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**GUANGZHOU AUTOMOBILE GROUP CO., LTD.**

**廣州汽車集團股份有限公司**

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

**(Stock Code: 2238)**

## **2022 ANNUAL RESULTS ANNOUNCEMENT**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2022 together with the comparative figures of the corresponding period ended 31 December 2021. The result has been reviewed by the audit committee of the Company and the Board.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	3	<b>110,006,437</b>	75,675,765
Cost of sales		<b>(105,549,528)</b>	(71,776,845)
<b>Gross profit</b>		<b>4,456,909</b>	3,898,920
Selling and distribution costs		<b>(4,228,464)</b>	(4,339,756)
Administrative expenses		<b>(5,486,890)</b>	(4,556,045)
Net impairment losses on financial assets		<b>(634,641)</b>	(143,468)
Interest income		<b>160,656</b>	257,438
Other (losses)/gains – net	4	<b>(935,421)</b>	1,257,349
<b>Operating loss</b>		<b>(6,667,851)</b>	(3,625,562)
Interest income		<b>330,520</b>	58,558
Finance costs	5	<b>(351,026)</b>	(425,316)
Share of net profit of joint ventures and associates accounted for using the equity method	6	<b>14,065,159</b>	11,403,900
<b>Profit before income tax</b>		<b>7,376,802</b>	7,411,580
Income tax credit	7	<b>535,540</b>	154,117
<b>Profit for the year</b>		<b>7,912,342</b>	7,565,697
<b>Profit is attributable to:</b>			
Owners of the Company		<b>7,982,930</b>	7,511,030
Non-controlling interests		<b>(70,588)</b>	54,667
		<b>7,912,342</b>	7,565,697

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to profit or loss			
– exchange differences on translation of foreign operations		6,839	(3,296)
– changes in the fair value of debt instruments at fair value through other comprehensive (loss)/income		(6,531)	3,129
– impairment loss on debt instruments at fair value through other comprehensive income		1,537	718
– share of other comprehensive (loss)/income of joint ventures and associates accounted for using the equity method		(30)	112
– income tax relating to these items		1,024	–
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		(140,356)	(364,899)
– share of other comprehensive income/(loss) of joint ventures and associates accounted for using the equity method		58,554	(64,742)
– remeasurement of post-employment benefit obligations		860	(4,240)
– income tax relating to these items		35,875	130,543
<b>Other comprehensive loss for the year, net of tax</b>		<b>(42,228)</b>	<b>(302,675)</b>
<b>Total comprehensive income for the year</b>		<b>7,870,114</b>	<b>7,263,022</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		7,942,655	7,206,568
Non-controlling interests		(72,541)	56,454
		<b>7,870,114</b>	<b>7,263,022</b>
<b>Earnings per share for profit attributable to ordinary equity holders of the Company</b> (expressed in RMB per share)			
– basic earnings per share	8	<b>0.77</b>	<b>0.73</b>
– diluted earnings per share	8	<b>0.77</b>	<b>0.73</b>

## CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		20,760,618	19,475,570
Right-of-use assets		7,014,484	6,817,666
Investment properties		1,019,895	1,871,624
Intangible assets		14,471,175	13,581,219
Investments in joint ventures and associates	6	37,810,779	36,926,987
Deferred income tax assets		3,715,494	2,833,925
Financial assets at fair value through other comprehensive income (“FVOCI”)		1,713,626	1,597,702
Financial assets at fair value through profit or loss (“FVPL”)		2,169,235	1,945,627
Prepayments and other long-term receivables		9,607,293	8,008,623
		<u>98,282,599</u>	<u>93,058,943</u>
<b>Current assets</b>			
Inventories		12,361,830	8,110,960
Trade and other receivables	10	31,596,519	25,110,073
Financial assets at fair value through other comprehensive income		4,089,676	709,064
Financial assets at fair value through profit or loss		4,219,724	3,225,636
Time deposits		3,325,724	5,176,560
Restricted cash		1,976,589	1,624,390
Cash and cash equivalents		34,222,113	17,234,963
		<u>91,792,175</u>	<u>61,191,646</u>
<b>Total assets</b>		<u><u>190,074,774</u></u>	<u><u>154,250,589</u></u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
Share capital		<b>10,487,164</b>	10,370,593
Reserves		<b>46,750,366</b>	29,345,460
Retained earnings		<b><u>56,051,176</u></b>	<u>50,597,258</u>
Capital and reserves attributable to owners of the Company		<b>113,288,706</b>	90,313,311
Non-controlling interests		<b><u>9,013,608</u></b>	<u>2,335,474</u>
<b>Total equity</b>		<b><u><u>122,302,314</u></u></b>	<u><u>92,648,785</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	<i>11</i>	<b>1,010,027</b>	773,048
Contract liabilities		<b>81,724</b>	–
Borrowings		<b>5,697,283</b>	7,526,724
Lease liabilities		<b>1,297,402</b>	1,270,196
Deferred income tax liabilities		<b>132,400</b>	144,418
Provisions		<b>682,268</b>	559,341
Government grants		<b><u>2,182,978</u></b>	<u>2,195,521</u>
		<b><u>11,084,082</u></b>	<u>12,469,248</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>40,125,814</b>	35,863,483
Contract liabilities		<b>1,943,158</b>	2,626,902
Current income tax liabilities		<b>184,999</b>	202,040
Borrowings		<b>13,812,828</b>	9,888,738
Lease liabilities		<b>276,839</b>	193,531
Provisions		<b><u>344,740</u></b>	<u>357,862</u>
		<b><u>56,688,378</u></b>	<u>49,132,556</u>
<b>Total liabilities</b>		<b><u>67,772,460</u></b>	<u>61,601,804</u>
<b>Total Equity and Liabilities</b>		<b><u><u>190,074,774</u></u></b>	<u><u>154,250,589</u></u>

## 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 Hong Kong Stock Exchange (the “**HKSE**”) and Shanghai Stock Exchange (“**SSE**”) since 30 August 2010 and 29 March 2012, respectively.

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

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

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

The Group has applied the following standards and amendments to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2022:

<b>Standards/Amendments</b>	<b>Subject of Standards/Amendments</b>
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations
Annual Improvements to HKFRS standards 2018-2020	Amendments to HKFRS1, HKFRS9, HKFRS16 and HKAS41

The standards and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) New standards, amendments to existing standards and interpretations not yet adopted**

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

<b>Standards/Amendments/ Interpretations</b>	<b>Subject of standards/amendments/ interpretations</b>	<b>Effective for accounting periods beginning on or after</b>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non- current (amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants (amendments)	1 January 2024
HKAS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	Applied when an entity applies “HKAS 1 (Amendments)”
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

### 3. 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 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.

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

During the year ended 31 December 2022, 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 year ended 31 December 2022 and other segment items included in the consolidated statement of comprehensive income are as follows:

	<b>Vehicles and related operations</b>	<b>Others</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total gross segment revenue	106,771,696	3,937,660	(702,919)	–	110,006,437
Inter-segment revenue	<u>(336,229)</u>	<u>(366,690)</u>	<u>702,919</u>	<u>–</u>	<u>–</u>
<b>Revenue (from external customers)</b>	<b><u>106,435,467</u></b>	<b><u>3,570,970</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>110,006,437</u></b>
<b>Segment results</b>	<b>(5,895,702)</b>	<b>320,085</b>	<b>(76,523)</b>	<b>–</b>	<b>(5,652,140)</b>
Unallocated income – Interest income of headquarters	–	–	–	35,026	35,026
Unallocated costs – Expenditure of headquarters	–	–	–	(1,050,737)	<u>(1,050,737)</u>
<b>Operating loss</b>					<b>(6,667,851)</b>
Finance costs	(272,553)	(7,554)	–	(70,919)	(351,026)
Interest income	170,236	12,771	–	147,513	330,520
Share of net profit of joint ventures and associates accounted for using the equity method	13,397,583	667,576	–	–	<u>14,065,159</u>
<b>Profit before income tax</b>					<b>7,376,802</b>
Income tax credit/(expense)	588,442	(45,179)	–	(7,723)	<u>535,540</u>
<b>Profit for the year</b>					<b><u>7,912,342</u></b>
<b>Other segment information</b>					
Depreciation and amortisation	6,548,644	52,148	–	88,971	6,689,763
Net impairment losses on financial assets	572,080	62,561	–	–	634,641
Impairment charges of investment in a joint venture	1,506,000	–	–	–	1,506,000
Impairment charges of inventories	254,468	–	–	–	254,468
Impairment charges of property, plant and equipment	141,613	–	–	–	141,613
Impairment charges of intangible assets	<u>1,090,605</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,090,605</u>

