



H Share Stock Code: 2238  
A Share Stock Code: 601238



# 2023 Interim Report



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# IMPORTANT NOTICE

- (I) The Board, the supervisory committee and the directors, supervisors and senior management of the Company warrant that the contents contained herein are true, accurate and complete. There are no false representations or misleading statements contained in or material omissions from this report, and they will jointly and severally accept responsibility.**
- (II) All directors of the Company have attended the Board meeting, save that Liu Zhijun, non-executive director, has appointed Zeng Qinghong, the Chairman, to attend the Board meeting on his behalf due to other business engagements.**
- (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 2023 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 RMB0.5 (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 related parties.**
- (VIII) The Company has not provided any third-party guarantees in violation of stipulated decision-making procedures.**

# CHAIRMAN'S STATEMENT



## Chapter 1

# CHAIRMAN'S STATEMENT



**ZENG Qinghong** *Chairman*

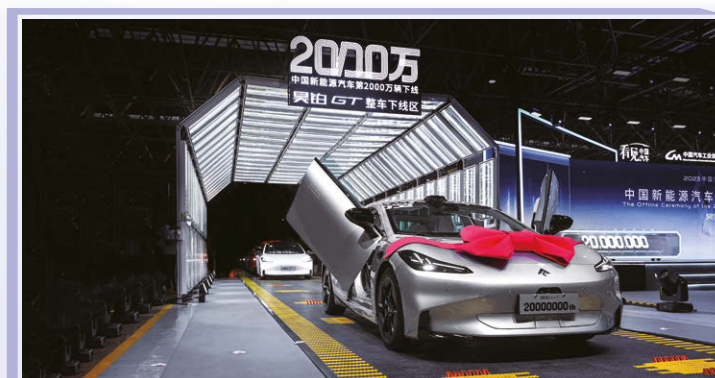
Dear shareholders,

The year 2023 marks not only the commencement year of fully implementing the spirit of the 20th National Congress of the Communist Party, but also the beginning for the Group's comprehensive promotion of the grand development blueprint "Trillion GAC". On 12 April 2023, General Secretary Xi Jinping personally visited the GAC Group for an on-site inspection, providing fundamental guidance and injecting strong impetus for the GAC Group's new era of reform and innovation. With morale spreading throughout the Group, the Group bears in mind the entrustment of the General Secretary to advocate the dominant position of the manufacturing industry and pursue high-quality development, while actively responding to the severe and intricate domestic and international environment. Focusing on steady growth, revenue preservation, market expansion, structural adjustment and quality improvement, the Group effectively achieved positive growth in its automobile production and sales volume, fully leveraging the "ballast effect" for steady growth as a state-owned enterprise. On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers, employees, partners and people from all walks of life.

**Implemented multiple measures for steady progress in production and operation.** In the first half of 2023, the automobile market experienced unprecedented turmoil. The Group actively responded to multiple unfavourable factors, such as sluggish consumer demand, the withdrawal of preferential purchase tax policy for fuel-engined vehicles, and the impact of price competitions. Upon in-depth research on market dynamics and comprehensive strategy implementation, the Group rallied for "joint efforts, expansion of increments, and improvement of quality and efficiency". As a result, the Group achieved vehicle production and sales volume of 1,196,900 units and 1,163,000 units respectively, representing a year-on-year increase of 3.93% and 1.14% respectively. The sales volume of self-developed brands of the Group continued to climb, whose contribution to the Group's sales increased steadily. Among them, the sales volume of GAMC reached 188,000 units, representing a year-on-year increase

## CHAIRMAN'S STATEMENT

of nearly 9%, with its MPV sales volume ranking first in the domestic market. GAC AION sold more than 209,000 vehicles, representing a year-on-year increase of nearly 109%, which significantly outperformed the industry growth, ranking among the top three new energy vehicle (NEV) brands in China. Hyper GT, the flagship model of Hyper, a high-end luxury brand under GAC AION, has been launched as the representative model of the 20 millionth NEV rolling off the assembly line in China. With the continuous optimisation of the vehicle model structure, NEVs of the Group contributed to more than 20% of its total vehicles, with self-developed brands contributing up to 54% of the sales volume of NEVs. The Group recorded a revenue of approximately RMB233.532 billion on an aggregated basis, representing a year-on-year decrease of approximately 3.81%. The Group recorded a revenue of approximately RMB61.911 billion, representing a year-on-year increase of approximately 27.16%. The net profit attributable to shareholders of the listed company was approximately RMB2.966 billion, representing a year-on-year decrease of approximately 51.17%. GAC has been on the Fortune Global 500 List for the eleventh consecutive year, soaring up 21 places from its ranking last year to rank 165<sup>th</sup> which marks the best result in the history of the Group. To give practical returns to shareholders, the Board has proposed to distribute to all shareholders an interim dividend of RMB0.5 (tax inclusive) for every 10 shares. The total amount of dividends to be distributed is approximately RMB524 million.



**HYPER GT has been launched as the representative model of the 20 millionth NEV rolling off the assembly line in China**

**Revolutionary innovation expedited technological independence.** The Group resolutely implemented innovation-driven development strategies and enhanced its innovation capabilities across all dimensions and fields. During the first half of 2023, more than RMB3.1 billion was invested in the Group's research and development (R&D), with the Group recording 1,435 new patent applications including 616 invention patents. The total amount of patent applications exceeded 16,000, including over 6,000 invention patents. On GAC TECH DAY 2023, the Group released the aerocar "GOVE", which would be used to explore and construct three-dimensional travel ecosystem in the future. In the fields of energy conservation and new energy, the Group introduced the magazine battery 2.0 technology, which pioneered the prevention of battery pack from catching fire even after gunshot, achieving maximum battery safety protection. Centering around the two core ideas "high power density" and "low heat loss", the Group developed Quark Electric Drive technology cluster, and released an N-in-one integrated

## CHAIRMAN'S STATEMENT

electric drive system to realise the in-depth integration of electric drive, integrated power supply, and thermal management. The Group conducted R&D to explore a variety of flexible fuel engine technologies, achieving a vehicle successfully equipped with a hydrogen-fueled hybrid system for the first time in China, and released the first self-developed ammonia engine for passenger vehicles. In the field of Intelligent Connectivity (ICV), "X-soul", an electrical architecture equipped with vehicle-cloud integration has been installed on Hyper GT for mass production. With a user-centric approach, the Group has also created the ADiGO MAGIC GAC Rubik's Cube scene co-creation platform, allowing users to configure their own travel scenarios.



**Aerocar "GOVE"**

**In-depth reforms and continued enhancement in development impetus.** The Group has completed specialised reform actions, such as the Three-year Action Plan for State-owned Enterprise Reform, the improvement campaign with an eye to first-class global management and the "Double-Hundred Action", and the Group was honored as a "Benchmark" Double Hundred Enterprise and a "Benchmark" enterprise of the Practitioner in Management Benchmark Establishment by the State-owned Assets Supervision and Administration Commission of the State Council. The Group was also honored as an "Excellent" enterprise of the Improvement Campaign for Benchmarking against Global First-class Management by the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal Government. GAC AION is the only NEV brand which was shortlisted as a "Model Enterprise of Scientific and Technological Reform" by the State-owned Assets Supervision and Administration Commission of the State Council. A number of reform achievements of the Group have been widely applauded across the country, establishing the Group as the "GAC Model" in terms of the State-owned Enterprise Reform. Under the accelerated implementation of the mixed ownership reform, ON TIME (如祺出行) has completed its Series B financing, raising a total fund of RMB842 million, and officially submitted its application for listing of shares on the Main Board of the Stock Exchange. Focusing on international business development, the Group completed a new round of organisational restructuring, adhered to the principle of "close attention to executive leadership", strengthened management and control of international business operations, and further focused on its principal activities to enhance the Group's competitiveness. The Group deepened the tripartite institutional reforms, strictly implemented the

## CHAIRMAN'S STATEMENT

tenure system and contractual management of corporate leadership, and strictly assessed the results through individual review and quantitative rankings. The strengthening of staff efficiency management via individual performance objectives has motivated the Group's overall labor productivity to rank second among the six major automobile groups. The implementation of the Fourth Share Option Incentive Scheme continue to enhance the Group's medium-and-long-term incentive mechanisms. The Group has taken the lead in establishing a federation for talents in the ICV and NEV industries in Guangzhou with an aim to attract and strengthen the gathering of innovative talents.

After the Chinese automobile market experienced the impact of promotion policy changes and market price fluctuations in the first quarter of 2023, the market demand has gradually entered into a phase of rejuvenation driven by the central and local policies that boosted consumption. Looking to the second half of 2023, the mild recovery of the macro economy is projected to gradually spread to the automobile market, while with the continuous emergence of policy effects such as the reduction in purchase tax for NEVs, the consumption potential of the automobile market will be further released, and market demand is expected to gradually and steadily recover. However, the automobile industry is currently undergoing a period of accelerated restructuring, whereby product and technology iterations, industry chain restructuring, business models and organisational reforms have surpassed expectations. The Chinese automobile industry has bid farewell to the golden age of rapid growth amidst accelerated elimination in the automobile market, evolving to a critical point of transformation and revolution. Confronted with this new stage of development, the Group will bear in mind the ardent entrustment of the General Secretary, and act prudently in accordance with the "14<sup>th</sup> Five-Year Plan", "Trillion GAC" and other strategic plans, advocate the dominant position of the manufacturing industry, pursue high-quality development, and gather development momentum through pragmatic and innovative efforts, so as to accelerate industrial transformation and upgrade and continuously create development momentum and new edge.

**Focus on transformation and upgrade, and create momentum for five aspects of increment.** **In the field of manufacture of vehicles,** the Group will accelerate the building of core products and brand strength to promote the transformation of GAMC into a new energy technology enterprise, further expand the pioneering advantages of GAC AION in the field of pure electricity to achieve strategic breakthrough among high-end brands. The Group shall step up efforts to promote the electrification of joint ventures and the independent back-feeding support thereto, so as to promote the coordinated transformation and upgrade between self-developed brands and joint venture brands, which will in turn strengthen the Group's products in the NEV segment. **In the fields of parts and components,** through self-research and development, joint capital and acquisitions, the Group will actively explore the key components of new energy ICVs of the "Three Electricity System" (which are power batteries, electric motors and electric control systems) as well as intelligent driving, intelligent cockpit and intelligent chassis, and promote the production of locally manufactured automotive chips to further improve the





## CHAIRMAN'S STATEMENT

Group's parts-to-vehicle ratio and ensure the safety and controllability of the industry chain. **In the fields of commercial and mobility transportation services,** the Group will focus on serving and empowering its principal businesses, and promote the intelligent transformation of commercial business through digitalisation. The Group will emphasise on Robotaxi and smart transportation to establish a sustainable development model of mobility transportation services. **In the fields of energy and ecosystem,** the Group will accelerate the implementation of the "2<sup>6</sup> Energy Action" and construct a vertically integrated new energy industry chain of "lithium mine + production of basic lithium battery raw material + battery production + energy storage and battery charging and swap service + battery leasing + battery recycling and gradient utilisation" in order to enhance the convenient charging and swapping network, promote the operation of battery assets and fully utilise the value of batteries throughout their full life cycle. **In the field of internationalisation,** the Group will seize the opportunity of high-growth exports for Chinese brands, centralise resources of the Group to promote the development towards internationalisation, and strive to promote brand internationalisation, product globalisation, production and supply localisation, sales and services integration and ecological diversification, with a view to ranking among the leading enterprises in domestic exports.

**Focus on critical procedures and uphold innovation-oriented development. Focus on product enhancement and accelerate the launch of new products.** Prioritising both the products and their users, implementing the strategy of "good appearance + PVA (user perceived value) leadership", the Group will increase investment in product technology innovation, accelerate the transformation of electrification and enhance the launch of high value-added products, so as to create more star products. **Focus on scientific and technological self-reliance and increase our efforts in technological innovation.** The Group will strengthen national strategies, respond to the national and industrial demands and invigorate the breakthrough of original and cutting-edge technologies. The Group will promote "industry chain reinforcement" through independent innovation and leverage on its self-developed "Three Electricity System" (power batteries, electric motors and electric control systems) and core ICV technologies to ensure a sound mastery of key technologies. **Focus on production ecology to enhance the flexibility of the industry chain.** Centering around the philosophy of software-defined automobile, the Group will increase its capital injection into the independent development of software and the coordinated development of software and hardware. This will enable the Group to achieve autonomy and control over the software supply chain, and improve user experience in the three application fields including intelligent cockpit, intelligent driving, and central domain integration and control with the electrical architecture as the core, with a view to constructing an ICV ecosystem for GAC. The Group will strengthen its research and control over key components, accelerate the deployment of autonomous driving, intelligent cockpit and pure electric power system, build the core competitiveness of components, and enhance the competitiveness and safety of the industry chain and supply chain.

## CHAIRMAN'S STATEMENT

**Focus on value creation, and continue to deepen reform.** Pursuant to the requirements as stipulated in the new round of in-depth upgrading actions for State-owned Enterprise Reform, the Group will focus on improving its core competitiveness and enhancing its core functions, and implement reforms to continuously achieve new breakthroughs and new results. The Group will firmly prioritise the primary task of high-quality development and focus on functions such as strategic security, industrial leadership, national wellbeing and people's livelihood, as well as public services, while strengthening its strategic supporting role in building a modern industrial system and promoting a high level of technological independence and self-improvement. The Group will vigorously promote the mixed ownership reform to accelerate the listing of enterprises, such as GAC AION and ON TIME, etc., as well as further strengthen the precise assessment and reward regimes under the tenure system and contractual management of members at the managerial level, and innovate the market-oriented assessment and incentive mechanisms. In order to highlight strategic orientation and strengthen long-term value orientation, the Group will continue to improve the assessment and evaluation system to further expand medium-and-long-term incentives with quality improvement. The Group will also establish a long-term and stable employment mechanism and talent echelon and strengthen the industry-university-research cooperation between university and enterprise to cultivate "high-quality, excellent and scarce" talents. The Group will also accelerate digitalisation to promote the centralised accumulation and integrated sharing of business, data, technology and other resource capabilities, which will transform resource capability advantages into development advantages.

**Great achievements come from great aspirations and perseverance.** Along the new journey of comprehensively building a great country characterised by socialist modernisation, there is vigorous vitality alongside intense competition. Bearing in mind the entrustment of the General Secretary, we advocate Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as guidance, striving onwards as a pioneer to embrace the challenges on the horizon. The Group will make unremitting efforts in effectively propelling the improvements of enterprise development quality, the enhancement of technological innovation capabilities, the achievements of institutional and mechanism innovation, and the transition and upgrade of the enterprise towards new heights. We are committed to achieving "Trillion GAC" in the earliest course, delivering world-class performance and contributing to modernisation with Chinese characteristics.

# CORPORATE PROFILE AND SUMMARY OF BUSINESS



## Chapter 2

# CORPORATE PROFILE AND SUMMARY OF BUSINESS

## I. CORPORATE INFORMATION

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

## II. CONTACT PERSON AND CONTACT METHOD

	<b>Secretary to the Board</b>
Name	Gao Rui
Address	GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Telephone	020-83151139
Facsimile	020-83150319
E-mail	ir@gac.com.cn

## III. BASIC INFORMATION

Registered address of the Company	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Postal code of the Company's registered office address	510030
Office address of the Company	GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Postal code of the Company's office address	510623
Head office and principal place of business in Hong Kong	Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Company's website	www.gac.com.cn
E-mail	ir@gac.com.cn
Investor hotline	020-83151139 Ext.3

## 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, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou

# CORPORATE PROFILE AND SUMMARY OF BUSINESS

## V. INFORMATION ON THE COMPANY'S SHARES

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

## VI. SUMMARY OF BUSINESS

The existing principal businesses of the Group consist of research and development, manufacture of vehicles (vehicles and motorcycles), parts and components, commercial and mobility transportation services, energy and ecosystem, internationalisation as well as investment and finance, which form a complete closed-loop industry chain.

### 1. Research and development

The Group's R&D is based on GAEL, a directly funded and managed body of the Company, and also a subsidiary of the Company and a strategic business 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. Manufacture of vehicles

(1) **The manufacture of passenger vehicles is mainly conducted through subsidiaries, including GAMC, GAC AION and joint ventures, including GAC Honda and GAC Toyota.**



➤ **Products:** The Group's passenger vehicles include 17 series of sedans, 26 series of SUV and 5 series of MPV. During the reporting period, the Group launched new or upgraded models such as GAC Trumpchi E9, GS3 Shadow Speed, GAC AION Hyper GT, GAC Toyota Frontlander (HEV), new generation Levin, new generation GAC Honda Accord, Integra, ZR-V e:HEV, Breeze e:HEV/e:PHEV, etc.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

Fuel-engined vehicle products of the Group mainly include:

- GAC Trumpchi Empow, GS4, GS8, M8, Emkoo, etc.;
- GAC Honda Accord, Integra, Vezel, Fit, Breeze, etc.; and
- GAC Toyota Camry, Levin, Wildlander, Frontlander, Venza, etc.

Energy conservation and new energy products of the Group mainly include:

- GAC Trumpchi GS8 Hybrid, M8 Hybrid, E9, Empow Hybrid, Emkoo Hybrid, etc.;
- GAC AION S, AION Y, AION V, AION LX, Hyper GT, etc.;
- GAC Honda Accord e:PHEV, Breeze e:HEV/e:PHEV, Odyssey e:HEV, ZR-V e:HEV/e:PHEV, e:NP1, etc.; and
- GAC Toyota Camry HEV, Highlander HEV, Levin HEV, Sienna, bZ4X, etc.

- **Production capacity:** As at the end of the reporting period, the total vehicle production capacity of the Group amounted to 3,065,000 units/year.
- **Sales channel:** In order to flexibly respond to market changes, the Group actively explored the innovation of marketing models and created a dual-track model of “Direct Sales+Distribution, Online+Offline, Automobile City+Commercial Supermarkets”. Centering around customers’ demand for online consumption, the Group focused on the operational management of new media and construction on digitalisation, constantly launched and optimised its order tools for online direct sales, dedicated to improving the operational efficiency of APPs deployed in various OEMs to provide superior purchasing experience for customers. 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 enterprises, had 2,545 passenger vehicle 4S sales outlets covering 31 provinces, autonomous regions and municipalities in the PRC. GAC International has established a total of 125 outlets around the world, with its sales and service business covering 30 countries and regions.

### (2) Motorcycles

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

# CORPORATE PROFILE AND SUMMARY OF BUSINESS

## 3. Parts and components

The Group's production of parts and components of vehicles was mainly carried out through the controlling, jointly controlled, investee companies of its subsidiary, GAC Component, Ruipai Energy, a holding subsidiary under the Group, and GAC Toyota Engine and Shanghai Hino, the Group's associated companies. The parts and components of vehicles include engines, gearboxes, car seats, micro motors, shifter, electric drive, electric controller, interior and exterior decorations, etc. The products were mainly accessories for manufacture of vehicles of the Group.



## 4. Commercial and mobility transportation services

The Group carried on businesses in vehicle sales, logistics, international trading, second-hand vehicles, end-of-life vehicles disassembling, supporting services, digitalisation and mobility transportation services, etc., mainly through its subsidiary, GAC Business, its controlling and investee companies, Da Sheng Technology, and joint venture, ON TIME (如祺出行) etc. in the upstream and downstream automobile industry chains.



## 5. Energy and ecosystem

The Group constructed a vertically integrated new energy industry chain of "lithium mine + production of basic lithium battery raw material + battery production + energy storage and battery charging and swap service + battery leasing + battery recycling and gradient utilisation" through establishing Youpai Energy and its subordinate companies such as GAC Energy and IMPOW Battery.

## 6. Internationalisation

The Group established GAC International to be responsible for the overseas market operation and sales services of its self-developed brands, and promoting the implementation of various internationalisation measures such as medium-and-long term overseas product planning, overseas factory construction planning and overseas channel operation planning.



## CORPORATE PROFILE AND SUMMARY OF BUSINESS

### 7. Investment and finance

The Group carried on financial investment, insurance, insurance brokerage, finance lease, automobile credit, and other related businesses mainly through its subsidiaries, namely GAC Finance Company, China Lounge Investments, GAC Capital, Urtrust Insurance, and joint venture, GAC-SOFINCO Auto Finance, etc.



## VII. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The Group persisted in promoting development through innovation and reform, continued to deepen the reform on system and mechanism with increasingly mature governance, took the lead in carrying out the reform of professional managers among state-owned enterprises in Guangzhou. The Group also continued to optimise the functions of organisational structures, established robust diversified incentive mechanisms, steadily promoted the mixed ownership reform of investment enterprises, actively promoted digitalisation transformation and continuously enhanced its core competitiveness.

### 1. Industry layouts with complete industry chain and optimised structure

The Group has formed an industrial strategic layout based in South China and radiating to Central China, East China and Northwest China and a complete closed-loop industry chain centering upon manufacture of vehicles, and its business covers seven segments including research and development, manufacture of vehicles, parts and components, energy and ecosystem, commercial and mobility transportation services, internationalisation and investment and finance. The Group is 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 industry chain progressed gradually, new profit growth points have been emerging and the comprehensive competitiveness of the Group has been constantly enhanced. During the reporting period, the Group reorganised and established Youpai Energy as the main body of the Group's energy segment, accelerating the construction of its energy ecosystem.

