016, one third of the SOs-I ("Batch I of SOs-I") became exercisable. As of 31 December 2017, there is no outstanding Batch I SOs-I.

On 19 September 2017, the second one third of the SOs-I ("Batch II of SOs-I") became exercisable. Batch II of SOs-I exercised by the Recipients-I during the six months ended 30 June 2018 resulted in 2,141,487 shares being issued (30 June 2017: Nil), with exercise proceeds of RMB13,847,000 (30 June 2017: Nil). As at 30 June 2018, the amounts due from the Recipients-I was RMB119,000. The related weighted average price at the time of exercise was RMB6.52 (30 June 2017: Nil) per share.

12 TRADE AND OTHER PAYABLES

As at 30 June 2018 and 31 December 2017, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Trade payables		
Within 1 year	**11,614,364**	11,046,353
Between 1 and 2 years	**327,532**	425,117
Between 2 and 3 years	**83,860**	19,400
Over 3 years	**18,972**	26,176
	12,044,728	11,517,046

13 BORROWINGS

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Non-current		
Corporate bonds – guaranteed (Notes (a) and (b))	**4,974,415**	4,971,634
Convertible bonds (Notes (c) and (d))	**2,476,460**	2,432,556
Borrowings from bank and other financial institutions	**632,179**	568,817
Debentures – unsecured (Note (e))	**299,643**	299,566
	8,382,697	8,272,573
Current		
Borrowings from bank and other financial institutions	**1,875,556**	1,540,789
Entrusted loans from related parties – unsecured	**100,000**	100,000
Corporate bonds – guaranteed (Note (a))	**–**	999,488
	1,975,556	2,640,277
Total borrowings	**10,358,253**	10,912,850

13 BORROWINGS (continued)

(a) In March 2013, the Company issued five-year period corporate bonds with par value of RMB1,000,000,000 and ten-year period corporate bonds with par value of RMB 3,000,000,000 at the weighted average effective interest rate of 5.14% and 5.23% per annum respectively. The related interest is payable on an annual basis. These corporate bonds are with a full-amount, unconditional, irrevocable and jointly-liability guarantee by GAIG. The five-year period corporate bonds were fully redeemed at par in March 2018.

(b) In January 2015, the Company issued five-year period corporate bonds with par value of RMB2,000,000,000 at the weighted average effective interest rate of 4.95% per annum. The related interest is payable on an annual basis. These corporate bonds will be fully redeemed at par in January 2020, and is with a full-amount, unconditional, irrevocable and jointly-liability guarantee by GAIG.

(c) On 22 January 2016, the Group issued 41,055,800 units of convertible bonds at a total par value of RMB4,105,580,000, with an interest rate of 0.20% in the first year, 0.50% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.50% in the fifth year and 1.60% in the sixth year. The bonds mature six years from the issue date at their par value of RMB4,105,580,000 or can be converted into shares at the holder's option at the rate of 1 share per RMB21.87 from 22 July 2016 to the bond maturity date. At the time of issuance, after netting of transaction cost of RMB45,584,000 (transaction cost was allocated proportionally to liability component and equity component of convertible bonds), the Company determined the value of the liability component (RMB3,672,418,000) and the equity component (RMB387,578,000). The fair value of the liability component of convertible bonds included in non-current borrowings was calculated using a market interest rate for equivalent non-convertible bonds. The liability component is subsequently stated at amortised cost until the bonds are converted to shares or the maturity of the bonds. The residual amount, representing the value of the equity component, is included in other reserves of shareholders' equity.

The conversion price of convertible bonds will be adjusted upon occurrence of issue of bonus shares, transfer of reserve to share capital, issue of new shares (excluding issue of new shares upon conversion of convertible bonds), share allotment and distribution of cash dividends.

For the six months ended 30 June 2018, certain convertible bond holders partially converted the convertible bonds in the principal amount of RMB864,000 into shares of the Company. The Company allotted and issued a total of 40,672 shares to such convertible bond holders at a conversion price of RMB21.24 per share, respectively. Upon the conversion, the Company derecognised the liability component of RMB823,000 and transferred this amount with equity component (convertible bonds reserve) of RMB82,000 into share capital and share premium with the amount of RMB41,000 and RMB864,000, respectively.

13 BORROWINGS (continued)

(d) Non-cash transaction

The principal non-cash transaction amounting to RMB823,000 is the conversion of convertible bonds discussed in Note 13(c).

(e) In August 2017, a subsidiary of the Company issued debentures with principals of RMB300,000,000 at the weighted average effective interest rate of 5.11%. The related interest is payable on an annual basis. These debentures will be fully redeemed at par in 18 August 2020. The net proceeds of these debentures, after deducting the transaction costs, amounted to RMB299,508,000.