The segment assets and liabilities as at 31 December 2022 and additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) for the year then ended are as follows:

	<b>Vehicles and related operations</b>	<b>Others</b>	<b>Eliminations</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Total assets</b>	<b>143,769,818</b>	<b>56,077,528</b>	<b>(57,994,293)</b>	<b>48,221,721</b>	<b>190,074,774</b>
Total assets include:					
Investments in joint ventures and associates	<u><b>33,197,871</b></u>	<u><b>4,612,908</b></u>	<u><b>–</b></u>	<u><b>–</b></u>	<u><b>37,810,779</b></u>
<b>Total liabilities</b>	<u><b>69,235,885</b></u>	<u><b>44,963,173</b></u>	<u><b>(56,557,123)</b></u>	<u><b>10,130,525</b></u>	<u><b>67,772,460</b></u>
<b>Additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables)</b>	<u><b>10,269,205</b></u>	<u><b>90,049</b></u>	<u><b>–</b></u>	<u><b>–</b></u>	<u><b>10,359,254</b></u>

The segment results for the year ended 31 December 2021 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Total gross segment revenue	73,698,922	2,452,102	(475,259)	–	75,675,765
Inter-segment revenue	<u>(220,700)</u>	<u>(254,559)</u>	<u>475,259</u>	<u>–</u>	<u>–</u>
<b>Revenue</b>					
<b>(from external customers)</b>	<u>73,478,222</u>	<u>2,197,543</u>	<u>–</u>	<u>–</u>	<u>75,675,765</u>
<b>Segment results</b>	(3,476,467)	409,824	12,324	–	(3,054,319)
Unallocated income – Interest income of headquarters	–	–	–	116,205	116,205
Unallocated costs – Expenditure of headquarters	–	–	–	(687,448)	<u>(687,448)</u>
<b>Operating loss</b>					(3,625,562)
Finance costs	(271,200)	(2,894)	–	(151,222)	(425,316)
Interest income	23,199	5,615	–	29,744	58,558
Share of net profit of joint ventures and associates accounted for using the equity method	10,810,930	592,970	–	–	<u>11,403,900</u>
<b>Profit before income tax</b>					7,411,580
Income tax credit/(expense)	334,978	(152,594)	–	(28,267)	<u>154,117</u>
<b>Profit for the year</b>					<u>7,565,697</u>
<b>Other segment information</b>					
Depreciation and amortisation	5,616,648	44,756	–	57,180	5,718,584
Net impairment losses on financial assets	98,129	45,339	–	–	143,468
Impairment charges of inventories	104,643	–	–	–	104,643
Impairment charges of property, plant and equipment	28,279	–	–	–	28,279
Impairment charges of intangible assets	<u>556,182</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>556,182</u>

The segment assets and liabilities as at 31 December 2021 and additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables) for the year then ended are as follows:

	Vehicles and related operations <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>Total assets</b>	119,244,879	37,943,997	(41,986,049)	39,047,762	154,250,589
Total assets include:					
Investments in joint ventures and associates	<u>32,634,891</u>	<u>4,292,096</u>	<u>–</u>	<u>–</u>	<u>36,926,987</u>
<b>Total liabilities</b>	<u>63,958,745</u>	<u>27,820,500</u>	<u>(40,615,907)</u>	<u>10,438,466</u>	<u>61,601,804</u>
<b>Additions to non-current assets (other than investments in joint ventures and associates, deferred tax assets, FVPL, FVOCI and other long-term receivables)</b>	<u>7,568,986</u>	<u>49,080</u>	<u>–</u>	<u>–</u>	<u>7,618,066</u>

#### 4. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants	671,332	683,317
Net investment income related to investment in financial assets	146,710	381,625
Foreign exchange gains/(losses)	51,027	(33,964)
Gains on acquisition of a subsidiary	35,361	–
Gains on disposals of joint ventures and associates	10,425	12
Gains on disposal of property, plant and equipment and intangible assets	5,084	29,869
Donations	(1,748)	(5,524)
Dilution gains	–	177,862
Net fair value losses on financial assets at FVPL	(318,657)	(22,307)
Impairment loss of investment in a joint venture (Note 6.1(a))	(1,506,000)	–
Others	(28,955)	46,459
	<u>(935,421)</u>	<u>1,257,349</u>