### 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"; and (3) cost advantage brought by the pursuit of excellence.





## CORPORATE PROFILE AND SUMMARY OF BUSINESS

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

The Group has a full range of products including sedans, SUVs and MPVs, and in order to adapt to changes in consumer demand, the Group maintained its market competitiveness of its products through continued R&D, introduction of new models and product iterations, so as to maintain customer loyalty and a widely recognised brand reputation. During the reporting period, the Group launched new or upgraded models such as GAC Trumpchi E9, GS3 Shadow Speed, GAC AION Hyper GT, GAC Toyota Frontlander (HEV), new generation Levin, new generation GAC Honda Accord, Integra HATCHBACK, ZR-V e:HEV, Breeze e:HEV/e:PHEV, etc.

### **4. Initiated the “GAC Model” for the R&D and production system of self-developed brands**

After years of introduction, digestion, absorption and innovation, the Group accumulated funds, technologies, talents and experience, and formulated a world-class production system. For R&D, through the integration of advantageous global resources and the establishment of a global R&D network, the Group has formed a cross-platform and modular-structured forward development system, and has been equipped with the advantage of integrated innovation. The Group also owns nationally recognised enterprise technology center, overseas high-level talent innovation and entrepreneurship base, national demonstration base for talent introduction, academician workstation, postdoctoral research workstation and other innovation platforms. Product manager system and incentive mechanism of vehicle model team were comprehensively implemented to form a system and mechanism for the integration of research, production and sales with high efficiency and mutual benefit.

### **5. Leading independent R&D abilities of new energy and ICV**

In the field of new energy, the Group has the leading exclusive pure electric platform AEP3.0, being the first to apply the deep-integrated “three-in-one” electric drive system and two-gear dual-motor “four-in-one” integrated electric drive system. The Group deeply engaged in the independent R&D as well as the industrial application of power battery and battery cells, and self-developed power battery technologies such as sponge silicon anode battery technology, ultra-fast charging battery technology and the magazine battery system safety technology. These helped create the AION series and the Hyper series, which are NEV product systems based on the new exclusive platform on pure electricity. The Group has also successfully introduced a variety of new energy products to the joint ventures. In the field of energy conservation, the Group established the Mega Waves Hybrid Modular Architecture adopting platform-based modular designs, which were available for assembly of the powertrain system self-adaptive to all XEV models (i.e. hybrid models such as HEV and PHEV). In the field of ICV, the Group has self-developed the ADiGO PILOT intelligent driving system (including

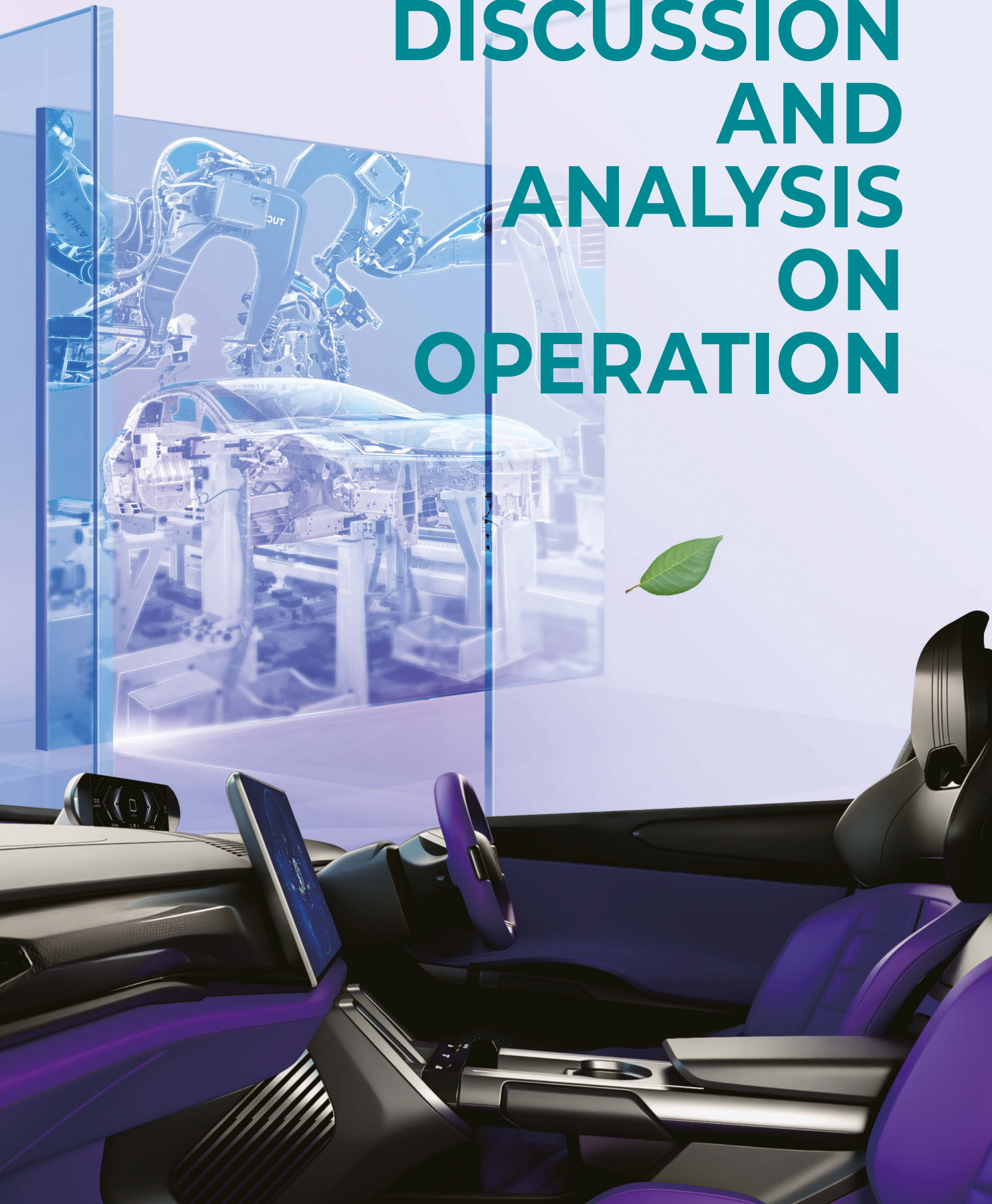
## CORPORATE PROFILE AND SUMMARY OF BUSINESS

NDA advanced driver assistance system, super parking, and unmanned driving) and the centralised computing electronic and electrical architecture “X-soul” equipped with vehicle-cloud integration. During the reporting period, the Group released the magazine battery 2.0 technology, Quark Electric Drive technology cluster; completed the installation of Mega Waves Hydrogen Hybrid System on vehicles, and launched the first ammonia engine for passenger vehicle across the world; completed the development of EEA3.0 electrical architecture, and equipped Hyper GT with X-soul for mass production.

### **6. Connection to worldwide capital operation platforms**

The Group successfully built capital operation platforms in both A-share and H-share markets, which are favourable to the Group in adequately leveraging on investment and financing instruments in various forms from domestic and overseas capital markets to achieve effective resource allocation and realise the maximisation of capital appreciation and corporate value through the integration of internal and external growth. The Company explored structural reform in governance, continued to improve medium-and-long term incentive mechanism and to expand its investment and financing sector, optimised financing structure, and the role of finance in supporting the main business has been significantly enhanced. During the reporting period, the implementation of the Fourth Share Option Incentive Scheme by the Group further improved the medium-and-long term incentive mechanism.

# DISCUSSION AND ANALYSIS ON OPERATION



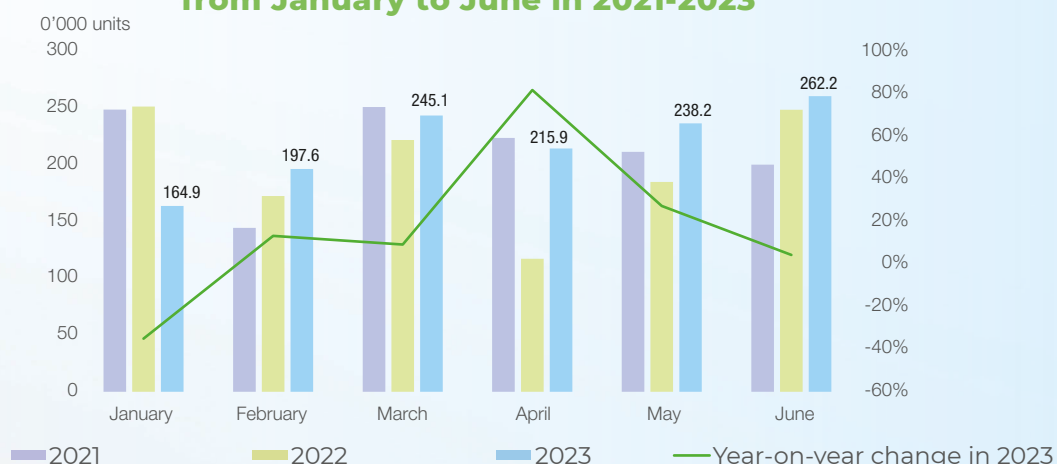
## Chapter 3

### DISCUSSION AND ANALYSIS ON OPERATION

#### I. ANALYSIS ON INDUSTRY ENVIRONMENT

In the first half of 2023, amidst the overall landscape of coordinated domestic and international development, the national economy continued to positively rebound, while the high-quality development was steadily progressing. The automobile industry continued to meliorate, experiencing a growth in both production and sales volume. The production and sales volume of vehicles from January to June 2023 were 13,248,000 units and 13,239,000 units respectively, representing a year-on-year increase of 9.3% and 9.8% respectively. Among them, domestic sales volume of automobiles was 11,099,000 units, representing a year-on-year increase of 2.4%; export sales volume of automobiles was 2,140,000 units, representing a year-on-year increase of 75.7%.

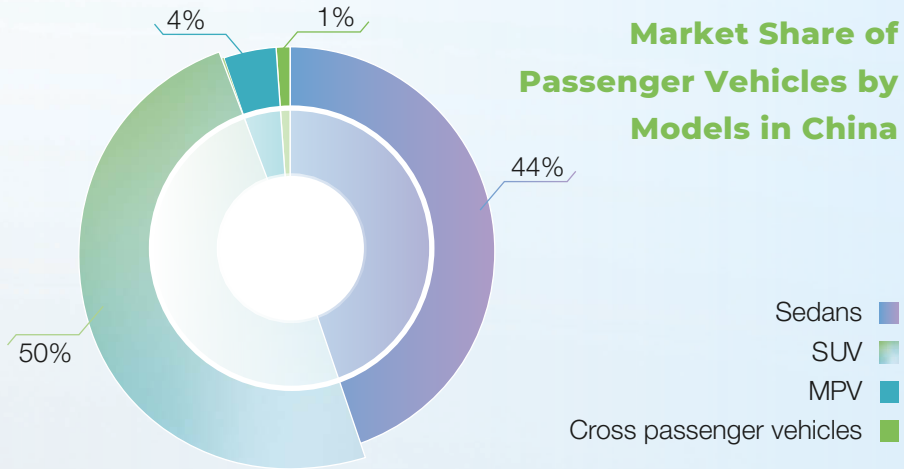
**Monthly Automobile Sales Volume in China  
from January to June in 2021-2023**



Driven by multiple factors such as the advocacy of consumer policies in various regions, diversified marketing activities, and the mass availability of new models released by enterprises, the production and sales volume of passenger vehicles in the first half of 2023 were 11,281,000 units and 11,268,000 units respectively which both exceeded 11,000,000 units, representing a year-on-year increase of 8.1% and 8.8% respectively. Among them, domestic sales volume of passenger vehicles in the first half of 2023 was 9,488,000 units, representing a year-on-year increase of 0.8%; export sales volume was 1,780,000 units, representing a year-on-year increase of 88.4%.

## DISCUSSION AND ANALYSIS ON OPERATION

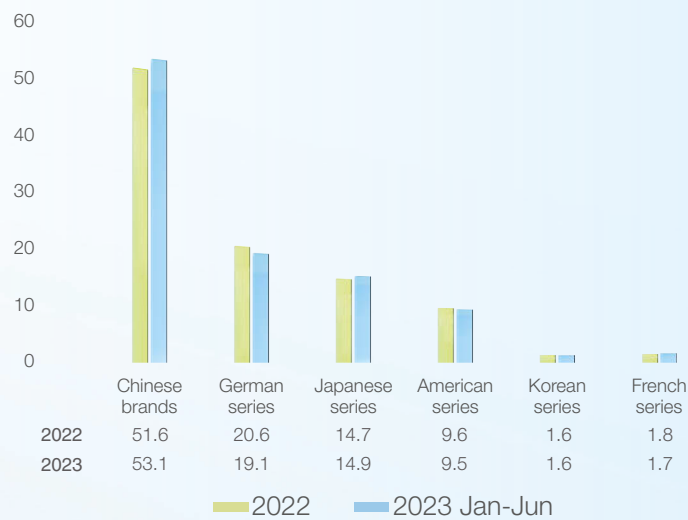
Among the main types of passenger vehicles, except for the significant decline in the production and sales volume of cross passenger vehicles, the same of other major passenger models have increased: the sales volume of sedans was 5,005,000 units, representing a year-on-year increase of 1.5%; the sales volume of SUVs was 5,654,000 units, representing a year-on-year increase of 15.7%; the sales volume of MPVs was 484,000 units, representing a year-on-year increase of 25.7%; and the sales volume of cross passenger vehicles was 125,000 units, representing a year-on-year decrease of 18.3%.



## DISCUSSION AND ANALYSIS ON OPERATION

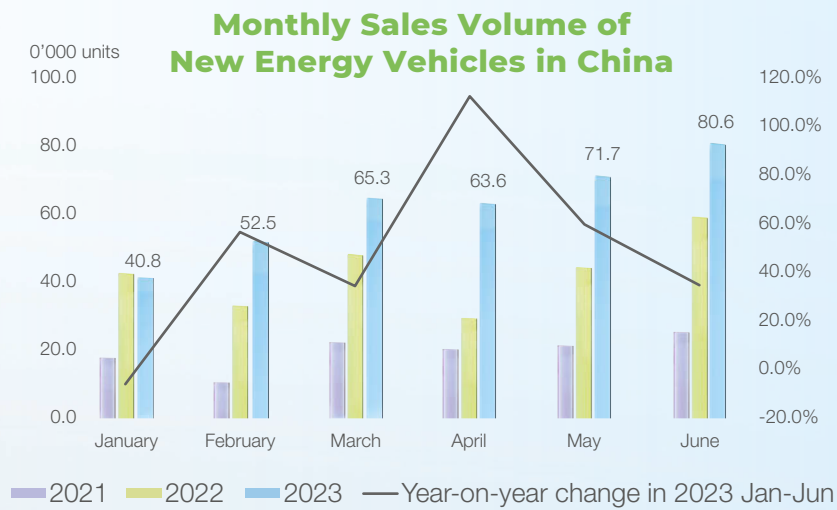
Among which, 5,986,000 units of passenger vehicles under Chinese brands were sold, representing a year-on-year increase of 22.4%, and accounting for 53.1% of the total sales volume of passenger vehicles which signified that its market share increased year on year by 5.9 percentage points. Among the major foreign brands, except for Japanese series bearing a slight increase in its market share, German series and American series were all on a declining curve while Korean series remained basically flat.

**Market Share of Passenger Vehicles by Series in China**



## DISCUSSION AND ANALYSIS ON OPERATION

The Group delivered a conspicuous performance in terms of production and sales volume of NEVs. From January to June 2023, the production and sales volume of NEVs reached 3,788,000 units and 3,747,000 units respectively, representing a year-on-year increase of 42.4% and 44.1% respectively, and accounting for a market share of 28.3%.



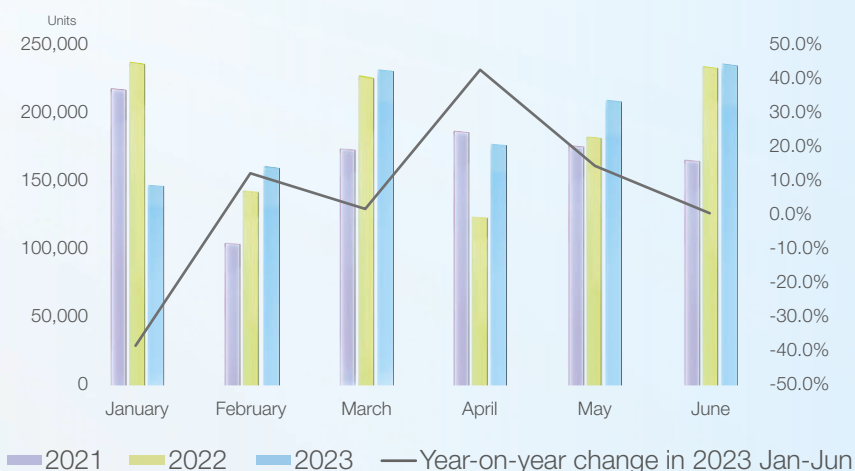
## DISCUSSION AND ANALYSIS ON OPERATION

### II. ANALYSIS ON OPERATION OF THE COMPANY

#### 1. Production and operations sought progress while maintaining stability

During the reporting period, the Group effectively overcame the pressures caused by various factors, such as the sub-par consumption recovery, the withdrawal of preferential purchase tax policy for fuel-engined vehicles, the transition to China VI B Real-Driving Emission (RDE) regulations, and price competitions, where its production and operations gradually stabilised and recovered. In the first half of 2023, the Group's production and sales volume of vehicles amounted to 1,196,900 units and 1,163,000 units respectively, representing a year-on-year increase of 3.93% and 1.14% respectively. In terms of production and sales volume, with a market share of approximately 8.8%, the Group ranked 5<sup>th</sup> among domestic automobile enterprise groups.

**Monthly Automobile Sales Volume of GAC Group**







## DISCUSSION AND ANALYSIS ON OPERATION

In the first half of 2023, the production and sales volume of the Group's passenger vehicles were 1,196,800 units and 1,162,800 units respectively, representing a year-on-year increase of 3.94% and 1.14% respectively, while its market share among domestic automobile enterprise groups was approximately 10.32%. Among them, the Group's domestic sales volume of passenger vehicles was 1,139,700 units, representing a year-on-year increase of 0.49%, which was roughly the same as the industry growth; export volume of passenger vehicles was 23,100 units, representing a year-on-year increase of 48.69%. In terms of vehicle categories, the sales volume of SUVs and MPVs increased year on year by 1.33% and 26.45% respectively, whereas the sales volume of sedans experienced a year-on-year decrease of 3.98%. The production and sales volume of NEVs continued to maintain rapid growth in the first half of 2023, amounting to 246,400 units and 236,300 units respectively, representing a year-on-year increase of 118.04% and 108.51% respectively, which significantly outperformed the industry growth. During the reporting period, the proportion of sales volume of the Group's energy-efficient vehicles and NEVs increased to 38.70%, among which the proportion of NEVs amounted to 20.32%, representing a year-on-year increase of more than 10 percentage points.

### **2. Self-developed brands hit new records**

The Group's self-developed brands focused on "XEV+ICV" and "EV+ICV", which further enhanced its product, branding and marketing strength. In the first half of 2023, the production and sales volume of self-developed brands were 398,400 units and 397,400 units respectively, hitting another record high, of which the proportion of NEV sales increased to nearly 54%.

## DISCUSSION AND ANALYSIS ON OPERATION

### (1) GAMC

GAMC accelerated its transformation into a new energy technology enterprise. In the first half of 2023, its production and sales volume were 181,800 units and 188,100 units respectively, representing a year-on-year increase of 7.27% and 8.97% respectively. In terms of sales volume, the M6 and M8 series both maintained their top 3 ranking in the market segment, while GAMC ranked first in the domestic MPV market. Sales of HEV models continued to perform well, maintaining its ranking as the top-seller in the independent HEV market. GAC Trumpchi's first plug-in hybrid MPV model, "E9", was successfully launched, which marked the first time the new marketing model "direct connection, direct service and direct marketing" was presented to customers. GAC Trumpchi also completed the construction of 35 experience centers, which continued to revitalise the image and services of its sales channels. The sales volume of the newly-launched GS3 Shadow Speed rose rapidly, entering top five in the market segment.

E9



E9, a smart electric new energy flagship MPV of GAC Trumpchi, was launched on 21 May 2023. This model has luxurious private space comparable to off-road vehicles, as well as a GAC patented rear windshield airbag. It is equipped with a 2.0TM smart electric hybrid system, magazine battery of high energy density, intelligent energy management, and ADiGO intelligent driving interconnected ecosystem. Its comprehensive cruising range under WLTC standards is 1,032 km, maximum cruising range with full battery and fuel is 1,442km, and cruising range by pure electric mode under CLTC standards is 136km.

GS3 Shadow Speed



GAC Trumpchi GS3 Shadow Speed was launched on 8 March 2023, with the position as a "high-performance SUV under public aesthetic". This model has a flexible variety of spaces with a wheelbase of 2,650mm, reclining rear seats + two-tier adjustable trunk, 21 items with storage spaces + 5 flexible storage designs. Its fuel consumption per 100 kilometers is 6.18L (WLTC). Equipped with the third-generation 1.5TGDI direct injection engine + 7WDCT 7-speed high-efficiency wet dual-clutch transmission box, it also has strong kinetic energy to accelerate from stationary to 100 kmph within 7.5 seconds.