(f) Movements in borrowings are analysed as follows:

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Beginning of the period	**10,912,850**	14,824,215
Proceed from bank borrowings	**3,296,414**	2,970,666
Repayments of bank borrowings	**(2,898,285)**	(2,469,255)
Repayments of corporate bonds	**(1,000,000)**	(2,299,177)
Conversion of convertible bonds	**(823)**	(924,637)
Interest expense	**198,227**	212,801
Interest paid or included in trade and other payables	**(150,130)**	(152,749)
End of the period	**10,358,253**	12,161,864

14 OPERATING PROFIT

The following items have been charged to the operating profit during the period:

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Depreciation and amortisation	**1,312,268**	1,070,583
Impairment charges of intangible assets	**66,612**	726,136
Impairment charges of property, plant and equipment	**–**	216,326
Impairment charge/(reversal) of inventories	**1,839**	(5,694)
Provision for impairment loss of trade and other receivables	**2,187**	2,300
Staff costs	**3,649,431**	2,599,052
Loss on disposal of property, plant and equipment, land use rights and intangible assets	**460**	52,393
Government grants	**(235,504)**	(189,699)
Gains on disposal of an associate	**(76,757)**	–
Gains on debt restructuring	**(41,113)**	(1,442)
Donation	**11,900**	7,501

15 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Interest expense	**218,816**	395,247
Others	**21,555**	12,992
	240,371	408,239

16 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 consolidated statement of comprehensive income:

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Current income tax	**781,112**	753,498
Deferred income tax	**(112,506)**	(72,239)
	668,606	681,259

(i) 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 subsidiaries for the six months ended 30 June 2018 are 15% or 25% (2017: 15% or 25%).

17 EARNINGS PER SHARE

(a) Basic

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

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000 (Restated)
Profit attributable to owners of the Company	**6,912,986**	6,267,194
Weighted average number of ordinary shares in issue (thousands)	**10,212,551**	9,054,795
Basic earnings per share (RMB per share)	**0.68**	0.69

(i) On 12 June 2018, pursuant to a resolution of the Company's general meeting of shareholders, 4 shares were issued for every 10 shares by way of conversion of capital reserves by the Company. Accordingly, the basic and diluted earnings per share (Note 17(b)) for the six months ended 30 June 2017 were restated.

17 EARNINGS PER SHARE (continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for six months ended 30 June 2018) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000 (Restated)
Profit attributable to owners of the Company	**6,912,986**	6,267,194
Add: Interest expense on convertible bonds	**57,350**	59,334
Profit used to determine diluted earnings per share	**6,970,336**	6,326,528
Weighted average number of ordinary shares in issue (thousands)	**10,212,551**	9,054,795
Add: weighted average number of ordinary shares assuming conversion of all share options (thousands)	**19,896**	19,636
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds (thousands)	**171,762**	234,387
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	**10,404,209**	9,308,818
Diluted earnings per share (RMB per share)	**0.67**	0.68

18 DIVIDEND

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Interim dividend declared: RMB0.10 (2017: RMB0.10)	**1,021,373**	650,046

Dividend paid in six months ended 30 June 2018 was approximately RMB 3,136,981,000 (2017: RMB 1,429,960,000).

In addition, an interim dividend of RMB0.10 per share (2017: RMB0.10) was declared by the board of directors on 24 August 2018. This interim dividend, amounting to approximately RMB1,021,373,000 (2017: RMB650,046,000), has not been recognised as a liability in this interim financial information.

19 CAPITAL COMMITMENTS

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

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Land use rights		
– Authorised but not contracted for	**1,424,000**	–
Property, plant and equipment		
– Authorised but not contracted for	**481,007**	173,391
– Contracted but not provided for	**1,086,151**	1,242,749
	1,567,158	1,416,140
Intangible assets		
– Authorised but not contracted for	**2,801,196**	2,785,118
– Contracted but not provided for	**–**	190
	2,801,196	2,785,308
Investments		
– Contracted but not provided for (Note (i))	**923,125**	1,419,945
	6,715,479	5,621,393

19 CAPITAL COMMITMENTS (continued)

(i) In 2017, the Board of Directors of the Company approved an additional capital contribution to GAC Toyota, a joint venture of the Company, with an amount of USD35,225,000 (equivalent to RMB217,050,000) respectively, according to the proportion of shares. Up to 30 June 2018, none of the amount has been paid.