## 5. FINANCE COSTS

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense	376,607	476,275
Interest expense on lease liabilities	73,817	66,282
Interest capitalised in qualifying assets	<u>(99,398)</u>	<u>(117,241)</u>
	<u><b>351,026</b></u>	<u><b>425,316</b></u>

## 6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in joint ventures	28,095,173	26,904,507
Investments in associates	<u>9,715,606</u>	<u>10,022,480</u>
	<u><b>37,810,779</b></u>	<u><b>36,926,987</b></u>

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

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Share of profit of joint ventures ( <i>Note (i)</i> )	13,159,561	10,011,061
Share of profit of associates ( <i>Note (i)</i> )	<u>905,598</u>	<u>1,392,839</u>
	<u><b>14,065,159</b></u>	<u><b>11,403,900</b></u>

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

## 6.1 Investments In Joint Ventures

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Investment in unlisted shares	<u>28,095,173</u>	<u>26,904,507</u>

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	<u>26,904,507</u>	<u>24,654,320</u>
Additions ( <i>Note (i)</i> )	1,208,777	2,617,879
Capital reduction	(20,646)	(40,323)
Disposals	(50,219)	(19,589)
Transfer from a joint venture to a subsidiary	(121,555)	–
Share of profits	13,177,733	10,090,492
Impairment provision ( <i>Note (ii)</i> )	(1,506,000)	–
Share of other reserves	12,370	(7,824)
Dividends declared	<u>(11,509,794)</u>	<u>(10,390,448)</u>
End of the year	<u>28,095,173</u>	<u>26,904,507</u>

- (i) The additions in 2022 mainly represent the Group's additional capital contribution of RMB548,189,000 to GAC Toyota in proportion to its interest held. In addition, the Group contributed capital of RMB300,000,000 and RMB202,770,000 to Guangdong Chengqi Yuexin Zhiyuan Industrial Investment Fund Partnership (Limited Partnership) and other twelve newly set up joint ventures.
- (ii) During the year ended 31 December 2022, an impairment loss of approximately RMB1,506,000,000 was recognised for a joint venture.

- (b) Set out below are the joint ventures of the Group collectively as “material joint ventures” as at 31 December 2022, 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	Mainland China	50	Note 1	Equity
GAC Toyota	Mainland China	50	Note 1	Equity
GAC Mitsubishi	Mainland China	50	Note 1	Equity
GAC Hino	Mainland China	50	Note 1	Equity
GAC SOFINCO	Mainland China	50	Note 1	Equity
Wuyang-Honda	Mainland China	50	Note 1	Equity

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

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

Set out below is the summary of combined financial information for all the joint ventures of the Group (excluding goodwill). As restricted by the confidentiality agreements entered into with other shareholders of certain joint ventures, the Group has not disclosed certain financial data of material joint ventures separately. The aggregate of the financial information of the above six (2021: seven) material joint ventures identified by Directors covers over 90% of combined financial information of all the joint ventures of the Group listed below.

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

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

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>		
Non-current assets	<u>90,548,547</u>	<u>86,276,133</u>
Current assets		
– Cash and cash equivalents	56,897,368	62,573,891
– Other current assets	<u>47,789,045</u>	<u>47,247,676</u>
	<u>104,686,413</u>	<u>109,821,567</u>
<b>Total assets</b>	<u><u>195,234,960</u></u>	<u><u>196,097,700</u></u>
<b>Liabilities</b>		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	23,621,472	20,315,422
– Other non-current liabilities (including trade and other payables)	<u>8,931,280</u>	<u>6,813,910</u>
	<u>32,552,752</u>	<u>27,129,332</u>
Current liabilities		
– Financial liabilities (excluding trade and other payables)	28,251,359	24,800,831
– Other current liabilities (including trade and other payables)	<u>85,147,625</u>	<u>94,837,688</u>
	<u>113,398,984</u>	<u>119,638,519</u>
<b>Total liabilities</b>	<u><u>145,951,736</u></u>	<u><u>146,767,851</u></u>
<b>Net assets</b>	49,283,224	49,329,849
Less: Non-controlling interests	<u>(9,570)</u>	<u>(22,875)</u>
	<u><u>49,273,654</u></u>	<u><u>49,306,974</u></u>