## DISCUSSION AND ANALYSIS ON OPERATION

### (2) GAC AION

In the first half of 2023, GAC AION achieved production and sales volume of 216,700 units and 209,300 units respectively, representing a year-on-year increase of 117.39% and 108.81%, during which its monthly sales volume maintained at more than 40,000 units for four consecutive months, ranking third among domestic new energy passenger vehicles. The monthly sales of the AION S series exceeded 20,000 units for the first time, with its sales volume in the first half of 2023 exceeding 110,000 units, representing a year-on-year increase of 187%. The AION S series continued to maintain its position as the best-seller among domestic pure electric A-class sedans, soaring up to top five in all categories of domestic A-class sedans. The sales volume of AION Y series in the first half of 2023 exceeded 90,000 units, representing a year-on-year increase of 105%, ranking second among domestic pure electric A-class SUVs. On 3 July 2023, Hyper GT, a model equipped with “X-soul”, was launched and delivered as the representative model of the 20 millionth NEV rolling off the assembly line in China, signifying that GAC AION had entered the high-end NEV market. With GAC AION’s innovative and revolutionary marketing model, it created a new ecosystem of marketing services that fully integrated online and offline scenarios and focused on the pre-sale of Hyper GT, where 100 Hyper experience centers were already established.



Hyper GT

As a flagship model under Hyper, Hyper GT was launched on 3 July 2023, with the position as a high-end smart sport sedan. This model has a fascinating seven-wing shape with a length of 4,886mm + wheelbase of 2,920mm, which provides a capacious interspace. It is equipped with 23 HIFI speakers with Dolby Atmos, a 14-inch 2.5K high-definition screen + 8155 cockpit chip to meet diverse entertainment needs. Equipped with the ASTC Eagle Claw system, its 4-second rear-drive acceleration ensures stable driving on slippery roads on rainy days. The maximum cruising range is 710 kilometers, while the battery swapping models even support quick battery replacement in 2 minutes. It is equipped with 3 second-generation variable-focus lidar, plus L2++ ADIGO PILOT 4.0 Intelligent Driving System, supporting NDA Intelligent Driving Assistance and intelligent parking functions.



2023 AION S Plus

2023 AION S Plus was launched on 31 March 2023, equipped with a magazine battery to support a cruising range of 510-610km under CLTC standards. This model follows the design concept of the ENO.146 concept vehicle, with body colors in holographic silver and ice rose pink. Leveraging on the exclusive pure electric platform AEP 2.0, with a 2,750mm wheelbase, 1,880mm vehicle width, 1,040mm maximum front headroom, and 968mm rear legroom, it creates riding experience at off-road level. It is also equipped with the smart ecosystem encompassing non-sensing initiation, telecontrol parking, 1.9m<sup>2</sup> panoramic color-changing canopy, 10.25-inch instrument panel + 14.6-inch large screen, creating a cutting-edge intelligent experience.

## DISCUSSION AND ANALYSIS ON OPERATION

### **(3) International business**

The Group completed its interim adjustment to the “14<sup>th</sup> Five-Year Plan” for the international sector, and adjusted the organisational structure of the international business sector, further improving the operational efficiency of the integration of research, production, supply and sales among self-developed brands, and affirming the Group’s consensus to achieve internationalisation. In the first half of 2023, the cumulative export from self-developed brands amounted to approximately 20,000 units, representing a year-on-year increase of approximately 29%. The Group accelerated the overseas launch of its new products, where models such as EMPOW, EMKOO, the second-generation GS8 and GS3 Shadow Speed were successively launched in the Middle East and other regions. With accelerated globalisation, GAC International has currently deployed 125 sales and service outlets across the world. In the first half of 2023, the Middle East office of GAC International and the Middle East Transshipment Warehouse for Components were officially put into operation. The subsidiary in Mexico was incorporated. The overall expansion of the European market progressed in an orderly manner, with GAC International officially commencing the export business of its commercial vehicles and second-hand vehicles. Meanwhile, GAC AION has officially entered the Thai market, and will base itself in Thailand, spread its influence across Southeast Asia, and explore the NEV market in Southeast Asia.

### **3. Joint venture brands accelerated transformation**

GAC Toyota continued to deepen its all-round electrification strategy, promoting the brand revitalisation of “Smart HEV”. Grasping the opportunity of the launch of Levin’s first new model equipped with fifth-generation hybrid system, GAC Toyota opened up the Smart HEV revitalisation of its lineup of SUVs and sedans. New models such as Frontlander (Smart HEV) and Levin GT (Smart HEV) were introduced. In the first half of 2023, the sales volume of GAC Toyota reached 452,800 units, ranking third among joint venture automotive enterprises and first among Japanese automobile manufacturers. The first model jointly developed by the Group and Toyota Motor has completed its project approval and has progressed as planned. GAC Honda fully accelerated its transformation towards electrification and intellectualisation, launching the “new energy Gemini”, new Accord e:PHEV and Breeze e:PHEV in the first half of 2023, while implementing the price strategy of “same price for gas and electricity” to deepen the new energy development route of GAC Honda. GAC Honda NEV (production capability of 120,000 units per year) capacity expansion project progressed as planned and is scheduled to be completed and commence operation in 2024. Wuyang-Honda has released four types of new products in the field of electric bicycles for urban commuting, achieving product serialisation and diversification, while accelerating the export of its electric vehicle models.

## DISCUSSION AND ANALYSIS ON OPERATION

### Frontlander (Smart HEV)



GAC Toyota Frontlander (Smart HEV) was launched on 18 April 2023, with the position as a “next-generation intelligent electric hybrid SUV”. Equipped with 2.0L fifth-generation Toyota smart HEV technology, all models accommodate T-Pilot Intelligent Driving Assistance System, with a 427L trunk space, a latest on-board multimedia machine, and a 12.3-inch LCD instrument panel, which support for the interconnection among the three mobile platforms including carlife, hicar and carplay.

### New generation Levin



The new generation Levin under GAC Toyota was launched on 23 March 2023. At its debut, it paired with Toyota’s latest fifth-generation smart HEV technology to achieve lower fuel consumption and smoother acceleration. This model is equipped with the new-generation T-Pilot Intelligent Driving Assistance System, Toyota Space intelligent cockpit, and Toyota Connect intelligent interconnection.

### Accord e:PHEV



The new generation Accord e:PHEV under GAC Honda together with its fuel version were launched simultaneously on 20 May 2023. It is a new electrified technology product launched by GAC Honda, integrating “smart power, smart cockpit, smart driving” (collectively “three smart”) technologies. Accord e: PHEV is equipped with the fourth-generation i-MMD hybrid system and Honda CONNECT 4.0 intelligent guide interconnection. The updated version of Honda SENSING 360 realizes safety protection in all scenarios.

### Breeze e:PHEV



Breeze e:HEV and e:PHEV under GAC Honda were officially launched on 19 June 2023. This model focuses on “smart power, smart cockpit, smart driving” (collectively “three smart”) technologies, with 2.0L direct injection engine + fourth-generation i-MMD hybrid system, bursting with surging power, and in the meantime equipped with adaptive damping system (ADS) to enhance users’ driving experience.

## DISCUSSION AND ANALYSIS ON OPERATION

### 4. Four Modernisations accelerated transformation

**In the field of new energy**, the Group released the magazine battery 2.0 technology, implementing a series of original safety technologies such as ultra-stable electrode interface, thermal-resistant phase-change material and battery fire suppression system, which could prevent battery packs from catching fire even after gunshot. For the first time, such technologies were able to solve battery safety problems in extreme environments such as multi-cell instantaneous short circuit and explosive damages. Mega Waves Hydrogen Hybrid System was successfully installed on vehicles, which according to experiments, the hydrogen consumption could be lower than 1.4kg per 100 kilometers, while the maximum distance of vehicles could cover nearly 600 kilometers. Furthermore, the Group launched the world's first self-developed ammonia engine for passenger vehicles, which adopts liquid ammonia as fuel to provide a power of up to 120kW through precise control over the phase transition process of liquid ammonia fuel supply, increasing the carbon reduction rate to 90%.



SELF-DEVELOPED AMMONIA ENGINE FOR PASSENGER VEHICLES



GAC TRUMPCHI E9 (HYDROGEN HYBRID)

**In the field of ICV**, the Group completed the development of EEA3.0 electrical architecture, establishing a complete set of forward development process system for the first time underpinned by functional software, while "X-soul", an electrical architecture equipped with vehicle-cloud integration, was installed on vehicles for mass production. The Group completed the development of autonomous parking system technology platform, which was equipped on models such as EMKOO and E9, and launched them in the market. The Group promoted research on the core technology of autonomous driving, which was based on artificial intelligence, realising a fully autonomous driving and parking solution with strong artificial intelligence + vision. Driven by the needs to fulfil future three-dimensional mobility transportation and smart mobility living, while promoting research topics such as smart transportation vehicles and smart mobility terminals, the aerocar, GOVE, made its debut on GAC TECH DAY 2023.



## DISCUSSION AND ANALYSIS ON OPERATION

**In the field of digitalisation,** the Group impelled the GDA2.0 digital action plan, promoted the Group's control over the construction of digital project cluster, fueled the digital planning and design centered around investment management, and planned the digital integration strategy and ancillary system construction across strategic management, investment management and capital operation. The Group also built the APP technological foundation and operational capabilities that supported the new golden triangle marketing model "direct connection, direct service and direct marketing", and comprehensively deepened the private domain operation revolving around APP, establishing an operational route that attracts, gathers, and retains potential customers.

**In the field of shared services,** focusing on mobility transportation scenarios, ON TIME created the circulatory system encompassing online ride-hailing services, Robotaxi operation solutions and smart driving tool chains. ON TIME was also qualified to carry out the demonstrative operation of ICVs in Guangzhou, while its own Robotaxi fleet commenced operation in Nansha, accelerating the commercialisation of autonomous driving. GAC AION and DIDI Autonomous Driving cooperated and established a joint venture to co-define and mass-produce L4 Unmanned Driving NEVs applicable to shared mobility transportation, which will promote the development of an unmanned driving mobility transportation ecosystem. GAC Toyota, Toyota Motor and Pony.ai have initiated a 3-party cooperation and scheduled to establish a Robotaxi-related joint venture within 2023, so as to promote unmanned, large-scale and commercial applications of L4 autonomous driving.

### 5. Continue to reinforce industrial synergy

**In the fields of parts and components,** GAC Component centered around its core parts and components industry chain and carried out chain strengthening, supplementation and extension, demonstrating the functions and roles of the cascade R&D system for its parts and components, while focusing on the promotion of investment projects such as electrified power systems, electric controllers, ICV electric parts, smart car lights, wire-controlled chassis and other key parts and components. Moreover, GAC Component and Luxshare Precision established Lisheng Technology through joint capital injection, so as to strengthen the Group's manufacturing capabilities and independent control over core parts and components of electrical appliances. The Group also actively promoted the production of homebred chips or the development of substitutes, completing the localisation of 7 types of chips and the development of 2 types of imported substitutes, thereby strengthening the stability and supply of core parts and components.

## DISCUSSION AND ANALYSIS ON OPERATION

**In the fields of commercial and mobility transportation services**, GAC Business stepped up its efforts in sales network expansion and market penetration. In the first half of 2023, a total of 11 first-class sales channel outlets were completed and opened, with the aggregate number of first-class sales channel outlets reaching 134. GAC Business kept up with the pace of its original equipment manufacturer (OEMs) to strengthen digital support and gather resources to promote end-user sales. In the first half of 2023, its end-user sales exceeded 70,000 units, representing a year-on-year increase of 18.8%. In the first half of 2023, ON TIME entered the market of Huizhou, Xiamen and other regions, with its services covering cities including Guangzhou, Foshan, Zhuhai, Shenzhen and Changsha, with registered users reaching 21.61 million, representing a year-on-year increase of 38%.

**In the fields of energy and ecosystem**, the Group promoted resources integration of the energy sector, reorganising and establishing Youpai Energy as the new primary entity of the Group's energy sector, while accelerating the construction of the vertically integrated new energy industry chain layout of "lithium mine + production of basic lithium battery raw material + battery production + energy storage and battery charging and swap service + battery leasing + battery recycling and gradient utilisation". GAC Energy steadily advanced the construction of battery charging/swap stations, and 524 charging stations were established in the first half of 2023. The battery workshop and office building in the first phase of IMPOW Battery Plant was completed, of which the first 6GWh production line is scheduled to be completed and commence operation by the end of 2023.

**In the fields of investment and finance**, the Group completed the formulation of a specific plan for the financial sector, which further affirms the strategic positioning of "support the development of principal businesses, advanced integration between industry and finance" of the finance sector. GAC-SOFINCO Auto Finance provided exclusive financial support with a focus on OEMs' strategic vehicle models, and the number of new inventory financing contracts and retail contracts increased year on year by 22% and 13% respectively. GAC Finance Company actively offered loans and discounts for OEMs and their supporting enterprises so as to reduce the financing costs of enterprises. GAC Finance Company also actively introduced financial preferential policies to support distributors to obtain inventory financing. Urtrust Insurance strengthened the categorised construction of professionalised channels, and actively carried out the "complimentary insurance for purchasers" campaign to boost the sales of new cars, through which the premium income in the first half of 2023 increased year on year by 14.4%. GAC Capital continued to increase its investment in three major segments, i.e. automotive chips, ICVs and new energy batteries, while completing its investments in projects such as UNIVISTA, COSPOWERS, ZZ · Tech and TREX.





## DISCUSSION AND ANALYSIS ON OPERATION

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

During the reporting period, the Group realised revenue of approximately RMB233.532 billion on an aggregated basis, representing a year-on-year decrease of approximately 3.81%.

During the reporting period, the revenue of the Group amounted to approximately RMB61.911 billion, representing a year-on-year increase of approximately 27.16%. The net profit attributable to shareholders of the listed company amounted to approximately RMB2.966 billion, representing a year-on-year decrease of approximately 51.17%. The basic earnings per share amounted to approximately RMB0.28, representing a year-on-year decrease of approximately 52.54% or approximately RMB0.31.

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

1. Chinese economic operation maintained a stable recovery in the first half of 2023 where major economic indicators continued to improve. After the domestic automotive market experienced the impact of promotional policy switchover and market price fluctuations in the first quarter, the situation improved significantly in the second quarter driven by central and local policies for the purpose of consumptive promotion, achieving relatively high growth as a whole in the first half of 2023. Under such circumstances, the Group closely focused on the “14<sup>th</sup> Five-Year Plan”, and actively responded to the severe and complex internal and external situations. In particular, the Group kept in mind the General Secretary Xi Jinping’s entrustment that he brought forward while visiting the GAC Group for an on-site inspection, proposing to insist on independent innovation alongside high-quality development, and to focus on steady growth, revenue preservation, market expansion, structural adjustment and quality improvement. In the first half of 2023, the cumulative sales of automobiles reached 1.163 million, representing a year-on-year increase of 1.14%. Among them, the self-developed brand, GAMC, sold a total of 188,100 vehicles in the first half of 2023, representing a year-on-year increase of 8.97%. Star product portfolios of MPVs and SUVs had continuously enriched, while the launch of smart electric hybrid models had accelerated. GAC AION’s NEVs continued to maintain hot-selling, with sales volume exceeding 40,000 units for four consecutive months from March to June 2023. Sales volume in the first half of 2023 exceeded 200,000 units, representing a year-on-year increase of 108.81%, which empowered GAC AION to pioneer amongst the emerging automotive manufacturers.

## DISCUSSION AND ANALYSIS ON OPERATION

2. Joint ventures of the Group launched new products and technologies, which continuously accelerated the transformation toward electrification. Among them, while GAC Toyota maintained a relatively stable sales volume, in the first half of 2023, it successively released the new Levin and Frontlander (Smart HEV), and various models such as the Sienna and Camry were also equipped with new generation of intelligent electric-hybrid dual-engine technology to accelerate TNGA electric hybridisation. GAC Honda had been actively deploying multiple technical routes to accelerate the process of electrification. With the theme of “same price for gas and electricity”, it successively released two PHEV models under Accord and Breeze which cooperated with e:NP1 to create an electrification matrix, and has vigorously promoted the capacity expansion project of NEV production.
3. Ancillary businesses in the upstream and downstream of the industry chain such as financial services, vehicle components and commercial services had been further developed pursuant to the Group’s strategy. The synergistic effect among various business segments had continued to emerge, which facilitated the development of the Group’s principal businesses. Among such businesses, the continuous deepening of cooperation between financial enterprises as well as the business expansion and innovation strongly boosted the Group’s automobile sales. The businesses of ON TIME covered ON TIME Express, ON TIME Enterprise, ON TIME Hitch, ON TIME Designated Driver, ON TIME New-taxi and ON TIME Robotaxi, serving cities including Guangzhou, Foshan, Zhuhai, Shenzhen, Changsha, etc., which will accelerate the commercialisation of autonomous driving.

## DISCUSSION AND ANALYSIS ON OPERATION

### IV. ANALYSIS OF PRINCIPAL BUSINESS

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

Unit: 100 million Currency: RMB

<b>Item</b>	<b>Current period</b>	<b>Corresponding period last year</b>	<b>Change (%)</b>
Revenue	619.11	486.89	27.16
Costs of sales	599.36	465.53	28.75
Selling and distribution costs	25.69	23.71	8.35
Administrative expenses	25.15	23.73	5.98
Finance costs	2.01	1.59	26.42
Interest income	3.57	1.57	127.39
Share of profit of joint ventures and associates	53.00	84.17	-37.03
Net cash flow generated from operating activities	-5.28	-61.85	91.46
Net cash flow generated from investing activities	-32.35	63.42	-151.01
Net cash flow generated from financing activities	41.43	22.83	81.47

#### 2. Revenue

During the reporting period, revenue of the Group amounted to approximately RMB61.911 billion, representing a year-on-year increase of approximately 27.16%. This was mainly due to the combined effect of the continuous and stable recovery of the domestic economy, the implementation of policies to boost consumption, the overall stable automobile market with positive growth, and the increasingly enriched vehicle models under self-developed brands of the Group with continuously increasing sales volume, especially the higher increase level in the sales volume of the GAC AION's NEVs.

## DISCUSSION AND ANALYSIS ON OPERATION

### 3. Cost of sales and gross profit

During the reporting period, the Group recorded costs of sales of approximately RMB59.936 billion, representing a year-on-year increase of approximately 28.75%. Total gross profit amounted to approximately RMB1.975 billion, representing a year-on-year decrease of approximately RMB161 million. Gross profit margin decreased year on year by 1.2 percentage points, which was mainly due to the combined effect of the continuous increase in production and sales volume of vehicle models of the Group's self-developed brands, leading to corresponding increases in the production costs and the impact from the continuously increasing prices of raw material and changes in policies that are favourable to NEVs.

### 4. Expenses

- (1) The year-on-year increase of approximately RMB198 million in selling and distribution costs was mainly attributable to the combined effect of the year-on-year increase in advertising expenses during the reporting period;
- (2) The year-on-year increase of approximately RMB142 million in administrative expenses was mainly attributable to the combined effect of the year-on-year increase in R&D expense during the reporting period;
- (3) The year-on-year increase of approximately RMB42 million in finance costs was mainly attributable to the combined effect of the increase of borrowings which led to a year-on-year increase in interest expenses during the reporting period;
- (4) The year-on-year increase of approximately RMB200 million in interest income was mainly attributable to the combined effect of the increase in capital deposits which led to an a year-on-year increase in interest income during the reporting period.

### 5. Cash flows

- (1) During the reporting period, net cash outflow generated from operating activities amounted to approximately RMB528 million, representing a year-on-year decrease in net outflow of approximately RMB5.657 billion as compared with the net cash outflow of approximately RMB6.185 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in cash received from the sales of goods due to increased sales, and the year-on-year increase in net deposit of non-consolidated companies in GAC Finance Company during the reporting period;



## DISCUSSION AND ANALYSIS ON OPERATION

- (2) During the reporting period, net cash outflow generated from investing activities amounted to approximately RMB3.235 billion, representing a year-on-year increase of net outflow of approximately RMB9.577 billion as compared with net cash inflow of approximately RMB6.342 billion in the corresponding period last year, which was mainly due to the combined effect of the year-on-year increase in profits distribution from investment enterprises, the increase of purchased and constructed assets due to the Company's development, the increase of shareholder loans to joint ventures and the increase in certificates of deposit of high value during the reporting period;
- (3) During the reporting period, net cash inflow generated from financing activities amounted to approximately RMB4.143 billion, representing a year-on-year increase of net inflow of approximately RMB1.860 billion as compared with the net cash inflow of approximately RMB2.283 billion in the corresponding period last year, which was mainly attributable to the combined effect of the repayment of matured corporate bonds and increase in borrowings for corporate business development, and the issuance of asset-backed securities by financial enterprises during the reporting period;
- (4) As at 30 June 2023, cash and cash equivalent of the Group amounted to approximately RMB34.599 billion, representing an increase of approximately RMB14.898 billion as compared with approximately RMB19.701 billion as at 30 June 2022.

### **6. Share of profit of joint ventures and associated enterprises**

During the reporting period, the Group's share of profit of joint ventures and associated enterprises amounted to approximately RMB5.300 billion, representing a year-on-year decrease of approximately RMB3.117 billion, which was mainly attributable to the combined effect of the year-on-year decrease in profit of Japanese series joint ventures during the reporting period.

### **7. Others**

During the reporting period, income tax amounted to approximately RMB-256 million, representing a year-on-year decrease of approximately RMB186 million, which was mainly attributable to changes in profit of certain enterprises during the reporting period.

To sum up, the Group's net profit attributable to owners of the listed company for the reporting period amounted to approximately RMB2.966 billion, representing a year-on-year decrease of approximately 51.17%; basic earnings per share amounted to approximately RMB0.28, representing a year-on-year decrease of approximately RMB0.31.