In 2017, the Board of Directors of the Company approved an additional capital contribution of RMB 360,000,000 to GAC Fiat Chrysler, a joint venture of the Company, according to the proportion of shares. Up to 30 June 2018, none of the amount has been paid.

In 2017, the Board of Directors of the Company approved an additional capital contribution to GAC Mitsubishi, a joint venture of the Company, with an amount of RMB266,605,000 and RMB79,470,000 respectively, according to the proportion of shares. Up to 30 June 2018, none of the amount has been paid.

20 RELATED-PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("State-owned Enterprises") are regarded as related parties of the Group.

In addition to the related party information shown elsewhere in the interim consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, during the period.

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

20 RELATED-PARTY TRANSACTIONS (continued)

(a) Significant related party transactions

	Unaudited	
	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Sales of goods		
Sales of automotive parts and steels		
– Joint ventures	**1,036,197**	690,899
– Associates	**135,218**	129,622
	1,171,415	820,521
Sales of passenger vehicles		
– Joint ventures	**107,657**	1,617
– Associates	**851**	248
– GAIG	**214**	–
	108,722	1,865
	1,280,137	822,386
Rendering of labour and insurance services		
– Joint ventures	**561,447**	500,124
– Associates	**290,357**	176,208
– Subsidiaries of GAIG	**3,520**	–
– GAIG	**94**	–
	855,418	676,332

20 RELATED-PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Purchases of goods		
Purchases of automotive parts and materials		
– Joint ventures	907,637	948,203
– Associates	612,500	562,904
	1,520,137	1,511,107
Purchases of passenger vehicles		
– Joint ventures	3,206,535	2,934,725
	4,726,672	4,445,832
Purchases of labour services and settlement of insurance claims		
– Joint ventures	29,251	19,247
– Associates	22,920	52,114
– GAIG	313	–
– Subsidiaries of GAIG	519	–
	53,003	71,361
Rental received from related parties		
– Joint ventures	127,685	118,771
– Associates	487	3,408
– GAIG	–	680
– Subsidiaries of GAIG	4,240	848
	132,412	123,707
Rental paid to related parties		
– Joint ventures	1,171	727
– Associates	7	–
– GAIG	4,688	841
– Subsidiaries of GAIG	1,603	1,267
	7,469	2,835

20 RELATED-PARTY TRANSACTIONS (continued)

(a) Significant related party transactions (continued)

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Provision of entrusted loans to related parties		
– Joint ventures	–	21,368
– Associates	20,000	10,000
	20,000	31,368
Repayment of entrusted loans from related parties		
– Joint ventures	183,200	560,568
– Associates	10,000	39,400
	193,200	599,968
Entrusted loans from a related party		
– An associate	100,000	50,000
Repayment of entrusted loans to related parties		
– An associate	100,000	50,000
Borrowings from a related party		
– A joint venture	–	1,640,985
Repayment of borrowings to a related party		
– A joint venture	–	1,345,957

(b) Key management compensation

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Salaries and other short-term employee benefits	5,226	6,774

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 period, 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.

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

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

(i) Balances with state-owned financial institutions

As at 30 June 2018 and 31 December 2017, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

(ii) Guarantees given by state-owned enterprises and the parent company

As at 30 June 2018, information of borrowings secured by guarantees given by a state-owned financial institution and the parent company is presented in Note 13(a) and 13(b).

21 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 24 August 2018, the Company held the second meeting of fifth session of the Board, at which the proposal for interim profit distribution for 2018 was considered and passed. The Company proposed to pay the 2018 interim dividends of RMB0.10 per share (tax inclusive) in cash to all the shareholders. Calculation made hereinafter is temporarily based on the total share number of the Company of 10,213,727,967 shares as at 30 June 2018, by which the total amount of final dividend will be RMB1,021,373,000 (such distribution would be made to A shareholders in RMB, and be made to H shareholders in HKD). Such proposal for profit distribution does not involve the conversion of capital reserve to share capital.

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

"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
"China Lounge Investments"	China Lounge Investments Limited (中隆投資有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong
"Company"	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
"CSRC"	China Securities Regulatory Commission
"Da Sheng Technology"	Da Sheng Technology Co., Ltd. (大聖科技股份有限公司), which was incorporated on 8 June 2016 and in which the Company and Urtrust Insurance hold 60% equity interest in total
"GAC Business"	GAC Business Co., Ltd. (廣汽商貿有限公司), a wholly-owned subsidiary of the Group incorporated on 21 March 2000 under PRC law
"GAC BYD"	Guangzhou GAC BYD New Energy Autobus Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), a joint venture incorporated on 4 August 2014 under PRC law by the Group and BYD Company Limited, and the Company 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 Component"	GAC Component Co., Ltd. (廣汽零部件有限公司), a wholly-owned subsidiary of the Group incorporated on 29 August 2000 under PRC law and jointly funded by the Group and its subsidiaries
"GAC FCA"	GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司) (formerly known as GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司)), a joint venture incorporated on 9 March 2010 under PRC law by the Company and Fiat Group Automobiles S.P.A.