## Summarised statement of comprehensive income

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>304,329,946</b>	276,046,696
Cost of sales	<b>(256,996,217)</b>	(233,472,212)
Other expenditures	<b>(27,626,934)</b>	(22,146,463)
Profit after tax	<b>19,706,795</b>	20,428,021
Less: profit attributable to non-controlling interests	<b>(145)</b>	(3,993)
	<b>19,706,650</b>	20,424,028
Other comprehensive income/(loss)	<b>13,850</b>	(26,825)
Total comprehensive income	<b>19,720,500</b>	20,397,203

## 7. INCOME TAX CREDIT

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	<b>321,148</b>	419,275
Deferred tax	<b>(856,688)</b>	(573,392)
	<b>(535,540)</b>	(154,117)

The tax rates applicable to the Company and its major subsidiaries for the year ended 31 December 2022 are 15% or 25% (2021: 15% or 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year ended 31 December 2022.

## 8. 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 year.

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to owners of the Company	7,982,930	7,511,030
Weighted average number of ordinary shares in issue less restricted shares ( <i>thousands</i> )	<u>10,360,533</u>	<u>10,252,339</u>
Basic earnings per share ( <i>RMB per share</i> )	<u>0.77</u>	<u>0.73</u>

### (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.

The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense. For the share options 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 the year ended 31 December 2022) 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 are fulfilled, respectively.

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to owners of the Company	<b>7,982,930</b>	7,511,030
Add: interest expense on convertible bonds	<b>5,131</b>	96,666
	<u>7,988,061</u>	<u>7,607,696</u>
Profit used to determine diluted earnings per share		
Weighted average number of ordinary shares in issue less restricted shares ( <i>thousands</i> )	<b>10,360,533</b>	10,252,339
Add: weighted average number of ordinary shares assuming conversion of all share-based awards ( <i>thousands</i> )	<b>54,390</b>	21,582
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds ( <i>thousands</i> )	<b>8,755</b>	182,196
	<u>10,423,678</u>	<u>10,456,117</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands</i> )		
Diluted earnings per share ( <i>RMB per share</i> )	<u><b>0.77</b></u>	<u>0.73</u>

## 9. DIVIDENDS

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interim dividend paid of RMB0.06 (2021: RMB0.05) per ordinary share	<b>627,837</b>	517,817
Proposed final dividend of RMB0.18(2021: RMB0.17) per ordinary share	<b>1,888,243</b>	1,778,873
	<u><b>2,516,080</b></u>	<u>2,296,690</u>

Dividends paid in 2022 and 2021 were approximately RMB2,406,710,000 and RMB2,070,613,000, respectively. A final dividend in respect of the year ended 31 December 2022 of RMB0.18 per ordinary share, amounting to a total dividend of approximately RMB1,888,243,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

## 10. TRADE AND OTHER RECEIVABLES

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables ( <i>Notes (a)</i> )	<b>8,959,530</b>	7,515,188
Less: provision for impairment	<b>(551,477)</b>	(292,940)
	<hr/>	<hr/>
Trade receivables – net	<b>8,408,053</b>	7,222,248
Loans receivable	<b>10,365,047</b>	5,154,788
Dividends receivable	<b>3,674,120</b>	4,209,208
Finance lease receivables	<b>3,287,887</b>	3,107,315
Notes receivable	<b>97,926</b>	1,771,431
Value added tax recoverable	<b>1,296,989</b>	1,256,079
Prepayments	<b>1,309,827</b>	759,965
Entrusted loans	<b>262,398</b>	261,612
Consigned inventories	<b>493,600</b>	–
Financial assets held under resale agreements	<b>448,677</b>	142,845
Other receivables	<b>1,951,995</b>	1,224,582
	<hr/>	<hr/>
	<b>31,596,519</b>	25,110,073
	<hr/> <hr/>	<hr/> <hr/>

- (a) 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 31 December 2022 and 2021, the ageing analysis of these trade receivables is presented on the basis of the date of the relevant invoices as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>6,675,187</b>	6,415,447
Between 1 and 2 years	<b>1,400,268</b>	341,919
Between 2 and 3 years	<b>251,628</b>	457,165
Between 3 and 4 years	<b>345,020</b>	63,382
Between 4 and 5 years	<b>58,152</b>	75,561
Over 5 years	<b>229,275</b>	161,714
	<hr/>	<hr/>
	<b>8,959,530</b>	7,515,188
	<hr/> <hr/>	<hr/> <hr/>