## DISCUSSION AND ANALYSIS ON OPERATION

### V. 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 cost of sales compared with last year (%)	Changes in gross profit margin compared with last year (%)
Automobile manufacturing industry	459.89	455.20	1.02	38.72	41.20	-62.91
Parts and components manufacturing industry	21.85	20.69	5.31	4.25	1.97	65.94
Commercial services	119.93	114.90	4.19	2.60	2.42	4.23
Financial services and others	17.44	8.57	50.86	-0.46	-19.61	29.88
Total	619.11	599.36	3.19	27.16	28.75	-27.33

#### 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	459.89	455.20	1.02	38.72	41.20	-62.91
Vehicles-related trades	141.78	135.59	4.37	2.85	2.35	12.05
Financial services and others	17.44	8.57	50.86	-0.46	-19.61	29.88
Total	619.11	599.36	3.19	27.16	28.75	-27.33

## DISCUSSION AND ANALYSIS ON OPERATION

### 3. Principal business by region

Unit: 100 million Currency: RMB

By region	Revenue	Changes in revenue compared with last year (%)
Mainland China	597.55	26.35
Overseas	21.56	54.55
Total	619.11	27.16

### 4. Principal business by sales model

Unit: 100 million Currency: RMB

By sales model	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 (%)
Distributor sales model	459.89	455.20	1.02	38.72	41.20	-62.91
Others	159.22	144.16	9.46	2.48	0.71	20.20
Total	619.11	599.36	3.19	27.16	28.75	-27.33

## DISCUSSION AND ANALYSIS ON OPERATION

### VI. ANALYSIS OF ASSETS AND LIABILITIES

#### 1. Analysis table of assets and liabilities

Unit: 100 million Currency: RMB

Item	Balance at the end of current period	Balance at the end of current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change (%)
Time deposits	64.18	3.18	33.26	1.75	92.96
Prepayments and other long-term receivables	146.91	7.27	96.07	5.05	52.92
Financial assets at fair value through other comprehensive income - non-current	31.07	1.54	17.14	0.90	81.27
Contract liabilities	40.82	2.02	20.25	1.07	101.58
Borrowings - non-current	92.48	4.58	56.97	3.00	62.33

#### 2. Analysis on change of items

- (1) Time deposits increased by 92.96% as compared with the balance at the end of the previous period, mainly due to the combined effect of the structural adjustment of inter-bank deposits and the increase of time deposits during the reporting period;
- (2) Prepayments and other long-term receivables increased by 52.92% as compared with the balance at the end of the previous period, mainly due to the combined effect of the increase of shareholder loans to financial joint ventures and the increase of the finance leasing business during the reporting period;
- (3) Financial assets at fair value through other comprehensive income - non-current increased by 81.27% as compared with the balance at the end of the previous period, mainly due to the combined effect of the increase of negotiable large-denomination certificates of deposit during the reporting period;
- (4) Contract liabilities increased by 101.58% as compared with the balance at the end of the previous period, mainly due to the combined effect of the increase in advances received resulting from the increase in vehicle sales volume during the reporting period;
- (5) Borrowings - non-current increased by 62.33% as compared with the balance at the end of the previous period, mainly due to the combined effect of the increased demand for funds for the development of certain enterprise businesses during the reporting period.





## DISCUSSION AND ANALYSIS ON OPERATION

### VII. ANALYSIS OF FINANCIAL POSITION

#### 1. Financial indicators

As at 30 June 2023, the Group's current ratio was approximately 1.59 times, representing a decrease compared to approximately 1.62 times as at 31 December 2022; the Group's quick ratio was approximately 1.40 times, maintaining at the same level compared to approximately 1.40 times as at 31 December 2022, which was at normal level.

#### 2. Financial resources and capital structure

As at 30 June 2023, the Group's current assets amounted to approximately RMB101.400 billion, current liabilities amounted to approximately RMB63.886 billion and current ratio was approximately 1.59 times.

As at 30 June 2023, total borrowings amounted to approximately RMB24.422 billion, mainly consisting of receivables targeted asset-backed notes with closing balance of approximately RMB569 million, asset-backed securities with closing balance of approximately RMB232 million, and borrowings from bank and financial institutions with closing balance of approximately RMB23.593 billion, etc. The above borrowings and bonds are payable upon maturity. The Group generally funds its business and operational capital needs with its own operating cash flow.

As at 30 June 2023, the Group's gearing ratio was approximately 16.56% (Calculation of gearing ratio:  $(\text{borrowings in non-current liabilities} + \text{borrowings in current liabilities}) / (\text{total equity} + \text{borrowings in non-current liabilities} + \text{borrowings in current liabilities})$ ).

## DISCUSSION AND ANALYSIS ON OPERATION

### 3. Foreign exchange risk

As the Group mainly conducts its business in the PRC, and the sales and procurement 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 2023, financial guarantee given by the Company to controlled and wholly-owned subsidiaries of the Group amounted to RMB0 (31 December 2022: RMB0).

As at 30 June 2023, independent third-party financial guarantee given by the Company amounted to RMB0 (31 December 2022: RMB0).

As at 30 June 2023, financial guarantee given by the Group to related parties outside the consolidation scope amounted to RMB151,500,000 (31 December 2022: RMB16,600,000), which was mainly due to the advance payment guarantee and tariff guarantee provided by GAC Finance Company, a wholly-owned subsidiary of the Company, to the Company's participating enterprises in accordance with the scope of business of the financial license authorised by the regulation.



## DISCUSSION AND ANALYSIS ON OPERATION

### **VIII. ANALYSIS OF MAJOR CONTROLLING AND INVESTEE COMPANIES**

GAC Honda, GAC Toyota, GAMC and GAC AION are the key joint ventures and subsidiaries of the Group. During the reporting period, the Company has proactively responded to the impact of multiple unfavorable factors, such as reduction in consumption demand, withdrawal of the preferential purchase tax policy for fuel-engined vehicles and price war, and made every effort in steady growth, revenue preservation, market expansion, structural adjustment and quality improvement which achieved stable development. Among which:

The production and sales volume of GAC Honda were 318,528 units and 289,928 units respectively, representing a year-on-year decrease of 12.97% and 18.89% respectively; revenue was RMB42.804 billion, representing a year-on-year decrease of approximately 21.48%;

The production and sales volume of GAC Toyota were 461,241 units and 452,800 units respectively, representing a year-on-year decrease of 6.97% and 9.48% respectively; revenue was RMB74.055 billion, representing a year-on-year decrease of approximately 12.32%;

The production and sales volume of GAMC were 181,768 units and 188,059 units respectively, representing a year-on-year increase of 7.27% and 8.97% respectively; revenue was RMB28.731 billion, representing a year-on-year increase of approximately 24.52%;

The production and sales volume of GAC AION were 216,664 units and 209,336 units respectively, representing a year-on-year increase of 117.39% and 108.81% respectively; revenue was RMB22.387 billion, representing a year-on-year increase of approximately 51.40%.

## Chapter 4

# SIGNIFICANT EVENTS

### I. PROPOSED PROFIT DISTRIBUTION PLAN OR CONVERSION OF CAPITAL RESERVES

#### 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)	0.5
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 46<sup>th</sup> meeting of the 6<sup>th</sup> session of the Board of the Company convened on 25 August 2023, it was considered and approved that a cash interim dividend of RMB0.5 (tax inclusive) per 10 shares shall be distributed to all shareholders of the Company whose names appeared on the register of members on the record date.

### II. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

On account of its insolvency, the joint venture, GAC Fiat Chrysler Automobiles Co., Ltd., filed for winding-up in accordance with relevant requirements of existing laws and regulations. On 29 November 2022, Intermediate People's Court of Changsha, Hunan Province issued the Civil Judgement [(2022) Xiang 01 Po Shen No. 139]((2022) 湘01破申139號) to formally accept its winding-up application. On 6 March 2023, Notice (2022)Xiang 01 Po No.214-1 ((2022) 湘01破214-1號) was issued and Yingke Law Firm, Changsha Office was appointed as the administrator. Currently, the relevant matters are being processed in accordance with the statutory procedures.

### III. MATERIAL LITIGATION AND ARBITRATION

The Company had no material litigation or arbitration during the reporting period.



## SIGNIFICANT EVENTS

### IV. EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Company and its subsidiaries which have occurred since the end of the six months ended 30 June 2023.

### V. SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER STAFF INCENTIVES OF THE COMPANY AND THE IMPACTS THEREOF

#### A-Share Option

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.

#### Restricted Shares

Restricted shares represent a certain number of A shares of the Company granted to the participants by the Company under the conditions and at the price as stipulated in the incentive scheme, which are subject to the lock-up period and can only be unlocked for trading when the unlocking conditions under the incentive scheme are satisfied. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the participants.

#### (I) 2020 A Share Option and Restricted Share Incentive Scheme (the “2020 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, other management personnel who has a direct impact on the Company’s operating performance and key core technical (business) personnel of the Company, and effectively bond the interests of the shareholders, the Company and individuals of core teams together, making all parties to attend to the long-term development of the Company, on the premise of fully protecting the interests of the shareholders and on the principle of income equivalent to contribution, the 2020 Incentive Scheme was formulated and passed at the 2020 second extraordinary general meeting and the 2020 first class meetings for holders of A and H shares of the Company held on 13 November 2020.

## SIGNIFICANT EVENTS

All of the participants under the 2020 Incentive Scheme are employee participants as defined under Rule 17.03A(1)(a) of the Listing Rules, including the directors, senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company.

The Company granted a total of 102,101,330 A share options, which is all the A share options available for grant under the 2020 Incentive Scheme, to 2,872 participants on 4 December 2020, and the exercise price before adjustment was RMB9.98 per share, which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A shares:

- (1) the average trading price of the A shares of the Company on the trading day preceding the date of the proposal announcement (i.e. 24 September 2020) which is RMB9.91; and
- (2) one of the average trading prices of the A shares of the Company for 20 trading days, 60 trading days or 120 trading days preceding the date of the proposal announcement.

The Company granted a total of 102,101,330 restricted shares, which is all the A share awards available for grant under the 2020 Incentive Scheme, to 2,872 participants on 4 December 2020, and the grant price was RMB4.99 per share, which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A shares:

- (1) 50% of the average trading price of the A shares of the Company on the trading day preceding the date of the proposal announcement (i.e. 24 September 2020) (which is RMB9.91); and
- (2) 50% of one of the average trading prices of the A shares of the Company for 20 trading days, 60 trading days or 120 trading days preceding the date of the proposal announcement.



## SIGNIFICANT EVENTS

The adjustment details for the exercise price of share options and the repurchase price of restricted shares since the implementation of the 2020 Incentive Scheme are as follows:

- Since 8 June 2021, as a result of the implementation of the final profit distribution plan for 2020, the exercise price of share options was adjusted to RMB9.83/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.84/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price” (Announcement No.: Lin 2021-034) disclosed on the websites of SSE and the Stock Exchange on 26 May 2021.
- Since 22 September 2021, as a result of the implementation of the interim profit distribution plan for 2021, the exercise price of share options was adjusted to RMB9.78/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.79/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price” (Announcement No.: Lin 2021-066) disclosed on the websites of SSE and the Stock Exchange on 13 September 2021.
- Since 21 November 2022, as a result of the implementation of the final profit distribution plan for 2021 and the interim profit distribution plan for 2022, the exercise price of share options was adjusted to RMB9.55/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.56/A share accordingly under the 2020 Incentive Scheme. At the same time, in terms of the repurchase of restricted shares due to the resignation, retirement, assessment, etc. of participants, the repurchase prices are RMB4.56/A share and RMB4.67172/A share, respectively, depending on the circumstances of participants triggering the repurchase cancellation conditions (plus deposit interest for the same period). For details, please refer to the “Announcement on Adjusting the Equity Price, Equity Quantity and Personnel List of the 2020 A Share Options and Restricted Share Incentive Scheme” (Announcement No.: Lin 2022-077) disclosed on the websites of SSE and the Stock Exchange on 21 November 2022.
- Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the exercise price of share options was adjusted to RMB9.37/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.38/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-050) disclosed on the websites of SSE and the Stock Exchange on 8 June 2023.

## SIGNIFICANT EVENTS

- Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the exercise price of share options was adjusted to RMB9.32/A share accordingly and the repurchase price of restricted shares was adjusted to RMB4.33/A share accordingly under the 2020 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-080) disclosed on the websites of SSE and the Stock Exchange on 8 September 2023.

The closing price of the Company's A shares on the date immediately before the grant date of the 2020 Incentive Scheme was RMB13.29 per share. Within any 12-month period, none of the participants were granted or will be granted options and awards in aggregate exceeding 1% of the total issued A shares of the Company. Details of the maximum entitlement (including A share options and restricted shares) that each director and senior management of the Company may be granted under the 2020 Incentive Scheme are set out in the Company's circular disclosed on the website of the Stock Exchange on 22 October 2020, where the maximum entitlement that can be granted to each other individual participant does not exceed the maximum limit of the above-mentioned ones. No amount is payable by the participants on application or acceptance of the A share options under the 2020 Incentive Scheme. According to the 2020 Incentive Scheme, the grant price of restricted A shares was RMB4.99 per share. In other words, after meeting the grant conditions, the participants purchased the restricted A shares which were issued and granted by the Company at a price of RMB4.99 per share.

The 2020 Incentive Scheme shall be effective from the date on which the share options and the restricted shares have been granted and registered, and end on the date on which all the share options granted to the participants have been exercised or cancelled and all the restricted shares granted to the participants have been unlocked or repurchased and cancelled respectively, which shall not exceed 60 months, i.e. still effective until December 2025 with approximately two years and two months remaining. The vesting period and the lock-up period of share options and restricted shares respectively were 24 months, 36 months, 48 months from the date on which the share options were granted and registered.

As at the date of the Company's 2022 annual report (i.e., 28 April 2023), the total number of securities issuable under the 2020 Incentive Scheme was 61,381,812 shares, representing approximately 0.59% of the total issued shares of the Company then.

As at the date of this report (i.e. the latest practicable date), the total number of securities issuable under the 2020 Incentive Scheme is 58,759,949 shares, representing approximately 0.56% of the total issued shares of the Company.



## SIGNIFICANT EVENTS

Since all the 102,101,330 A share options and 102,101,330 restricted A shares available for grant under the 2020 Incentive Scheme were granted on 4 December 2020, the number of options and awards available for grant under the scheme mandate of the 2020 Incentive Scheme at the beginning and the end of the report period were both 0. The service provider sublimit is not applicable to the 2020 Incentive Scheme.

The exercise periods and exercise schedule for the share options are as follows:

<b>Exercise arrangement</b>	<b>Exercise period</b>	<b>Exercisable Proportion</b>
First exercise period	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the share options and ending on the last trading day of the 36-month period from the date of completion of registration of the share options	40%
Second exercise period	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the share options and ending on the last trading day of the 48-month period from the date of completion of registration of the share options	30%
Third exercise period	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the share options and ending on the last trading day of the 60-month period from the date of completion of registration of the share options	30%

The first exercise period is from 12 December 2022 to 10 December 2023, subject to the restriction periods from 28 January 2023 to 27 April 2023, from 6 June 2023 to 15 June 2023, from 26 July 2023 to 25 August 2023 and from 5 September 2023 to 18 September 2023, during which all participants are prohibited to exercise the share options. During the reporting period, 4,347,780 shares were exercised accumulatively. As at the date of this report, 28,726,709 shares have been exercised accumulatively throughout the exercise period.

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

## SIGNIFICANT EVENTS

The details of the A share options under the 2020 Incentive Scheme for (i) directors and senior management and (ii) other employee participants during the reporting period are as follows:-

### A share options under the 2020 Incentive Scheme

Unit: share(s) (A share) Currency: RMB

Name	Position/Type of Participants	Number of outstanding A share options held at the beginning of the reporting period	Number of A share options newly granted during the reporting period	Number of A share options exercisable during the reporting period (Note 2)	Shares issued upon exercise of A share options during the reporting period	Number of A share options cancelled during the reporting period	Number of A share options lapsed during the reporting period	Exercise price of A share options (RMB) (Note 4)	Weighted average closing price immediately before the dates on which the A share options were exercised (RMB)	Number of outstanding A share options held at the end of the reporting period
Feng Xingya	Director and General Manager	290,000	0	116,000	116,000	0	0	9.55 <sup>Note 1</sup>	11.15	174,000
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	147,000	0	0	0	0	0	N/A <sup>Note 1</sup>	N/A	147,000
Yan Zhuangli	Deputy General Manager	260,000	0	104,000	0	0	0	N/A <sup>Note 1</sup>	N/A	260,000
Wang Dan	Chief accountant and person in charge of accounting function	156,000	0	0	0	0	0	N/A <sup>Note 1</sup>	N/A	156,000
Gao Rui	Deputy General Manager	96,000	0	0	0	0	0	N/A <sup>Note 1</sup>	N/A	96,000
Jiang Xiuyun	Deputy General Manager	0	0	0	0	0	0	N/A <sup>Note 1</sup>	N/A	0
Yu Jun	Deputy General Manager	147,000	0	0	0	0	0	N/A <sup>Note 1</sup>	N/A	147,000
Zheng Heng	Deputy General Manager	245,000	0	98,000	0	0	0	N/A <sup>Note 1</sup>	N/A	245,000
Xia Xianqing	Deputy General Manager	245,000	0	98,000	0	0	0	N/A <sup>Note 1</sup>	N/A	245,000
Sui Li	Secretary of the Board and company secretary (resigned on 31 July 2023)	147,000	0	0	0	0	0	N/A <sup>Note 1</sup>	N/A	147,000
	Middle level and other core businesses, technical and management key personnel (i.e. 2,536 other employee participants in total)	62,722,754	0	12,059,193	4,231,780	0	0	RMB9.55 from 1 January to 15 June 2023 and RMB9.37 from 16 June to 30 June 2023	10.89	58,490,974
	Total (together with that of the Directors and Senior Management): 2,545	64,455,754	0	12,475,193	4,347,780	0	0	/	/	60,107,974



## SIGNIFICANT EVENTS

Note:

1. All participants must be employed by the Company pursuant to employment contracts during the appraisal period of the 2020 Incentive Scheme and no participants are retired staff re-employed by the Company. Among the participants, none of them are substantial shareholders or controllers of the Company who individually or jointly hold 5% or more of the shares, or their spouse, parents or children. All A share options under the 2020 Incentive Scheme have been granted to the relevant participants on 4 December 2020 (i.e. the grant date). The vesting period for the relevant A share options is set out on page 47 of this report.
2. The above 12,475,193 A share options had become exercisable since the first exercise period commenced on 12 December 2022, expiring on 10 December 2023 (subject to the relevant restriction period).
3. The aggregate number of share options to be granted to any of the participants within any 12 months under all effective share option incentive schemes of the Company and held throughout the validity period does not exceed 1% of the total A share capital of the Company.
4. Corresponding adjustments were made to the exercise prices of the A share options in accordance with the Company's profit distribution plan (please refer to the previous paragraphs on pages 46 and 47 for details in relation to the respective exercise price adjustments of each incentive scheme).

## SIGNIFICANT EVENTS

The unlocking periods and unlocking schedule of each unlocking period for the restricted shares are as follows:

<b>Unlocking arrangement</b>	<b>Unlocking period</b>	<b>Unlocking proportion</b>
First unlocking period	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 36-month period from the date of completion of registration of the restricted shares	40%
Second unlocking period	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 48-month period from the date of completion of registration of the restricted shares	30%
Third unlocking period	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 60-month period from the date of completion of registration of the restricted shares	30%

On 12 December 2022, 38,401,047 restricted shares had been unlocked for trading and become available in the market after the expiry of the first lock-up period. After adjustment, 9,040 shares had become available in the market on 16 January 2023. As at the end of the reporting period, a total of 38,410,087 restricted shares had been unlocked for trading become available in the market.

For restricted shares that unlocking has not been applied for or unlocking cannot be applied due to failure to meet the unlocking conditions during such unlocking period(s), the Company will repurchase and cancel such restricted shares in accordance with the rules of the 2020 Incentive Scheme.

The Company has repurchased and cancelled 7,327,392 restricted shares that failed to meet the unlocking conditions due to reasons such as the resignation and retirement of participants. The relevant share repurchase and cancellation have been officially registered on 13 March 2023.

## SIGNIFICANT EVENTS

The shares obtained by the participants by way of grant of the restricted shares arising from capitalisation issue, bonus issue and share subdivision shall be subject to locking, and shall not be sold in the secondary market or otherwise transferred. Such unlocking period(s) of such shares are the same as that of the restricted shares. If the Company repurchases the restricted shares that are yet to be unlocked, such shares shall be repurchased altogether.