"GAC Finance"	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), which was incorporated in January 2017 and owned by the Company, GAMC and GAC Business as to 90%, 5% and 5% equity interest respectively
"GAC Hino"	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a joint venture incorporated on 28 November 2007 under PRC law by the Company and Hino Motors, Ltd.
"GAC Honda"	GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co. Ltd (廣州本田汽車有限公司)), a joint venture incorporated on 13 May 1998 under PRC law by the Company and Honda Motor Co. Ltd.
"GAC Leasing"	Guangzhou Automobile Leasing Co., Ltd. (廣州廣汽租賃有限公司), a subsidiary of GAC Business incorporated in February 2004 under PRC law
"GAC Mitsubishi"	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a joint venture incorporated on 25 September 2012 under PRC law by the Company and Mitsubishi Motors Corporation
"GAC New Energy"	Guangzhou Automobile New Energy Automobiles Co., Ltd. (廣汽新能源汽車有限公司), a wholly-owned subsidiary of the Company incorporated in July 2017 under PRC law
"GAC-SOFINCO"	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a joint venture incorporated on 25 May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)
"GAC Toyota"	GAC Toyota Motor Co. Ltd (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co. Ltd (廣州豐田汽車有限公司)), a joint venture incorporated on 1 September 2004 under PRC law by the Company and Toyota Motor Company
"GAC Toyota Engine"	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated on 24 February 2004 under PRC law by the Group and Toyota Motor Company, and the Company holds 30% of its equity interest
"GAEI"	Guangzhou Automobile Group Company Automotive Engineering Institute, a subsidiary of the Company established on 29 June 2006 for the purpose of conducting research and development of the products and technology in which the Company has proprietary rights

"GAIG"	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated on 18 October 2000 under PRC law and the controlling shareholder of the Company
"GAMC"	Guangzhou Automobile Group Motor Co. Ltd. (廣州汽車集團乘用車有限公司), a wholly-owned subsidiary incorporated on 21 July 2008 under PRC law by the Group
"GAMC Hangzhou"	Guangzhou Automobile Group Motor (Hangzhou) Co., Ltd (廣州汽車集團乘用車(杭州)有限公司) (formerly known as GAC Gonow Automobile Co., Ltd (廣汽吉奧汽車有限公司)), incorporated on 8 December 2010 under PRC law, which is 100% owned by GAMC, a wholly-owned subsidiary of the Company
"Group" or "GAC Group"	the Company and its subsidiaries
"Guang Ai"	Guang Ai Insurance Brokers Limited (廣愛保險經紀有限公司), a subsidiary incorporated on 7 June 2006 under PRC law, in which the Company (directly and indirectly) holds a total of 75.1% equity interest
"Honda (China)"	Honda Automobile (China) Co., Ltd. (本田汽車(中國)有限公司), an associated company incorporated by the Company, Honda Motor Co. Ltd. and Dongfeng Motor Company on 8 September 2003 under PRC law
"joint venture(s)"	joint venture companies under direct or indirect joint control, and no participating party has unilateral control power over the economic activities of such joint venture as a result of such direct or indirect joint control
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"MPV"	multi-purpose passenger vehicle
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)

"Shanghai Hino"	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated company incorporated on 8 October 2003 under PRC law. Shanghai Hino is held as to 50% by Hino Motors, Ltd., 30% by the Company and 20% by Shanghai Electric (Group) Corporation respectively
"SSE"	the Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUV"	sports utility vehicle
"Tong Fang Logistics"	Tong Fang Global (Tianjin) Logistics Co., Limited (同方環球(天津)物流有限公司), jointly established by China First Automobile Works Group and Toyota Motor Company in July 2007, and the Company holds 25% of its equity interest
"Urtrust Insurance"	Urtrust Insurance Co., Ltd (眾誠汽車保險股份有限公司), a subsidiary incorporated on 8 June 2011 under PRC law by the Company, and in which the Group directly and indirectly holds a total of 60% equity interest
"Wuyang-Honda"	Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊－本田摩托(廣州)有限公司), a joint venture established in 1992 by the Company, Honda Motor Co. Ltd. and Honda Technology & Research Industry (China) Investment Co., Ltd., in which each holds 50% equity interest