The details of the restricted A shares under the 2020 Incentive Scheme for (i) directors and senior management and (ii) other employee participants during the reporting period are as follows:–

### Restricted A shares under the 2020 Incentive Scheme

Unit: share(s) (A share) Currency: RMB

Name	Position/Type of Participants	Number of unvested restricted A shares held at the beginning and the end of the reporting period	Number of locked-up restricted A shares held at the beginning of the reporting period	Number of restricted A shares newly granted during the reporting period	Number of restricted A shares unlocked during the reporting period	Number of restricted A shares cancelled and repurchased during the reporting period	Repurchase price of the cancelled restricted A shares (RMB)	Number of restricted A shares lapsed during the reporting period	Weighted average closing price immediately before the vesting date of restricted A share (RMB)	Number of locked-up restricted A shares held at the end of the reporting period
Feng Xingya	Director and General Manager	0	174,000	0	0	0	N/A	0	N/A	174,000
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	0	147,000	0	0	0	N/A	0	N/A	147,000
Yan Zhuangli	Deputy General Manager	0	156,000	0	0	0	N/A	0	N/A	156,000
Wang Dan	Chief accountant and person in charge of accounting function	0	156,000	0	0	0	N/A	0	N/A	156,000
Gao Rui	Deputy General Manager	0	96,000	0	0	0	N/A	0	N/A	96,000
Jiang Xiuyun	Deputy General Manager	0	0	0	0	0	N/A	0	N/A	0
Yu Jun	Deputy General Manager	0	147,000	0	0	0	N/A	0	N/A	147,000
Zheng Heng	Deputy General Manager	0	147,000	0	0	0	N/A	0	N/A	147,000
Xia Xianqing	Deputy General Manager	0	147,000	0	0	0	N/A	0	N/A	147,000
Sui Li	Secretary of the Board and company secretary (resigned on 31 July 2023)	0	147,000	0	0	0	N/A	0	N/A	147,000
2020 Incentive Scheme	Middle level and other core businesses, technical and management key personnel (i.e. 2,657 other employee participants in total)	0	62,383,283	0	9,040	4,049,816	4.56	0	N/A	55,046,851
						3,277,576	4.67172			
	Total (together with that of the Directors and Senior Management): 2,666	0	63,700,283	0	9,040	7,327,392	/	/		56,363,851

## SIGNIFICANT EVENTS

Note:

1. All participants must be employed by the Company pursuant to employment contracts during the appraisal period of the 2020 Incentive Scheme and no participants are retired staff re-employed by the Company. Among the participants, none of them are substantial shareholders or controllers of the Company who individually or jointly hold 5% or more of the shares, or their spouse, parents or children. All restricted A shares under the 2020 Incentive Scheme have been granted to the relevant participants on 4 December 2020 (i.e. the vesting date). The unlocking period for the relevant restricted A shares is set out on page 51 of this report.
2. For the grant date, grant price, validity period, vesting period and repurchase price of the above-mentioned restricted A shares, please refer to the paragraph headed “V., Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and the Impacts Thereof” set forth in Chapter 4-“Significant Events” of this report.
3. Details of the repurchase price of the relevant restricted A shares which have to be cancelled and the corresponding adjustments to the repurchase price are set out on pages 46 and 47 of this report.



## SIGNIFICANT EVENTS

### **(II) 2022 A SHARE OPTION INCENTIVE SCHEME (THE “2022 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 senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company, and effectively bond the interests of the shareholders, the Company and individuals of core teams together, making all parties to attend to the long-term development of the Company, on the premise of fully protecting the interests of the shareholders and on the principle of income equivalent to contribution, the Company formulated the 2022 Incentive Scheme, which has been duly approved by way of special resolutions passed at the 2023 first extraordinary general meeting and the 2023 first class meetings for A and H shareholders of the Company respectively held on 20 January 2023.

The participants under the 2022 Incentive Scheme are all employee participants as defined under Rule 17.03A(1)(a) of the Listing Rules, including the directors, senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company.

A total of 233,896,200 A share options were granted to 3,089 participants on 20 January 2023, and the exercise price was RMB11.99 per share, which was determined with reference to the highest of the following and shall not be lower than the nominal amount of the A shares:

- (1) the average trading price of the A shares of the Company on the trading day preceding the date of the proposal announcement (i.e. 13 December 2022) which is RMB11.82; and
- (2) one of the average trading prices of the A shares of the Company for 20 trading days, 60 trading days or 120 trading days preceding the date of the proposal announcement.

The adjustment details for the exercise price of share options since the implementation of the 2022 Incentive Scheme are as follows:

- Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the exercise price of share options was adjusted to RMB11.81/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-050) disclosed on the websites of SSE and the Stock Exchange on 8 June 2023.

## SIGNIFICANT EVENTS

- Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the exercise price of share options was adjusted to RMB11.76/A share accordingly under the 2022 Incentive Scheme. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Share Option and Restricted Share Repurchase Price in the Share Option Incentive Scheme of the Company” (Announcement No.: Lin 2023-080) disclosed on the websites of SSE and the Stock Exchange on 8 September 2023.

The closing price of the Company's A shares on the date immediately before the grant date of the 2022 Incentive Scheme was RMB11.37 per share. Within any 12-month period, the aggregate number of share options to be granted to each above participant under all effective share option incentive schemes of the Company and held throughout the validity period does not exceed 1% of the total issued A shares of the Company. Details of the maximum entitlement (i.e. A share options) that each director and senior management of the Company may be granted under the 2022 Incentive Scheme are set out in the Company's circular disclosed on the website of the Stock Exchange on 4 January 2023, where the maximum interests that can be granted to each other individual participant does not exceed the maximum entitlement of the aforementioned group. No amount is payable by the participants on application or acceptance of the A share options under the 2022 Incentive Scheme.

The 2022 Incentive Scheme shall be effective from the date on which the share options were granted (i.e. 20 January 2023), and end on the date on which all the share options granted to the participants have been exercised or cancelled, and for no more than 60 months, i.e. until January 2028 with four years and three months remaining. The vesting period of the respective portions are 24 months, 36 months and 48 months from the date on which the share options were granted.

As at the date of the Company's 2022 annual report (i.e., 28 April 2023), the total number of securities issuable under the 2022 Incentive Scheme was 233,896,200 shares, representing approximately 2.23% of the total issued shares of the Company then.

As at the date of this report, the total number of securities issuable under the 2022 Incentive Scheme is 233,455,400 shares, representing approximately 2.23% of the total issued shares of the Company.

Since the 2022 Incentive Scheme was adopted on 20 January 2023, and given that all the 233,896,200 A share options available for grant under the 2022 Incentive Scheme were granted on 20 January 2023 (and no share award is available for grant under the 2022 Incentive Scheme), the number of options and awards available for grant under the scheme mandate of the 2022 Incentive Scheme at the beginning and the end of the report period were both 0. The service provider sublimit is not applicable to the 2022 Incentive Scheme.





## SIGNIFICANT EVENTS

The arrangements of exercise period and the duration of each exercise period for the share options are as follows:

<b>Exercise arrangement</b>	<b>Exercise period</b>	<b>Exercisable Proportion</b>
First exercise period	Commencing from the first trading day after expiry of the 24-month period from the grant date and ending on the last trading day of the 36-month period from the grant date	20%
Second exercise period	Commencing from the first trading day after expiry of the 36-month period from the grant date and ending on the last trading day of the 48-month period from the grant date	40%
Third exercise period	Commencing from the first trading day after expiry of the 48-month period from the grant date and ending on the last trading day of the 60-month period from the grant date	40%

The participants shall complete the exercise of the share options within the relevant exercise period. If the exercise conditions are not satisfied, the A share options for the corresponding period shall not be exercised. If the exercise conditions are satisfied, but such relevant A share options that are not exercised within the above exercise period will automatically lapse and be cancelled by the Company.

## SIGNIFICANT EVENTS

The details of the A share options under the 2022 Incentive Scheme for (i) directors and senior management and (ii) other employee participants during the reporting period are as follows:–

### A share options under the 2022 Incentive Scheme

Unit: share(s) (A share) Currency: RMB

Name	Position/Type of Participants	Number of outstanding A share options held at the beginning of the reporting period (Note 1)	Number of A share options newly granted during the reporting period	Number of A share options exercisable during the reporting period (Note 2)	Shares issued upon exercise of A share options during the reporting period	Number of A share options lapsed/cancelled during the reporting period	Exercise price of A share options (RMB)	Weighted average closing price immediately before the dates on which the A share options were granted (RMB)	Number of outstanding A share options held at the end of the reporting period
Feng Xingya	Director and General Manager	N/A	500,000	0	0	0	11.99/11.81	11.53	500,000
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	N/A	425,000	0	0	0	11.99/11.81	11.53	425,000
Yan Zhuangli	Deputy General Manager	N/A	450,000	0	0	0	11.99/11.81	11.53	450,000
Wang Dan	Chief accountant and person in charge of accounting function	N/A	450,000	0	0	0	11.99/11.81	11.53	450,000
Gao Rui	Deputy General Manager	N/A	450,000	0	0	0	11.99/11.81	11.53	450,000
Jiang Xiuyun	Deputy General Manager	N/A	450,000	0	0	0	11.99/11.81	11.53	450,000
Yu Jun	Deputy General Manager	N/A	450,000	0	0	0	11.99/11.81	11.53	450,000
Zheng Heng	Deputy General Manager	N/A	450,000	0	0	0	11.99/11.81	11.53	450,000
Xia Xianqing	Deputy General Manager	N/A	450,000	0	0	0	11.99/11.81	11.53	450,000
Sui Li	Secretary of the Board and company secretary (resigned on 31 July 2023)	N/A	425,000	0	0	0	11.99/11.81	11.53	425,000
	Middle level and other core businesses, technical and management key personnel (i.e. 3,079 other employee participants in total)	N/A	229,396,200	0	0	440,800	11.99/11.81	11.53	228,955,400
	Total (together with that of the Directors and Senior Management): 3,089	N/A	233,896,200	0	0	440,800	11.99/11.81	11.53	233,455,400

## SIGNIFICANT EVENTS

Note:

1. At the beginning of the reporting period, the 2022 Incentive Scheme had not been approved and become effective yet. Since 16 June 2023, as a result of the implementation of the final profit distribution plan for 2022, the price of A share options was adjusted to RMB11.81/A share accordingly under the 2022 Incentive Scheme. Since 18 September 2023, as a result of the implementation of the interim profit distribution plan for 2023, the price of A share options was adjusted to RMB11.76/A share accordingly under the 2022 Incentive Scheme. Details of the exercise prices of the relevant A share options under the 2022 Incentive Scheme are set out on pages 54 to 55 of this report.
2. During the reporting period, A share options under the 2022 Incentive Scheme have not entered into the exercise period yet. Details of the vesting period, the exercise period and exercise price for the relevant A share options under the 2022 Incentive Scheme are set out on pages 54 to 56 of this report.
3. All A share options under the 2022 Incentive Scheme has been granted to the participants (including the above-mentioned directors and senior management) on 20 January 2023. The above share options granted are subject to the fulfillment of the performance appraisal requirements and the individual performance appraisal requirements by the Company and participants respectively during each of the relevant exercise periods. For details, please refer to Appendix VI to the circular of the Company dated 4 January 2023 in relation to, among other things, the Fourth Share Option Incentive Scheme.

The fair values of the above A share options on the date of grant and the accounting standards and policies adopted are set out below:

Accounting standards	Accounting Standards for Business Enterprises No.11-Share-based Payments and Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments issued by the Ministry of Finance of the PRC
Option pricing model	Black-Scholes model
Name of parameters	Closing price on the grant date S: RMB11.53/share; Exercise price of options K: RMB11.99/share; Risk-free interest rate r: 2.5379%; Validity of options t: 3.7 years; Stock volatility $\sigma$ : 28.2%; Dividend rate i: 0%
Calculation result	Fair value of share option: RMB2.72/share

During the reporting period, no A share option or restricted share were granted or will be granted to any related entity participant or service provider under any of the share schemes of the Company.

## SIGNIFICANT EVENTS

The Company granted a total of 233,896,200 A share options and 0 share award in respect of all share schemes (including the 2020 Incentive Scheme and the 2022 Incentive Scheme referred to above) during the reporting period, and the number of shares that may be issued in respect of all options granted (assuming that all the options are exercisable) could be 233,896,200 A shares, representing 3.17% of the issued A shares during the reporting period, with the weighted average number of issued A shares during the reporting period being 7,387,114,446.

### VI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

#### 1. Trusts

Applicable     N/A

#### 2. Guarantee

Applicable     N/A

### VII. CHANGES IN SHARE CAPITAL

During the reporting period, pursuant to the 2020 Incentive Scheme, the Company issued 4,347,780 additional A shares due to the exercise of share options, unlocked 9,040 restricted A shares, which represented an increase of 4,356,820 A shares which are not subject to any trading restrictions in total. At the same time, 7,327,392 restricted A shares were cancelled and repurchased, and 9,040 restricted A shares were unlocked, which represented a decrease of 7,336,432 restricted A shares.



## SIGNIFICANT EVENTS

### **VIII. UTILISATION OF PROCEEDS FROM NON-PUBLIC ISSUANCE OF A SHARES**

The non-public issuance of A shares of the Company was completed in November 2017 (details of which are set out in the announcement of the Company dated 17 November 2017).

The shares issued under the non-public issuance of A shares are RMB denominated ordinary shares (A shares) with a nominal value of RMB1.00 per share listed on the SSE. The number of shares issued was 753,390,254 shares with an issue price of RMB19.91/A share. The net price to the Company of each security was RMB19.80. The five target subscribers for the non-public issuance of A shares are Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd, Guangzhou Stateowned Assets Development Holdings Co., Ltd., GFHAM Wealth Management Select No.3 Private Investment Fund, Guangzhou Light Industry and Trade Group Co., Ltd. and Suiyong Holdings Co., Ltd. The closing price of A shares under the non-public issuance of A shares on 17 October 2017, being the date on which the Company received the relevant approval from the CSRC, was RMB19.03.

The actual amount of gross proceeds raised was RMB14,999,999,957.14 and the actual amount of net proceeds raised, after deducting the issuance expenses of RMB83,050,000.00 was RMB14,916,949,957.14.

Proceeds from non-public issuance of A shares facilitated the comprehensive and sustainable development of the Company's business. The implementation of the investment projects using the proceeds from the non-public issuance, on one hand, further strengthened the research and development capability of the Company's self-developed brands, promoted the establishment of its range of self-developed brands and enriched the product mix under such brands, while on the other hand, enabled the Company to keep abreast of future trend in new energy development of the vehicle industry, laying a solid foundation for the Company to seize a share in the new energy vehicle market. In addition, the proceeds from the non-public issuance optimised the Company's capital structure and lowered the gearing ratio, which reduced the Company's financial risk and cost of debt financing.

## SIGNIFICANT EVENTS

Details of utilisation of the proceeds raised as at 30 June 2023 are set out below.

### As at 30 June 2023

As at 30 June 2023, the amount of proceeds carried forward was RMB806,568,676.61 whereas the total cumulative amount of utilised proceeds was approximately RMB12,939,198,600 (inclusive of issuance expenses). There was no inconsistency between the utilisation of the proceeds and the original intended use.

Details of utilisation of the proceeds raised are set out below:

Unit: 0'000 Currency: RMB

No.	Investment project	Total amount of investment commitment		Cumulative amount invested	Estimated time of completion
		from the proceeds raised	Amount invested for this half year		
1	New energy vehicles and R&D of prospective technology project	480,000.00	0.00	479,422.30	Completed
2	GAEI phase 1 base expansion project	60,000.00	115.04	47,972.52	2023
3	GAEI phase 2 base construction project	100,000.00	0.00	76,518.68	Completed
4	GAC proprietary brand project of Xinjiang	80,000.00	0.00	22,782.95	Completed
5	GAC improvement project of Hangzhou	220,000.00	0.00	152,350.38	Completed
6	GAC proprietary brands technological reformation project	250,000.00	0.00	212,165.22	Completed
7	GAC proprietary brands vehicle models projects	215,000.00	0.00	201,784.36	Completed
7.1	GAMC A16 project	20,000.00	0.00	18,780.34	Completed
7.2	GAMC A35 project	35,000.00	0.00	32,329.64	Completed
7.3	GAMC A5H project	30,000.00	0.00	30,547.98	Completed
7.4	GAMC A10 project	40,000.00	0.00	36,841.51	Completed
7.5	GAMC A30 project	15,000.00	0.00	15,000.00	Completed
7.6	GAMC A32 project	10,000.00	0.00	10,000.00	Completed
7.7	GAMC A06 project	35,000.00	0.00	35,140.89	Completed
7.8	GAMC A7M project	30,000.00	0.00	23,144.00	Completed
8	GAMC engine project	50,000.00	0.00	48,581.73	Completed
9	GAMC gearbox project	30,000.00	0.00	29,036.72	Completed
10	P6 gearbox development project	15,000.00	0.00	15,000.00	Completed
	Issuance expenses	-	0.00	8,305.00	-
	<b>Total</b>	<b>1,500,000.00</b>	<b>115.04</b>	<b>1,293,919.86</b>	



## SIGNIFICANT EVENTS

The Group expects to continue to invest the unused proceeds raised from the non-public issuance in each of the above unfinished projects in accordance with the respective amount of investment commitment and expected time of completion, and in order taking into account the importance and urgency of each project.

For further information on the utilisation of proceeds raised from the non-public issuance, please refer to the “Specific Report on the Deposit of the Proceeds and the Utilisation of the Proceeds by Guangzhou Automobile Group Co., Ltd. for the First Half of 2023” published by the Company on 25 August 2023 by way of overseas regulatory announcement.

### **IX. CORPORATE GOVERNANCE**

During the reporting period, the Company has complied with the code provisions under Part 2 of 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 to 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.

### **X. 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, and GAC-SOFINCO, calculated based on the financial statements for the year ended 31 December 2022.

## SIGNIFICANT EVENTS

### XI. OTHER DISCLOSURES

#### 1. Possible risks

##### **Macroeconomic cyclical fluctuation risk**

In the first half of 2023, China's economy and society have fully restored to normal operation, and the macroeconomic policies provided synergetic support to partially relieve the triple pressures of shrinking demands, supply disruption, and weakened expectations of growth, in which case the economic growth was better than expected with the economic development manifested positive signs of a resurging trend. However, the current improvement in economic operation is still in the recovery stage. Faced with a more complicated and severe external environment such as insufficient momentum for the recovery of the world economy and commodity prices fluctuation at high level, as well as a series of resistances such as weak endogenous momentum of the domestic economy and insufficient market demand, the macro-economy may have a certain impact on the automobile industry and the overall business operation situation of the Group in the course of its undulating and zigzagging development.

##### **Risk of supply chain**

The global chips supply will remain tight. At present, domestic automobile enterprises are exposed to greater supply chain risks since the local replacement process in chips has been slow. The chip shortage issue has not been fundamentally relieved, and the supply of chips with high processing and high computing force is still relatively tight. Although various semiconductor companies have increased their investment in automotive-grade chip production capacity and the Group has also reduced losses caused by shortage in chips supply through strengthening cooperation with chips manufacturers and optimising the production schedule of vehicle models, if the shortage in supply of chips continues, it will have a relatively significant impact on the Company's production and operation. Meanwhile, the external international environment remains complicated and fluid, and the risk of supplying parts and components such as high-end chips, which are highly dependent on imports, still exists.

##### **Risk of fluctuation in the raw material costs**

In the first half of 2023, the prices of raw materials represented by battery-grade lithium carbonate fluctuated significantly, and although the prices in the second quarter were lower than the high level at the beginning of the year, greater cost pressures had been exerted on automobile enterprises, and more uncertainties had been brought about in terms of product pricing and changes in business strategies. The Group has actively taken cost control measures to accelerate the establishment of a vertically integrated new energy industry layout chain, but the trend of raw material prices will have certain impact on the achievement of the profit target.





## SIGNIFICANT EVENTS

### **Risk of Industry Competition**

The domestic automobile market has turned into a stage of stock competition and slight growth. The penetration rate of NEVs continues to increase, further eroding the fuel-engined vehicle market, and traditional fuel-engined vehicles will face more intense market competition; the market share of independent brands has exceeded 50%, and joint venture brands will suffer a greater strike. In addition, Chinese automobile enterprises continue to accelerate to establish its presence in and expand into overseas markets, while the total volume of exports of vehicles has risen simultaneously. Overseas market competition has become increasingly fierce and has become an important profit growth point for automobile enterprises.

The Group will accelerate the comprehensive transformation of electrification, consolidate and develop the leading advantages of self-developed brands in the field of NEVs, promote joint ventures to accelerate the implementation of strategies regarding NEVs, and intensify efforts to promote the transformation of joint ventures and feedback support from independent brands; sort out and improve the internationalisation system and mechanism, enhance overseas product planning capabilities, increase investment in overseas resources, grasp the high-growth opportunities of exports for Chinese brands, vigorously develop international business, and open up a new path for the Group to achieve stable growth and high-quality development.

## **2. Production safety**

The Group upheld the idea of “to address problems on both symptoms and root causes by giving priority to people and safety, and to achieve a scientific development”. In accordance with the control indicator plan for annual production safety target approved by the Board, the Group closely focused on the work emphases on production safety and promoted the strict implementation of the main responsibility of production safety by all enterprises. During the reporting period, the Company and various investee enterprises had experienced no major (or above) production safety accidents, and its production remained generally stable and was in an orderly manner.

In the second half of 2023, the Group will continue to pay close and serious attention to safety in accordance with procedures of “supervision, guidance and service”, supervise and urge investee enterprises to implement the responsibility system of production safety for all employees and safety risk classification management and control, seize 2023 action work for special investigation and rectification of significant hidden hazards, improve the abilities of meteorological warning and disaster defence, strengthen safety production propaganda education training, enhance safety production informatisation, strictly implement objective management for production safety and push each investment enterprises to earnestly perform the main responsibility for enterprise production safety, thereby ensuring production safety of the Group to remain on a stable and positive track.

## SIGNIFICANT EVENTS

### **3. Significant investment held, material acquisition and disposal**

Save as disclosed in the most recent published annual report of the Group for the year ended 31 December 2022, the Group has not had 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 for the year ended 31 December 2022, the Group does not have any specific future plans for material investments or acquisition of capital assets.

### **5. Remuneration and legal rights of employees**

As at 30 June 2023, there are 98,909 registered employees in the Group (including its investee enterprises).

In terms of remuneration policy, the Group, on one hand, analysed remuneration information in the market, CPI growth and industry benchmark, maintained the market competitiveness of remuneration information on remuneration levels, and promotes the collective wage negotiation mechanism to ensure that remuneration plays an incentive role in talent retention. On the other hand, the Group strengthened the relationship between remuneration and performance, and constantly optimised the administrative measures such as remuneration system, enterprise performance appraisal mechanism, individual performance appraisal method, and employee promotion system, and promoted the offer of remuneration incentives to high-performance employees.

Timely and sufficient contributions to various social insurances were made by the Group for the employees in accordance with the requirements of national and provincial laws and regulations on labour security in order to ensure that employees receive legal labour protection and enterprises were encouraged to purchase supplementary medical insurance and enterprise annuity for its staff in order to further protect and safeguard the interests and physical and mental health of their employees.

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



## SIGNIFICANT EVENTS

### **6. Pledge of assets**

As at 30 June 2023, the Group pledged trade receivables of RMB7,496,100, inventories of RMB2,579,303,600, fixed assets of RMB86,522,200, intangible assets of RMB30,953,600 and long-term receivables of RMB7,174,157,300, respectively, as collaterals for general borrowings.

## Chapter 5

# CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### I. STATEMENT OF CHANGES IN SHARES

Unit: share

	Before change		Increase/decrease in the change (+, -)				After change		
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from contributed capital surplus	Others	Subtotal	Number	Percentage (%)
I. Restricted Shares	63,700,283	0.61				-7,336,432	-7,336,432	56,363,851	0.54
1. State-owned Shares									
2. Shares held by state-owned legal person									
3. Shares held by other domestic entities	63,700,283	0.61				-7,336,432	-7,336,432	56,363,851	0.54
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	63,700,283	0.61				-7,336,432	-7,336,432	56,363,851	0.54
4. Shares held by foreign entities									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted tradable shares	10,423,463,408	99.39				4,356,820	4,356,820	10,427,820,228	99.46
1. RMB-denominated ordinary shares	7,324,843,103	69.85				4,356,820	4,356,820	7,329,199,923	69.91
2. Domestically-listed foreign shares									
3. Overseas listed foreign shares	3,098,620,305	29.55						3,098,620,305	29.56
4. Others									
III. Total shares	10,487,163,691	100				-2,979,612	-2,979,612	10,484,184,079	100.00

#### Explanation on changes in shares

During the reporting period, pursuant to the 2020 Incentive Scheme, the Company issued 4,347,780 additional A shares due to the exercise of share options, unlocked 9,040 restricted A shares, which represented an increase of 4,356,820 A shares which are not subject to any trading restrictions in total. At the same time, 7,327,392 restricted A shares were cancelled and repurchased, and 9,040 restricted A shares were unlocked, which represented a decrease of 7,336,432 restricted A shares in total. The changes in the above two types of shares resulted in a decrease of 2,979,612 A shares in the Company's total shares during the reporting period.

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### II. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

According to the 2020 Incentive Scheme of the Company, the Company repurchased and cancelled 7,327,392 restricted A shares on 13 March 2023 that failed to meet the unlocking conditions due to reasons such as the resignation and retirement of participants. The relevant share repurchase and cancellation have been officially registered on 13 March 2023.

Save for the circumstances above, during the reporting period, the Company has not redeemed any of its listed securities. During the reporting period, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company.

### III. SHARE INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2023, 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 <sup>(note 1)</sup>	Percentage in the class of issued share capital (%)	Percentage of total share capital (%)
GAIG <sup>(note 2)</sup>	A shares	Beneficial owner	5,206,932,069(L)	70.50	49.46
	H shares	Interest of a controlled corporation	301,228,000(L)	9.72	2.87
FMR LLC	H shares	Interest of a controlled corporation	279,159,666(L)	9.01	2.66
BlackRock, Inc.	H shares	Interest of a controlled corporation	214,598,503(L)	6.93	2.05

Note:

- (L) – Long Position, (S) – Short Position, (P) – Lending Pool
- As at 30 June 2023, the total number of A shares of the Company held by GAIG was 5,206,932,069 shares, representing approximately 70.50% of the A share capital of the Company. At the same time, it held 301,228,000 H shares of the Company through Southbound Trading of Shanghai-Hong Kong Stock Connect and its wholly owned subsidiary in Hong Kong, Guangzhou Auto Group (Hong Kong) Limited, representing approximately 9.72% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,508,160,069 shares, representing approximately 52.53% of the total share capital of the Company.

## Chapter 6

# PROFILES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

### **I. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY**

On 27 February 2023, upon election at the Company's employee representative meeting, Ms. Wang Yuan was appointed as a staff supervisor of the sixth session of the supervisory committee of the Company, for a tenure ending on the expiry of the term of office of the sixth session of the supervisory committee of the Company. Mr. Shi Lei ceased to be a staff supervisor of the sixth session of the supervisory committee of the Company due to re-designation of duties.

On 31 July 2023, Ms. Sui Li ceased to be the secretary of the Board and the company secretary of the Company due to work re-arrangement.

On 4 September 2023, Mr. Chen Maoshan ceased to be a non-executive director of the Company as he has reached the retirement age. Ms. Deng Lei has been elected as the staff representative director and has been appointed as a non-executive director of the Company.

### **II. INTERESTS OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES DURING THE REPORTING PERIOD**

As at 30 June 2023, the interests or short positions of the incumbent and resigned directors, supervisors and senior management of the Company in the shares, underlying shares and debentures of the Company or any of 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 or short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code under the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

# PROFILES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

## 1. Interest in shares of the Company

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 and Party Secretary	398,300 (A shares)	398,300 (A shares)	0	–
Feng Xingya	Director and General Manager	574,933 (A shares)	690,933 (A shares)	116,000	Exercise of the Share Option Incentive Scheme
Chen Xiaomu	Director and Deputy Party Secretary	97,367 (A shares)	97,367 (A shares)	0	–
		98,000 (H shares)	98,000 (H shares)	0	–
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	684,868 (A shares)	684,868 (A shares)	0	–
		111,274 (H shares)	111,274 (H shares)	0	–
Shi Lei	Staff supervisor (resigned on 27 February 2023)	120,395 (A shares)	120,395 (A shares)	0	–
Wang Yuan	Staff supervisor (inaugural on 27 February 2023)	37,740 (A shares)	37,740 (A shares)	0	–
Yan Zhuangli	Deputy General Manager	260,000 (A shares)	260,000 (A shares)	0	–
Wang Dan	Chief accountant and person in charge of accounting function	739,868 (A shares)	739,868 (A shares)	0	–
Gao Rui	Deputy General Manager	224,000 (A shares)	224,000 (A shares)	0	–
Yu Jun	Deputy General Manager	343,000 (A shares)	343,000 (A shares)	0	–
Zheng Heng	Deputy General Manager	350,979 (A shares)	350,979 (A shares)	0	–
Xia Xianqing	Deputy General Manager	245,000 (A shares)	183,800 (A shares)	-61,200	Reduction of shares obtained from exercise of Share Option Incentive Scheme
Sui Li	Secretary of the Board and company secretary (resigned on 31 July 2023)	368,353 (A shares)	368,353 (A shares)	0	–

## PROFILES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

Note:

1. The number of shares held at the end of the reporting period includes the granted restricted shares.
2. Since 27 February 2023, Mr. Shi Lei ceased to be a staff supervisor of the sixth session of the supervisory committee of the Company due to work re-arrangement. On the same date, Ms. Wang Yuan was appointed as a staff supervisor of the sixth session of the supervisory committee of the Company.
3. Since 31 July 2023, Ms. Sui Li ceased to be the secretary of the Board and the company secretary of the Company.
4. Since 4 September 2023, Mr. Chen Maoshan ceased to be a non-executive director of the Company.

Save for the aforesaid incumbent and resigned directors and supervisors, none of the directors, supervisors or senior management of the Company have relevant interests in the shares of the Company during the reporting period.

### **2. Discloseable interests under the Securities and Futures Ordinance**

As at 30 June 2023, the interests or short positions of the incumbent and resigned directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of 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 or short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code under the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:



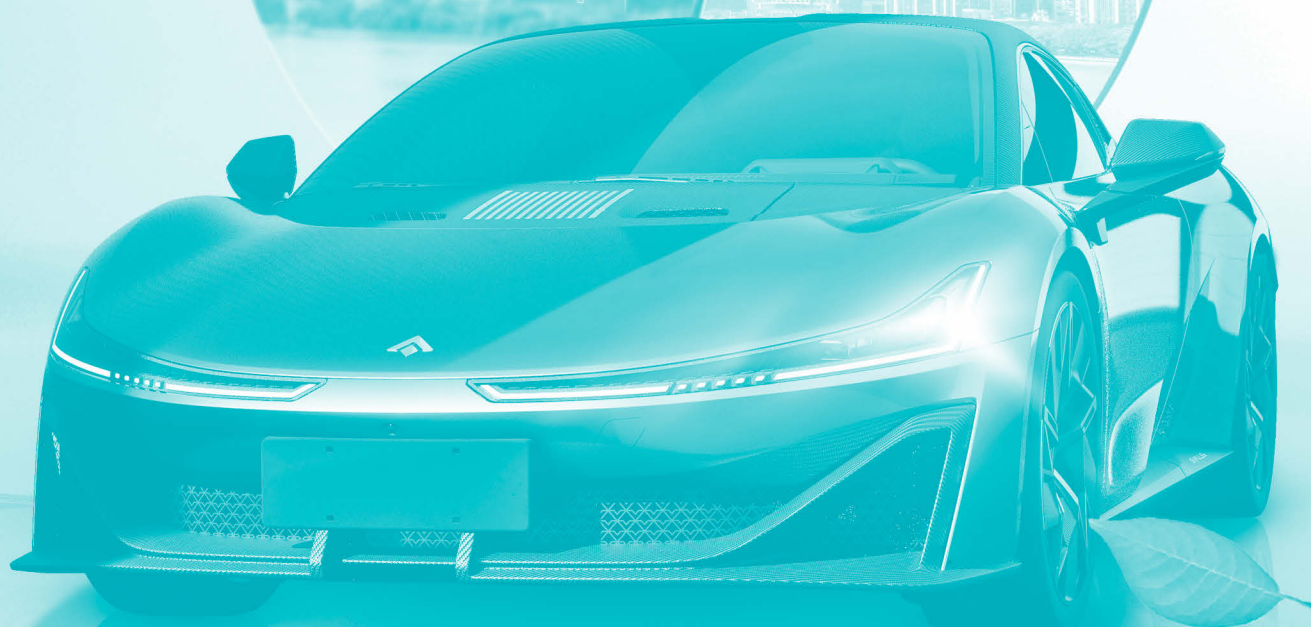
## PROFILES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

Name	Position	Class of shares	Capacity	Number of interests in underlying Shares of		Total	Percentage in the class of issued share capital	Percentage of total share capital
				Number of shares held	held under equity derivatives			
Zeng Qinghong	Chairman and Party Secretary	A shares	Beneficiary owner	398,300	0	398,300	0.0054%	0.0038%
Feng Xingya	Director and General Manager	A shares	Beneficiary owner	690,933	674,000	1,364,933	0.0185%	0.0130%
Chen Xiaomu	Director and Deputy Party Secretary	A shares	Beneficiary owner	97,367	0	97,367	0.0013%	0.0009%
		H shares	Beneficiary owner	98,000	0	98,000	0.0032%	0.0009%
Chen Maoshan	Staff Director and chairman of the labour union (retired on 4 September 2023)	A shares	Beneficiary owner	684,868	572,000	1,256,868	0.0170%	0.0120%
		H shares	Beneficiary owner	111,274	0	111,274	0.0036%	0.0011%
Shi Lei	Staff supervisor (resigned on 27 February 2023)	A shares	Beneficiary owner	120,395	0	120,395	0.0016%	0.0011%
Wang Yuan	Staff supervisor (inaugural on 27 February 2023)	A shares	Beneficiary owner	37,740	198,740	236,480	0.0032%	0.0023%
Yan Zhuangli	Deputy General Manager	A shares	Beneficiary owner	260,000	710,000	970,000	0.0131%	0.0093%
Wang Dan	Chief accountant and person in charge of accounting function	A shares	Beneficiary owner	739,868	606,000	1,345,868	0.0182%	0.0128%
Gao Rui	Deputy General Manager	A shares	Beneficiary owner	224,000	546,000	770,000	0.0104%	0.0073%
Jiang Xiuyun	Deputy General Manager	A shares	Beneficiary owner	0	450,000	450,000	0.0061%	0.0043%
Yu Jun	Deputy General Manager	A shares	Beneficiary owner	343,000	597,000	940,000	0.0127%	0.0090%
Zheng Heng	Deputy General Manager	A shares	Beneficiary owner	350,979	695,000	1,045,979	0.0142%	0.0100%
Xia Xiangqing	Deputy General Manager	A shares	Beneficiary owner	183,800	695,000	878,800	0.0119%	0.0084%
Sui Li	Secretary of the Board and company secretary (resigned on 31 July 2023)	A shares	Beneficiary owner	368,353	572,000	940,353	0.0127%	0.0090%

Note: For good practice of corporate governance, interests of senior management (other than the chief executive) in the Company are also disclosed in the above table.

Save as disclosed above, so far as the directors of the Company are aware, as at 30 June 2023, none of the directors, supervisors or senior management 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.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



## Chapter 7

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	20,881,994	20,760,618
Right-of-use assets	6	6,977,877	7,014,484
Investment properties	5	1,077,954	1,019,895
Intangible assets	5	15,229,227	14,471,175
Investments in joint ventures and associates	7	32,075,800	37,810,779
Deferred income tax assets	8	4,152,569	3,715,494
Financial assets at fair value through other comprehensive income	9	3,107,350	1,713,626
Financial assets at fair value through profit or loss	9	2,383,760	2,169,235
Prepayments and other long-term receivables		14,691,333	9,607,293
		<b>100,577,864</b>	98,282,599
<b>Current assets</b>			
Inventories		12,112,688	12,361,830
Trade and other receivables	10	34,057,625	31,596,519
Financial assets at fair value through other comprehensive income	9	7,418,168	4,089,676
Financial assets at fair value through profit or loss	9	3,399,955	4,219,724
Time deposits		6,418,377	3,325,724
Restricted cash		3,394,375	1,976,589
Cash and cash equivalents		34,599,171	34,222,113
		<b>101,400,359</b>	91,792,175
<b>Total assets</b>		<b>201,978,223</b>	190,074,774
<b>EQUITY</b>			
Share capital	11	10,484,184	10,487,164
Reserves		46,865,580	46,750,366
Retained earnings		57,130,222	56,051,176
Capital and reserves attributable to owners of the Company		114,479,986	113,288,706
Non-controlling interests		8,602,221	9,013,608
<b>Total equity</b>		<b>123,082,207</b>	122,302,314

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	12	1,287,122	1,010,027
Borrowings	13	9,248,200	5,697,283
Lease liabilities	6	1,500,616	1,297,402
Deferred income tax liabilities	8	142,680	132,400
Provisions		643,371	682,268
Government grants		2,106,202	2,182,978
Contract liabilities		81,655	81,724
		<b>15,009,846</b>	11,084,082
<b>Current liabilities</b>			
Trade and other payables	12	44,161,077	40,125,814
Contract liabilities		4,000,783	1,943,158
Current income tax liabilities		80,847	184,999
Borrowings	13	15,173,509	13,812,828
Lease liabilities	6	138,734	276,839
Provisions		331,220	344,740
		<b>63,886,170</b>	56,688,378
<b>Total liabilities</b>		<b>78,896,016</b>	67,772,460
<b>Net assets</b>		<b>123,082,207</b>	122,302,314
<b>Total equity and liabilities</b>		<b>201,978,223</b>	190,074,774

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited  
Six months ended 30 June

	Note	2023 RMB'000	2022 RMB'000
Revenue	4	61,911,005	48,688,649
Cost of sales		(59,936,261)	(46,553,112)
<b>Gross profit</b>		<b>1,974,744</b>	2,135,537
Selling and distribution costs		(2,569,137)	(2,370,828)
Administrative expenses		(2,514,906)	(2,372,835)
Net impairment losses on financial assets		(222,063)	(78,770)
Interest income		51,630	21,199
Other gains – net		243,711	339,286
<b>Operating loss</b>	14	<b>(3,036,021)</b>	(2,326,411)
Interest income		305,625	135,391
Finance costs	15	(200,535)	(158,623)
Share of profit of joint ventures and associates	7	5,300,499	8,417,441
<b>Profit before income tax</b>		<b>2,369,568</b>	6,067,798
Income tax credit	16	255,749	70,316
<b>Profit for the period</b>		<b>2,625,317</b>	6,138,114
<b>Profit attributable to:</b>			
Owners of the Company		2,966,171	6,073,685
Non-controlling interests		(340,854)	64,429
		<b>2,625,317</b>	6,138,114

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss			
– exchange differences on translation of foreign operations		6,543	1,554
– changes in the fair value of debt instruments at fair value through other comprehensive income		17,261	492
– impairment loss on debt instruments at fair value through other comprehensive income		5,854	101
Items that will not be reclassified subsequently to profit or loss			
– changes in the fair value of equity investments at fair value through other comprehensive loss		(14,975)	(87,945)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>14,683</b>	<b>(85,798)</b>
<b>Total comprehensive income for the period</b>		<b>2,640,000</b>	<b>6,052,316</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		2,979,125	5,987,887
Non-controlling interests		(339,125)	64,429
		<b>2,640,000</b>	<b>6,052,316</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b> (expressed in RMB per share)			
– basic	17	0.28	0.59
– diluted	17	0.28	0.58

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance as at 1 January 2023</b>	10,487,164	46,750,366	56,051,176	113,288,706	9,013,608	122,302,314
<b>Comprehensive income</b>						
Profit/(loss) for the period	-	-	2,966,171	2,966,171	(340,854)	2,625,317
Other comprehensive income, net of tax	-	12,954	-	12,954	1,729	14,683
<b>Total comprehensive income/(loss)</b>	-	12,954	2,966,171	2,979,125	(339,125)	2,640,000
<b>Transactions with owners in their capacity as owners</b>						
Dividend declared by the Company and subsidiaries	-	-	(1,887,125)	(1,887,125)	(73,725)	(1,960,850)
Employee share scheme						
- Proceeds from shares issued	4,348	37,146	-	41,494	-	41,494
Repurchase of restricted shares	(7,328)	7,328	-	-	-	-
Others	-	57,786	-	57,786	1,463	59,249
<b>Total transactions with owners in their capacity as owners</b>	(2,980)	102,260	(1,887,125)	(1,787,845)	(72,262)	(1,860,107)
<b>Balance as at 30 June 2023</b>	10,484,184	46,865,580	57,130,222	114,479,986	8,602,221	123,082,207

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company					
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance as at 1 January 2022</b>	10,370,593	29,345,460	50,597,258	90,313,311	2,335,474	92,648,785
<b>Comprehensive income</b>						
Profit for the period	–	–	6,073,685	6,073,685	64,429	6,138,114
Other comprehensive (loss)/income, net of tax	–	(86,018)	–	(86,018)	220	(85,798)
<b>Total comprehensive income</b>	–	(86,018)	6,073,685	5,987,667	64,649	6,052,316
<b>Transactions with owners in their capacity as owners</b>						
Dividend declared by the Company and subsidiaries	–	–	(1,778,872)	(1,778,872)	(23,338)	(1,802,210)
Employee share scheme						
– Value of employee services	–	242,935	–	242,935	–	242,935
Changes in ownership interests in subsidiaries without change of control	–	2,591,279	–	2,591,279	1,166,163	3,757,442
Convertible bonds						
– Conversion of convertible bonds	93,365	1,284,253	–	1,377,618	–	1,377,618
Others	–	76,109	(51,271)	24,838	(70)	24,768
<b>Total transactions with owners in their capacity as owners</b>	93,365	4,194,576	(1,830,143)	2,457,798	1,142,755	3,600,553
<b>Balance as at 30 June 2022</b>	10,463,958	33,454,018	54,840,800	98,758,776	3,542,878	102,301,654

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited  
Six months ended 30 June

	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>		
Cash used in operations	(248,930)	(5,525,712)
Interest received	526,838	173,701
Interest paid	(531,074)	(591,198)
Income tax paid	(275,198)	(242,134)
<b>Net cash used in operating activities</b>	<b>(528,364)</b>	<b>(6,185,343)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment, right-of-use assets and intangible assets	(4,716,389)	(3,196,982)
Proceeds from sales of property, plant and equipment and intangible assets	57,991	38,042
Acquisition of a subsidiary, net of cash acquired	–	(36,500)
Additional capital injection in joint ventures	(226,617)	(45,846)
Additional capital injection in associates	(600,000)	(76,600)
Set-up of joint ventures	(74,100)	(490,796)
Set-up of an associate	(2,000)	–
Reduction of capital in joint ventures and associates	42,224	53,644
Acquisition of investment on financial assets at fair value through profit or loss, other comprehensive income and amortised cost	(14,572,352)	(2,560,457)
Disposal of investment on financial assets at fair value through profit or loss, other comprehensive income and amortised cost	10,724,866	1,959,586
Proceeds from investment income from financial instruments	136,486	85,617
Granting of entrusted loans	(650,000)	(5,022)
Proceeds from repayment of entrusted loans	117,198	4,591
Receipt of government grants related to assets	111,058	166,863
Dividends received	11,505,149	8,584,336
(Increase)/decrease in time deposits	(5,088,683)	1,861,171
<b>Net cash (used in)/generated from investing activities</b>	<b>(3,235,169)</b>	<b>6,341,647</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares under employee share-based awards scheme	49,638	–
Contribution from non-controlling shareholders of subsidiaries	–	2,566,069
Dividend paid to shareholders of the Company	(1,887,125)	(1,778,872)
Dividend paid to non-controlling interests in subsidiaries	(54,688)	(29,082)
Proceeds from bank borrowings (excluding securitization debts)	20,383,702	5,562,228
Proceeds from securitization debts	2,757,000	3,018,000
Proceeds from deposits for financing activities	10,762	4,894
Repayments of bank borrowings (excluding securitization debts)	(11,786,154)	(5,614,601)
Repayments of securitization debts	(2,353,046)	(1,273,886)
Repayments of bonds	(3,000,000)	(1,071,717)
Proceed from repurchasing financial assets	74,245	77,637
Principal elements of lease payments	(50,101)	(44,109)
Proceeds from disposal of ownership interests in a subsidiary without change of control	–	867,166
Other payments of financing expenses	(858)	(308)
<b>Net cash generated from financing activities</b>	<b>4,143,375</b>	2,283,419
<b>Net increase in cash and cash equivalents</b>	<b>379,842</b>	2,439,723
Cash and cash equivalents at beginning of the period	34,222,113	17,234,963
Exchange (losses)/gains on cash and cash equivalents	(2,784)	26,176
<b>Cash and cash equivalents at end of the period</b>	<b>34,599,171</b>	19,700,862

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 sale of automobiles, engines and other automotive parts and rendering of financial services. The Company’s holding company is Guangzhou Automobile Industry Group Co., Ltd. (“GAIG”), a state-owned enterprise incorporated in 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 company with limited liability under the Company Law of the PRC. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange since 30 August 2010 and 29 March 2012, respectively.

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 25 August 2023.

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 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial statements. Accordingly, this information is to be read in conjunction with the annual report for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and any public announcement made by the Company during the interim reporting period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended HKFRSs effective for the financial period beginning on 1 January 2023.

#### (a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on 1 January 2023:

Amendments	Subject of Amendments
HKFRS 17	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The Group has changed its accounting policies following the adoption of Amendments to HKAS 12. From the effective date on 1 January 2023, the Group recognised deferred tax assets and deferred income tax liabilities for temporary differences arising on leases that gave rise to equal amounts of taxable and deductible temporary differences on initial recognition date.

Except for Amendments to HKAS 12, the adoption of above amendments does not have material impact on the results and financial position of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 Accounting policies (Continued)

#### (b) New standards, amendments to existing standards and interpretations not yet adopted by the Group

Certain new accounting standards, amendments to existing standards and interpretations have been published but are not effective for the financial year beginning 1 January 2023 and have not been early adopted by the Group. According to the assessment made by the director, none of these is expected to have a significant impact on the condensed consolidated interim financial information of the Group.

<b>Standards/Amendments/ Interpretations</b>	<b>Subject of standards/amendments/ interpretations</b>	<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

### 4 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, other financing services and investing business.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4 Segment information (Continued)

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 condensed consolidated statement of comprehensive income.

During the six months ended 30 June 2023, no revenue from transactions with a single external customer counted to 10% or more of the Group's total revenue.

The segment results for the six months ended 30 June 2023 and other segment items included in the interim condensed 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
<b>Six months ended 30 June 2023</b>					
Total gross segment revenue	60,327,675	1,915,156	(331,826)	-	61,911,005
Inter-segment revenue	(160,204)	(171,622)	331,826	-	-
<b>Revenue (from external customers)</b>	<b>60,167,471</b>	<b>1,743,534</b>	<b>-</b>	<b>-</b>	<b>61,911,005</b>
Timing of revenue recognition under HKFRS 15					
- At a point in time	56,484,578	-	-	-	56,484,578
- Over time	2,438,099	289,486	-	-	2,727,585
Revenue from other sources	1,244,794	1,454,048	-	-	2,698,842
<b>Segment results</b>	<b>(3,111,198)</b>	<b>151,816</b>	<b>(19,119)</b>	<b>-</b>	<b>(2,978,501)</b>
Unallocated income -					
Interest income of headquarters	-	-	-	12,310	12,310
Unallocated costs -					
Expenditure of headquarters	-	-	-	(69,830)	(69,830)
<b>Operating loss</b>					<b>(3,036,021)</b>
Interest income	216,628	16,127	-	72,870	305,625
Finance costs	(180,450)	(3,410)	-	(16,675)	(200,535)
Share of profit of joint ventures and associates	5,032,488	268,011	-	-	5,300,499
<b>Profit before income tax</b>					<b>2,369,568</b>
Income tax credit/(expenses)	289,204	(13,309)	-	(20,146)	255,749
<b>Profit for the period</b>					<b>2,625,317</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4 Segment information (Continued)

The segment results for the six months ended 30 June 2022 and other segment items included in the interim condensed 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
<b>Six months ended 30 June 2022</b>					
Total gross segment revenue	47,071,914	1,915,625	(298,890)	–	48,688,649
Inter-segment revenue	(135,525)	(163,365)	298,890	–	–
<b>Revenue (from external customers)</b>	<b>46,936,389</b>	<b>1,752,260</b>	<b>–</b>	<b>–</b>	<b>48,688,649</b>
Timing of revenue recognition under HKFRS 15					
– At a point in time	44,580,417	–	–	–	44,580,417
– Over time	1,487,761	400,919	–	–	1,888,680
Revenue from other sources	868,211	1,351,341	–	–	2,219,552
<b>Segment results</b>	<b>(1,865,546)</b>	<b>37,218</b>	<b>(43,562)</b>	<b>–</b>	<b>(1,871,890)</b>
Unallocated income –					
Interest income of headquarters	–	–	–	7,597	7,597
Unallocated costs –					
Expenditure of headquarters	–	–	–	(462,118)	(462,118)
<b>Operating loss</b>					<b>(2,326,411)</b>
Interest income	67,145	19,723	–	48,523	135,391
Finance costs	(120,155)	(3,507)	–	(34,961)	(158,623)
Share of profit of joint ventures and associates	8,084,408	333,033	–	–	8,417,441
<b>Profit before income tax</b>					<b>6,067,798</b>
Income tax credit/(expenses)	102,367	(27,371)	–	(4,680)	70,316
<b>Profit for the period</b>					<b>6,138,114</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4 Segment information (Continued)

The segment assets and liabilities as at 30 June 2023 and 31 December 2022 are as follows:

	Vehicles and related operations RMB'000	Others RMB'000	Eliminations RMB'000	Unallocated RMB'000	Consolidated RMB'000
<b>Total assets</b>					
<b>At 30 June 2023</b>	<b>151,532,795</b>	<b>43,974,899</b>	<b>(45,927,517)</b>	<b>52,398,046</b>	<b>201,978,223</b>
At 31 December 2022	143,769,818	56,077,528	(57,994,293)	48,221,721	190,074,774
<b>Total liabilities</b>					
<b>At 30 June 2023</b>	<b>86,259,287</b>	<b>32,129,462</b>	<b>(44,459,732)</b>	<b>4,966,999</b>	<b>78,896,016</b>
At 31 December 2022	69,235,885	44,963,173	(56,557,123)	10,130,525	67,772,460

### 5 Property, plant and equipment, investment properties and intangible assets

	Property, plant and equipment RMB'000	Investment properties RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2023</b>			
Opening net book amount as at 1 January 2023	20,760,618	1,019,895	14,471,175
Additions	2,076,160	-	2,662,814
Transfers	(81,730)	81,730	-
Disposals	(453,483)	-	-
Impairment	(28,862)	-	-
Depreciation and amortisation	(1,390,709)	(23,671)	(1,904,762)
Closing net book amount as at 30 June 2023	20,881,994	1,077,954	15,229,227



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 Property, plant and equipment, investment properties and intangible assets (Continued)

	Property, plant and equipment RMB'000	Investment properties RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2022</b>			
Opening net book amount as at 1 January 2022	19,475,570	1,871,624	13,581,219
Additions	1,496,364	–	2,263,636
Transfers	(50,690)	(69,049)	–
Disposals	(100,731)	–	(7,607)
Impairment	–	–	(32,982)
Depreciation and amortisation	(1,321,003)	(55,521)	(1,830,275)
Closing net book amount as at 30 June 2022	19,499,510	1,747,054	13,973,991

### 6 Leases

	<b>Unaudited 30 June 2023 RMB'000</b>	Audited 31 December 2022 RMB'000
<b>Right-of-use assets</b>		
Land-use rights (Note (i))	<b>5,473,355</b>	5,534,907
Properties	<b>1,494,390</b>	1,465,243
Vehicles	<b>5,281</b>	5,860
Others	<b>4,851</b>	8,474
	<b>6,977,877</b>	7,014,484
<b>Lease liabilities</b>		
Current	<b>138,734</b>	276,839
Non-current	<b>1,500,616</b>	1,297,402
	<b>1,639,350</b>	1,574,241

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 Leases (Continued)

(i) **Movements of the land-use rights for the period are as follows:**

	<b>Land-use rights RMB'000</b>
Net book value at 1 January 2023	<b>5,534,907</b>
Additions	<b>104</b>
Depreciation	<b>(61,656)</b>
<b>Net book value at 30 June 2023</b>	<b>5,473,355</b>
Net book value at 1 January 2022	5,424,687
Additions	163
Transfers	119,739
Depreciation	(69,550)
<b>Net book value at 30 June 2022</b>	<b>5,475,039</b>

### 7 Investments in joint ventures and associates

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

	<b>Unaudited 30 June 2023 RMB'000</b>	Audited 31 December 2022 RMB'000
Investments in joint ventures	<b>22,866,739</b>	28,095,173
Investments in associates	<b>9,209,061</b>	9,715,606
	<b>32,075,800</b>	37,810,779

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 Investments in joint ventures and associates (Continued)

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Share of profit of joint ventures (Note (i))	4,929,981	7,715,726
Share of profit of associates (Note (i))	370,518	701,715
	<b>5,300,499</b>	8,417,441

(i) Unrealised profits or losses resulting from upstream and downstream transactions are eliminated.

#### 7.1 Investments in joint ventures

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Beginning of the period	28,095,173	26,904,507
Additions (Note (i))	348,236	537,750
Capital reduction	(42,224)	(28,302)
Disposal	–	(123,074)
Share of profit	4,859,155	7,733,729
Dividends declared	(10,393,601)	(7,797,003)
End of the period	<b>22,866,739</b>	27,227,607

(i) In the six months ended 30 June 2023, the additions mainly represent the Group's capital contribution of RMB187,436,000 and RMB76,500,000 to Futian Nikkon Logistics (Guangzhou) Co., Ltd and Guangzhou Qinglan Semiconductor Co., Ltd. In addition, the Group contributed capital of RMB84,300,000 to several newly set-up joint ventures.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 2023, 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.*

<b>Name of joint ventures</b>	<b>Place of business/ country of incorporation</b>	<b>% of ownership interest</b>	<b>Nature of the relationship</b>	<b>Measurement method</b>
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 Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi")	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 and GAC Mitsubishi are companies manufacturing and selling automobiles and automotive parts, GAC SOFINCO is a company providing automotive financing services, and Wuyang-Honda is a company manufacturing and selling motorcycles and motorcycle parts. All of them are unlisted companies.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 Investments in joint ventures and associates (Continued)

#### 7.1 Investments in joint ventures (Continued)

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

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

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

	<b>Unaudited 30 June 2023 RMB'000</b>	Audited 31 December 2022 RMB'000
<b>Assets</b>		
Non-current assets	<b>102,688,181</b>	90,548,547
Current assets		
– Cash and cash equivalents	<b>54,481,536</b>	56,897,368
– Other current assets	<b>44,067,265</b>	47,789,045
	<b>98,548,801</b>	104,686,413
<b>Total assets</b>	<b>201,236,982</b>	195,234,960

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 Investments in joint ventures and associates (Continued)

#### 7.1 Investments in joint ventures (Continued)

##### (c) Summarised financial information for joint ventures (Continued)

##### Summarised balance sheet (Continued)

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Liabilities</b>		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	35,678,792	23,621,472
– Other non-current liabilities (including trade and other payables)	10,689,365	8,931,280
	<b>46,368,157</b>	32,552,752
Current liabilities		
– Financial liabilities (excluding trade and other payables)	24,244,103	28,251,359
– Other current liabilities (including trade and other payables)	86,127,981	85,147,625
	<b>110,372,084</b>	113,398,984
<b>Total liabilities</b>	<b>156,740,241</b>	145,951,736
<b>Net assets</b>	<b>44,496,741</b>	49,283,224
Less: Non-controlling interests	(9,154)	(9,570)
	<b>44,487,587</b>	49,273,654

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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	
	2023	2022
	RMB'000	RMB'000
Revenue	128,399,989	150,718,053
Cost of sales	(108,726,419)	(122,992,484)
Other expenditures	(10,100,553)	(12,985,468)
Profit after tax	9,573,017	14,740,101
Less: profit attributable to non-controlling interests	(373)	(405)
	9,572,644	14,739,696
Other comprehensive loss	(1,861)	–
Total comprehensive income	9,570,783	14,739,696

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		
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
GAC Honda	52,035,976	40,812,462	39,789,481	30,435,611	42,803,646	54,515,945	–	–
GAC Toyota	57,430,565	70,758,395	39,503,365	41,577,741	74,054,681	84,458,627	9,980,438	7,521,182
GAC Mitsubishi	4,324,924	5,961,413	5,739,797	5,953,804	891,587	1,821,516	–	–
GAC SOFINCO	68,929,929	56,816,996	61,264,815	49,467,749	2,142,538	2,098,659	–	–
Wuyang-Honda	2,809,478	3,307,185	1,313,522	1,600,799	2,716,127	2,788,646	213,054	156,758
Total	185,530,872	177,656,451	147,610,980	129,035,704	122,608,579	145,683,393	10,193,492	7,677,940

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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:

	<b>Unaudited 30 June 2023 RMB'000</b>	Audited 31 December 2022 RMB'000
Assets	<b>185,530,872</b>	177,656,451
Less: Liabilities	<b>(147,610,980)</b>	(129,035,704)
Non-controlling interests	<b>(9,154)</b>	(9,570)
Net assets excluding non-controlling interests	<b>37,910,738</b>	48,611,177
Percentage of ownership interest	<b>50%</b>	50%
Interests in material joint ventures	<b>18,955,369</b>	24,305,589
Goodwill	<b>2,916,552</b>	2,916,552
– GAC Mitsubishi	<b>2,895,293</b>	2,895,293
– Wuyang-Honda	<b>21,259</b>	21,259
Unrealised profits or losses resulting from downstream transactions	–	(97)
Accumulated unrecognised share of losses of a joint venture	<b>707,437</b>	–
Impairment provision of an investment in a joint venture (Note (i))	<b>(2,213,437)</b>	(1,506,000)
Carrying amount of investments in material joint ventures	<b>20,365,921</b>	25,716,044

(i) During the year ended 31 December 2022, the impairment charge of RMB1,506,000,000 was recognized for the investment in GAC Mitsubishi.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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	
	2023	2022
	RMB'000	RMB'000
Beginning of the period	9,715,606	10,022,480
Additions (Note (i))	602,000	31,262
Capital reduction	(1,142)	(25,342)
Disposal	–	(1,108)
Transfer from an associate to a joint venture	(47,519)	–
Share of profits	369,034	716,726
Dilution gain	–	323,196
Share of other reserves	45,648	1,576
Dividend declared	(1,474,566)	(1,171,877)
End of the period	9,209,061	9,896,913

(i) In the six months ended 30 June 2023, the additions mainly represent the Group's capital contribution of RMB600,000,000 to HYCAN Automotive Technology Co., Ltd. In addition, the Group contributed capital of RMB2,000,000 to a newly set-up associate.

(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	
	2023	2022
	RMB'000	RMB'000
<b>Associates</b>		
Profit	370,518	701,715
Total comprehensive income	370,518	701,715

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 8 Deferred income tax

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Beginning of the period	<b>3,583,094</b>	2,689,507
Tax recognised in profit or loss (Note 16)	<b>426,795</b>	287,769
End of the period	<b>4,009,889</b>	2,977,276

### 9 Financial risk management and financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

#### 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).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 30 June 2023.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	Note (a)	Note (b)	Note (c)	
<b>Assets</b>				
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	9,292,619	–	–	9,292,619
– Fund investments	–	1,650,282	–	1,650,282
– Financial products	–	–	1,386,725	1,386,725
– Stocks	869,093	–	–	869,093
– Other equity investment	–	–	1,746,045	1,746,045
– Others	–	521,562	842,907	1,364,469
	<b>10,161,712</b>	<b>2,171,844</b>	<b>3,975,677</b>	<b>16,309,233</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 2022.

	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 other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	4,777,975	–	–	4,777,975
– Fund investments	–	1,510,928	–	1,510,928
– Financial products	–	–	2,547,124	2,547,124
– Stocks	739,767	–	–	739,767
– Other equity investment	–	–	1,471,849	1,471,849
– Others	–	512,317	632,301	1,144,618
	5,517,742	2,023,245	4,651,274	12,192,261

## 9 Financial risk management and financial instruments (Continued)

### 9.1 Fair value hierarchy (Continued)

#### (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.

#### (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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 Financial risk management and financial instruments (Continued)

#### 9.1 Fair value hierarchy (Continued)

##### (c) Financial instruments in level 3

The following tables present the changes in level 3 instruments for the six months ended 30 June 2023 and 2022.

	Other equity investment RMB'000	Financial products RMB'000	Others RMB'000	Total RMB'000
Opening balance as at 1 January 2023	1,471,849	2,547,124	632,301	4,651,274
Purchase	344,095	31,733	2,332,724	2,708,552
Gains for the period recognised in profit or loss	43,859	11,707	-	55,566
Disposal	(113,758)	(1,203,839)	(2,122,118)	(3,439,715)
Closing balance as at 30 June 2023	1,746,045	1,386,725	842,907	3,975,677
Opening balance as at 1 January 2022	942,552	1,156,634	758,873	2,858,059
Transfer from level 1	161,966	-	-	161,966
Purchase	148,446	504,665	1,778,892	2,432,003
(Losses)/gains for the period recognised in profit or loss	(9,300)	12,586	1,148	4,434
Disposal	(19,446)	(124,211)	(2,417,401)	(2,561,058)
Closing balance as at 30 June 2022	1,224,218	1,549,674	121,512	2,895,404
Includes unrealised gains or losses recognised in profit or loss attributable to balances held at the end of the reporting period				
2023	43,859	12,008	-	55,867
2022	(10,261)	12,543	1,148	3,430

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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 2023 RMB'000	Valuation technique (s)	Unobservable input	Range (weighted average)
– Financial products	613,475	Discounted cash flow	Discount rate	3.30%
	773,250	Summation Method	Value of each asset/liability	N/A
– Other equity investment (Note (i))	1,746,045	Summation Method	Value of each asset/liability	N/A
– Unlisted notes receivable	842,907	Discounted cash flow	Discount rate	1.20%-3.19%
	Fair value at 30 June 2022 RMB'000	Valuation technique (s)	Unobservable input	Range (weighted average)
– Financial products	160,000	Discounted cash flow	Discount rate	2.05%
	1,389,674	Summation Method	Value of each asset/liability	N/A
– Other equity investment (Note (i))	1,224,218	Summation Method	Value of each asset/liability	N/A
– Trust products	50,957	Discounted cash flow	Discount rate	4.60%
– Unlisted notes receivable	70,555	Discounted cash flow	Discount rate	1.70%-3.19%

(i) Other equity investments in Level 3 represent the Group's investment in interests of non-listed company.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 365 days.

As at 30 June 2023 and 31 December 2022, the ageing analysis of these trade receivables is presented on the basis of the date of the relevant invoices as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2023</b> <b>RMB'000</b>	Audited 31 December 2022 RMB'000
<b>Trade receivables</b>		
Within 1 year	<b>6,495,637</b>	6,675,187
Between 1 and 2 years	<b>1,371,666</b>	1,400,268
Between 2 and 3 years	<b>246,489</b>	251,628
Between 3 and 4 years	<b>337,973</b>	345,020
Between 4 and 5 years	<b>56,964</b>	58,152
Over 5 years	<b>224,592</b>	229,275
	<b>8,733,321</b>	8,959,530
Less: Provision for impairment	<b>(579,356)</b>	(551,477)
Trade receivables – net	<b>8,153,965</b>	8,408,053



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11 Share capital

	RMB ordinary shares of		Foreign shares listed		Total	
	RMB1 each		out of mainland China of		RMB1 each	
	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000
As at 31 December 2022	7,388,544	7,388,544	3,098,620	3,098,620	10,487,164	10,487,164
Employee share-based awards scheme						
– Proceeds from share issued	4,348	4,348	–	–	4,348	4,348
Repurchase of restricted shares	(7,328)	(7,328)	–	–	(7,328)	(7,328)
As at 30 June 2023	<b>7,385,564</b>	<b>7,385,564</b>	<b>3,098,620</b>	<b>3,098,620</b>	<b>10,484,184</b>	<b>10,484,184</b>

#### (a) Equity-settled share-based payments – The Third A Share Options Scheme and Restricted Share Incentive Scheme

On 4 December 2020, according to the resolution of the extraordinary shareholders' meeting, total 102,101,330 A Share Options ("SO-III") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "SO-III Recipients"). The grant date is 4 December 2020 (the "Grant Date III").

On 4 December 2020, according to the resolution of the extraordinary shareholders' meeting, total 102,101,330 Restricted Shares ("RS") were granted to 2,872 individuals, including directors, senior management and selected key employees (the "RS Recipients"). The grant date is 4 December 2020 (the "Grant Date III").

#### (i) The Third A Share Options Scheme

Each share option represents the right granted to the SO-III Recipients to acquire one share of the Company at pre-determined exercise price of RMB9.98 and conditions in the validity period as set out in the Third A Share Options Scheme ("SO-III Scheme"). The weighted average fair value of SO-III, as estimated at the Grant Date III, was RMB4.98 per share option. This was calculated using the Black-Scholes share option pricing model.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11 Share capital (Continued)

#### (a) Equity-settled share-based payments – The Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

##### (i) *The Third A Share Options Scheme (Continued)*

40%, 30% and 30% of the SO-III granted to the SO-III Recipients will become exercisable once per year in three years starting two years from the Grant Date III, respectively, subject to the Group achieving the performance conditions as set out in the SO-III Scheme. The option have a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

##### (ii) *Restricted Share Incentive Scheme*

All restricted shares granted are subject to a lock-up period of 24 months commencing from the grant date, followed by an unlocking period of 1 to 3 years (three batches in proportion of 40%, 30% and 30% for each 12 months). During the lock-up period, the RS Recipients shall not possess the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment. After the lock-up period, RS Recipients will be entitled to the related shares provided that all of the required performance conditions are met and the RS Recipients are still in employment with the Group.

On 4 December 2020, the Company issued 102,101,330 restricted shares at a price of RMB4.99 and recorded an amount of RMB509,486,000 received from participants, which was included in other payables as equity incentive repurchase obligation of the Company. The weighted average fair value of restricted shares, as estimated at the Grant Date III, was RMB8.30 per share.

As at 30 June 2023, there are total 60,107,974 units of outstanding options in SO-III and 56,363,851 units of outstanding RS.

#### (b) Equity-settled share-based payments – The Forth A Share Options Scheme

On 20 January 2023, according to the resolution of the extraordinary shareholders' meeting, total 233,896,200 A Share Options ("SO-IV") were granted to 3,089 individuals, including directors, senior management and selected key employees (the "SO-IV Recipients"). The grant date is 20 January 2023 (the "Grant Date IV").

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11 Share capital (Continued)

#### (b) Equity-settled share-based payments – The Forth A Share Options Scheme (Continued)

Each share option represents the right granted to the SO-IV Recipients to acquire one share of the Company at pre-determined exercise price of RMB11.99 and conditions in the validity period as set out in the Forth A Share Options Scheme (“SO-IV Scheme”). The weighted average fair value of SO-IV, as estimated at the Grant Date IV, was RMB2.72 per share option. This was calculated using the Black-Scholes share option pricing model.

20%, 40% and 40% of the SO-IV granted to the SO-IV Recipients will become exercisable once per year in three years starting two years from the Grant Date IV, respectively, subject to the Group achieving the performance conditions as set out in the SO-IV Scheme. The option have a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

As at 30 June 2023, there are total 233,455,400 units of outstanding options in SO-IV.

(c) No expenses were recognised in profit or loss for SO-III, RS and SO-IV for the period of six months ended 30 June 2023 (six months ended 30 June 2022: RMB242,935,000).

### 12 Trade and other payables

As at 30 June 2023 and 31 December 2022, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Trade payables</b>		
Within 1 year	<b>16,698,902</b>	15,774,374
Between 1 and 2 years	<b>1,532,310</b>	953,960
Between 2 and 3 years	<b>267,435</b>	62,544
Over 3 years	<b>97,853</b>	102,635
	<b>18,596,500</b>	16,893,513

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 Borrowings

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Non-current</b>		
Borrowings from bank and other financial institutions	<b>8,807,691</b>	4,853,552
Securitization debts (Note (b))	<b>123,821</b>	498,767
Borrowings related to automotive lease-back (Note (c))	<b>146,928</b>	315,619
Recourse financing (Note (d))	<b>169,760</b>	29,345
<b>Total non-current borrowings</b>	<b>9,248,200</b>	5,697,283
<b>Current</b>		
Borrowings from bank and other financial institutions	<b>14,049,487</b>	9,237,105
Corporate bonds – guaranteed (Note (a))	–	2,999,133
Securitization debts (Note (b))	<b>676,588</b>	899,773
Borrowings related to automotive lease-back (Note (c))	<b>60,490</b>	214,629
Recourse financing (Note (d))	<b>358,201</b>	206,943
Entrusted loans from related parties – unsecured	–	100,000
Interest payables	<b>28,743</b>	155,245
<b>Total current borrowings</b>	<b>15,173,509</b>	13,812,828
<b>Total borrowings</b>	<b>24,421,709</b>	19,510,111

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 Borrowings (Continued)

- (a) In March 2013, the Company issued ten-year period corporate bonds with par value of RMB3,000,000,000 at the weighted average effective interest rate of 5.23% per annum. 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 (Note 20(c)(ii)). These corporate bonds have been fully redeemed at par in March 2023.
- (b) The Group has securitized certain finance lease receivables and issued RMB1,000,000,000 asset-backed securities (“ABS-2021”) in 2021. During the year ended 31 December 2021, the Group issued ABS-2021 of RMB1,000,000,000, out of which RMB950,000,000 represented senior tranche and RMB50,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABS-2021 bore interest from 26 November 2021 at 2.8%-6.5% per annum. The Group has already repaid ABS-2021 of RMB718,332,000 by the end of 30 June 2023.

The Group has securitized certain finance lease receivables and issued RMB1,253,621,000 asset-backed notes (“ABN-2021”) in 2021. During the year ended 31 December 2021, the Group issued ABN-2021 of RMB1,253,621,000, out of which RMB1,137,714,000 represented senior tranche and RMB115,907,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2021 bore interest from 16 July 2021 at 3.6%-4.98% per annum. The Group has already repaid ABN-2021 of RMB1,036,871,000 by the end of 30 June 2023.

The Group has securitized certain finance lease receivables and issued RMB1,501,000,000 asset-backed notes (“ABN-2022-1”) in 2022. During the year ended 31 December 2022, the Group issued ABN-2022-1 of RMB1,501,000,000, out of which RMB1,414,000,000 represented senior tranche and RMB87,000,000 represented subordinate tranche, which was fully acquired by the Group. The ABN-2022-1 bore interest from 16 January 2022 at 3.55%-6.30% per annum. The Group has already repaid ABN-2022-1 of approximately RMB972,439,000 by the end of 30 June 2023.

As the Group retains substantially all the risks and rewards of ownership of the above financial lease receivables related to the ABS-2021, ABN-2021, ABN-2022-1, the Group continues to recognise the finance lease receivables. The securities are repaid as collections on the underlying collateralized assets occur and the amounts are included in borrowings.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 Borrowings (Continued)

- (c) As at 30 June 2023, a subsidiary of the Group has entered into several automotive lease-back agreements with several financial institutions. Those lease-back borrowings are with recourse to finance lease receivables.
- (d) As at 30 June 2023, a subsidiary of the Group has entered into several factoring agreements. Those factoring borrowings were recoured to the finance lease receivables.

### 14 Operating loss

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Depreciation and amortisation	<b>3,631,604</b>	3,420,621
Impairment charges of property, plant and equipment	<b>28,862</b>	–
Impairment charges of intangible assets	–	32,982
Impairment charges of inventories	<b>64,266</b>	16,012
Net impairment losses on financial assets	<b>222,063</b>	78,770
Staff costs	<b>6,156,325</b>	5,555,600
Gains on disposal of property, plant and equipment and intangible assets	<b>(36,480)</b>	(6,932)
Government grants	<b>(246,758)</b>	(262,099)
Donation	<b>950</b>	1,070
Dilution Gain	–	(323,196)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 15 Finance costs

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest expense	142,652	122,067
Others	57,883	36,556
	200,535	158,623

### 16 Income tax credit

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 condensed consolidated statement of comprehensive income:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax	171,046	217,453
Deferred income tax	(426,795)	(287,769)
	(255,749)	(70,316)

- (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 2023 are 15% or 25% (2022: 15% or 25%).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 less restricted shares during the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Profit attributable to owners of the Company	<b>2,966,171</b>	6,073,685
Weighted average number of ordinary shares in issue less restricted shares (thousands)	<b>10,426,565</b>	10,354,076
Basic earnings per share (RMB per share)	<b>0.28</b>	0.59

#### (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 different categories of dilutive potential ordinary shares: convertible bonds, share options and restricted shares. 1) The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense. The convertible bonds were converted into shares of the Company by certain convertible bond holders and fully redeemed by the Company as at 24 January 2022. 2) For the share options and restricted shares, calculations are 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 2023) based on the monetary value of the subscription rights attached to outstanding share options, and at subscription price of restricted shares, respectively. The numbers of shares calculated as above are compared with the numbers of shares that would have been issued assuming the exercise of the share options, and the numbers of restricted shares that would have been unlocked assuming all related conditions fulfilled, respectively.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 17 Earnings per share (Continued)

#### (b) Diluted (Continued)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit attributable to owners of the Company	2,966,171	6,073,685
Add: Interest expense on convertible bonds	–	5,131
Profit used to determine diluted earnings per share	2,966,171	6,078,816
Weighted average number of ordinary shares in issue less restricted shares (thousands)	10,426,565	10,354,076
Add: weighted average number of ordinary shares assuming conversion of all share options and restricted shares (thousands)	13,096	28,457
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds (thousands)	–	17,511
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	10,439,661	10,400,044
Diluted earnings per share (RMB per share)	0.28	0.58

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 18 Dividend

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Interim dividend declared: RMB0.05 per ordinary share (2022: RMB0.06 per ordinary share)	<b>524,253</b>	627,837

Dividend paid in six months ended 30 June 2023 was approximately RMB1,887,125,000 (six months ended 30 June 2022: RMB1,778,872,000).

In addition, an interim dividend of RMB0.05 per ordinary share (2022: RMB0.06 per ordinary share) was declared by the board of directors on 25 August 2023. This interim dividend, amounting to approximately RMB524,253,000 (2022: RMB627,837,000), has not been recognised as a liability in this interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19 Capital commitments

Capital commitments at the balance sheet date but not yet incurred are as follows:

	<b>Unaudited 30 June 2023 RMB'000</b>	Audited 31 December 2022 RMB'000
Property, plant and equipment		
– Authorised but not contracted for	<b>902,790</b>	495,617
– Contracted but not provided for	<b>3,313,199</b>	1,344,961
	<b>4,215,989</b>	1,840,578
Intangible assets		
– Authorised but not contracted for	<b>2,605,896</b>	1,978,555
– Contracted but not provided for	–	24,558
	<b>2,605,896</b>	2,003,113
	<b>6,821,885</b>	3,843,691

### 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 condensed 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Related-party transactions (Continued)

#### (a) Significant related party transactions

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Sales of goods</b>		
<b>Sales of automotive parts and steels</b>		
– Joint ventures	655,384	887,722
– Associates	44,623	267,212
– Subsidiaries of GAIG	284	209
	<b>700,291</b>	1,155,143
<b>Sales of passenger vehicles</b>		
– Joint ventures	237,966	81,831
– Associates	2,457,476	828,947
	<b>2,695,442</b>	910,778
	<b>3,395,733</b>	2,065,921
<b>Rendering of labour and insurance services</b>		
– Joint ventures	667,451	639,184
– Associates	324,214	555,649
– Subsidiaries of GAIG	576	667
	<b>992,241</b>	1,195,500

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Related-party transactions (Continued)

#### (a) Significant related party transactions (Continued)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Purchases of goods</b>		
<b>Purchases of automotive parts and materials</b>		
– Joint ventures	1,090,471	769,268
– Associates	5,158,872	4,502,968
	<b>6,249,343</b>	5,272,236
<b>Purchases of passenger vehicles</b>		
– Joint ventures	5,531,893	4,848,739
– Associates	1,162	2,128
	<b>5,533,055</b>	4,850,867
	<b>11,782,398</b>	10,123,103
<b>Purchases of labour services and settlement of insurance claims</b>		
– Joint ventures	23,126	8,794
– Associates	21,179	21,144
– Subsidiaries of GAIG	18,014	19,593
	<b>62,319</b>	49,531

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Related-party transactions (Continued)

#### (a) Significant related party transactions (Continued)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Rental from related parties</b>		
– Joint ventures	<b>51,366</b>	15,143
– Associates	<b>9,560</b>	426
– Subsidiaries of GAIG	<b>7,574</b>	7,463
	<b>68,500</b>	23,032
<b>Interest charges for lease liabilities to related parties</b>		
– Joint ventures	–	397
– Associates	<b>2</b>	–
– GAIG	<b>557</b>	141
– Subsidiaries of GAIG	<b>32</b>	55
	<b>591</b>	593
<b>Rental of right-of-use assets to related parties</b>		
– Joint ventures	–	27,977
– GAIG	<b>40,103</b>	32,995
– Subsidiaries of GAIG	<b>2,647</b>	2,779
	<b>42,750</b>	63,751
<b>Provision of entrusted loans to related parties</b>		
– Joint ventures	<b>650,000</b>	160,000
– Associates	–	9,800
	<b>650,000</b>	169,800

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Related-party transactions (Continued)

#### (a) Significant related party transactions (Continued)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Repayment of entrusted loans from related parties</b>		
– A joint venture	96,890	160,000
– An associate	4,900	4,900
	<b>101,790</b>	164,900
<b>Entrusted loans from a related party</b>		
– A joint venture	–	100,000
<b>Repayment of entrusted loans to a related party</b>		
– A joint venture	100,000	100,000
<b>Borrowings from a related party</b>		
– A joint venture	1,639,033	1,245,140
<b>Repayment of borrowings to a related party</b>		
– A joint venture	1,700,769	1,187,745
<b>Loans to related parties</b>		
– Joint ventures	3,681,777	4,127,738
– Associates	686,406	5,244
	<b>4,368,183</b>	4,132,982
<b>Repayment of loans from related parties</b>		
– Joint ventures	2,096,593	2,312,944
– Associates	71,680	23,580
	<b>2,168,273</b>	2,336,524

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Related-party transactions (Continued)

#### (b) Key management compensation

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Salaries and other short-term employee benefits	<b>8,883</b>	8,754

#### (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.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Related-party transactions (Continued)

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

##### (i) *Balances with state-owned financial institutions*

As at 30 June 2023 and 31 December 2022, 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 2023, except for the guarantee given by GAIG for corporate bonds redeemed in March 2023 (Note 13(a)) will be expired in March 2025, no guarantees given by state-owned enterprises and GAIG.

#### (d) Guarantees to associates

As at 30 June 2023, the Group provided financial guarantees of approximately RMB151,500,000 (2022: RMB16,600,000) to associates.

It is expected that the financial guarantees provided by the Group will not lead to any significant liabilities.

### 21 Events occurring after the balance sheet date

On 25 August 2023, the Company held the forty-sixth meeting of sixth session of the Board, at which the proposal for interim profit distribution for 2023 was considered and passed. The Company proposed to pay the 2023 interim dividends of RMB0.05 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 10,485,064,000 shares as at 31 July 2023, by which the total amount of final dividend will be RMB524,253,000 (such distribution would be made to A shareholders in RMB, and be made to H shareholders in Hong Kong Dollar). Such proposal for profit distribution does not involve the conversion of capital reserve to share capital.

## Chapter 8

# DEFINITIONS

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

“2020 Incentive Scheme”	2020 A Share Option and Restricted Share Incentive Scheme of the Company
“associate(s)”, “associated company(ies)” or “associated enterprise(s)”	all entities over which the Company 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” or “GAC”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
“CSRC”	China Securities Regulatory Commission
“COSPOWERS”	Dongying Cospower Technology Co., Ltd. (東營昆宇電源科技有限公司), incorporated in August 2019 under PRC law
“Da Sheng Technology”	Da Sheng Technology Co., Ltd.(大聖科技股份有限公司), a subsidiary of the Company established in June 2016 under PRC law, in which the Company and Urtrust Insurance hold 85% and 15% equity interests, respectively
“Fourth Share Option Incentive Scheme”	2022 Fourth Share Option Incentive Scheme of the Company
“GAC AION”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司) (formerly known as Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司)), a controlling subsidiary of the Company incorporated in July 2017 under PRC law
“GAC Business”	GAC Business Co., Ltd. (廣汽商貿有限公司) (formerly known as Guangzhou Automobile Group Business Co., Ltd. (廣州汽車集團商貿有限公司)), a wholly-owned subsidiary of the Company incorporated in March 2000 under PRC law
“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



## DEFINITIONS

“GAC Component”	GAC Component Co., Ltd. (廣汽零部件有限公司) (formerly known as Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司)), a wholly-owned subsidiary incorporated in August 2000 under PRC law by the Company and its subsidiaries
“GAC Energy”	GAC Energy Technology Co., Ltd. (廣汽能源科技有限公司), a subsidiary incorporated in July 2022 under PRC law by the Company, in which a wholly-owned subsidiary of the Company, Youpai Energy and a controlling subsidiary of the Company, GAC AION hold 55% and 45% equity interests, respectively
“GAC Finance Company”	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), a wholly-owned subsidiary incorporated in January 2017 under PRC law by the Company
“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 jointly controlled entity incorporated in May 1998 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“GAC International”	GAC International Automobile Sales & Service Co., Ltd.(廣汽國際汽車銷售服務有限公司), a wholly-owned subsidiary incorporated in May 2022 under PRC law
“GAC Toyota Engine”	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated in February 2004 under PRC law by the Company and Toyota Motor Company, and the Company holds 30% of its equity interests
“GAC Toyota”	GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co., Ltd. (廣州豐田汽車有限公司)), a jointly controlled entity incorporated in September 2004 under PRC law by the Company, Toyota Motor Company and Toyota Motor (China) Investment Co., Ltd.
“GAC-SOFINCO”	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a jointly controlled entity incorporated in May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)

## DEFINITIONS

“GAEI”	Guangzhou Automobile Group Company Automotive Engineering Institute, a branch company of the Company established in June 2006 for the purpose of conducting research and development of the products and technology in which the Company has proprietary rights
“GAMC”	GAC Motor Co., Ltd. (廣 汽 乘 用 車 有 限 公 司) (formerly known as Guangzhou Automobile Group Motor Co., Ltd. (廣州汽車集團乘用車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2008 under PRC law
“Group” or “GAC Group”	the Company and its subsidiaries
“IMPOW Battery”	IMPOW Battery Technology Co., Ltd. (因 湃 電 池 科 技 有 限 公 司), a subsidiary incorporated in October 2022 under PRC law, in which a wholly-owned subsidiary of the Company, Youpai Energy and a controlling subsidiary of the Company, GAC AION hold 49% and 51% equity interests, respectively
“joint venture(s)” or “jointly controlled entity(ies)”	joint venture companies under direct or indirect joint control, and no participating party has unilateral control power over the economic activities of such jointly controlled entity as a result of such direct or indirect joint control
“Lisheng Technology”	Lisheng Automotive Technology (Guangzhou) Co., Ltd. (立 昇 汽 車 科 技(廣 州)有 限 公 司), incorporated in June 2023 under PRC law by the Company, GAC Component and Luxshare Precision Industry Company Limited, and in which the Company and its wholly-owned subsidiary, GAC Component collectively hold 45% equity interests
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“MPV”	multi-purpose passenger vehicle
“ON TIME”	a mobile mobility platform established in April 2019 and launched by the Company through Chenqi Technology Limited (including its subsidiaries) established by China Lounge Investments and Tencent, and its controlling company, and is indirectly held 19.89% by the Group
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC



## DEFINITIONS

“Ruipai Power”	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司), incorporated in October 2022 under PRC law by the Group, GAC AION and GAMC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Hino”	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated company incorporated in Japan in October 2003 under PRC law by the Company and Hino Motors, Ltd., in which the Group holds 30% equity interests
“SSE”	The Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to “subsidiary” under the Listing Rules
“SUV”	sports utility vehicle
“TREN”	TREN Technologies Co., Ltd. (廣東巨風半導體有限公司), incorporated in August 2019 under PRC law
“UNIVISTA”	Shanghai Hejian Industrial Software Group Co., Ltd. (上海合見工業軟件集團有限公司), incorporated in March 2021 under PRC law
“Urtrust Insurance”	Urtrust Insurance Co., Ltd. (眾誠汽車保險股份有限公司), a subsidiary incorporated in June 2011 under PRC law by the Company, and in which the Company directly and indirectly holds a total of 53.55% equity interests
“Wuyang-Honda”	Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊-本田摩托(廣州)有限公司), a jointly controlled entity incorporated in July 1992 under PRC law by the Company, Honda Motor Co., Ltd. and Honda Motor (China) Investment Co., Ltd.
“Youpai Energy”	Youpai Energy Technology (Guangzhou) Co., Ltd. (formerly known as Guangzhou GAC Business Renewable Resources Co., Ltd. (廣州廣汽商貿再生資源有限公司)), a wholly-owned subsidiary of the Company incorporated in September 2010 under PRC law
“ZZ · Tech”	Zhejiang Zhongze Precision Technology Co., Ltd. (浙江中澤精密科技有限公司), incorporated in February 2016 under PRC law