## 11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables ( <i>Note (a)</i> )	16,893,513	15,079,090
Customer deposits	6,473,637	4,936,488
Employee benefits payable	3,458,508	2,964,698
Development cost payables	1,587,578	1,630,633
Unearned premium reserves	1,424,364	1,337,222
Sales rebate	1,401,744	1,258,132
Payable for mould expenses	1,274,838	1,390,003
Notes payable	964,550	866,553
Construction cost payables	616,528	516,006
Claim reserves	614,096	478,251
Advertising expense payables	599,537	707,381
Other taxes	577,752	716,040
Deposit payables	327,961	316,986
Assets sold under agreements to repurchase	316,556	528,976
Taxes related to contract liabilities	292,917	353,090
Treasury stock payable	290,432	509,486
Financial liabilities arising from continuing involvement	195,160	–
Government grants	112,281	326,297
Loan payable to a third-party	–	200,000
Other payables	3,713,889	2,521,199
	<b>41,135,841</b>	36,636,531
Less: non-current portion of trade and other payables	<b>(1,010,027)</b>	(773,048)
Current portion	<b>40,125,814</b>	35,863,483

- (a) As at 31 December 2022 and 2021, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	15,774,374	14,670,857
Between 1 and 2 years	953,960	282,607
Between 2 and 3 years	62,544	52,624
Over 3 years	102,635	73,002
	<b>16,893,513</b>	15,079,090

## CHAIRMAN'S STATEMENT

Dear shareholders,

The year 2022 marks the 25th anniversary of GAC Group, which is also a crucial year for the Group's implementation of the "14th Five-Year" development plan. Amidst the intricate international environment and domestic situation characterised by unpredictability and volatility, the industrial transformation and adjustment were accelerating remarkably this year. Confronted with the extremely challenging risks, the Group focused on steady growth, supply preservation, structural adjustment, market expansion, quality improvement and efficiency enhancement, with its capabilities covering enterprise competitiveness, innovation, control, influence and risk resistance comprehensively enhanced. Our independent innovation, brand image as well as comprehensive strength leaped forward to a new landmark, which represented a brilliant snapshot and convincing corroboration of the achievements and transformation of historic significance which the Party and our country have accomplished in various undertakings. 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.

**Thrived on the challenges, while production and operation sustained growth against the unfavourable trend.** Various adverse factors such as the shortage of chips and components, the hindered logistics and terminal sales, and the dramatically soaring price of raw materials propelled the Group to preserve supply chain stability by all means. The main operating indicators achieved a vigorous growth at an overall speed much faster than the industry average. During the year, the vehicle production and sales volume of the Group were 2,479,900 units and 2,433,800 units respectively, representing a significant year-on-year increase of 15.99% and 13.50% respectively against the adversity, which outperformed the industry average by an excess of 12.6 and 11.4 percentage points respectively. The Group has maintained its position as the fourth place among domestic automobile enterprise groups in terms of production and sales scale, with its market share increased to approximately 9.1%. Two self-developed brands delivered conspicuous results with the aggregated sale volume of 633,700 units hitting a record high, comprising of GAC Trumpchi, which has achieved a sale volume of 362,500 units, representing a year-on-year increase of 11.83%, and GAC AION which has achieved a sale volume of 271,200 units, representing a year-on-year increase of 125.67%. The overall development presents a satisfactory trend of high quality, effectiveness with promising potential. The Group recorded revenue of approximately RMB514.605 billion on an aggregated basis, representing a year-on-year increase of approximately 19.74%. The Group recorded the revenue of approximately RMB110.006 billion, representing a year-on-year increase of approximately 45.36%. The net profit attributable to shareholders of the parent company was approximately RMB7.983 billion, representing a year-on-year increase of approximately 6.28%; and the basic earnings per share was approximately RMB0.77, representing a year-on-year increase of approximately RMB0.04. GAC was included in the Fortune Global 500 List for the tenth consecutive year, with the ranking of No.186 for the year 2022. In order to effectively return value to shareholders, the Board proposes to distribute to all shareholders a final dividend of RMB1.8 (tax inclusive) for every 10 shares. The total amount of dividends for distribution throughout the year amounts to approximately RMB2.516 billion.

**Complemented and strengthened our business chain, and constructed a diversified industrial ecosystem.** Based on the national strategy “Dual Carbon”, the Group proactively promoted the implementation of the “GLASS Plan” and the “2<sup>6</sup> Energy Action”, and accelerated the construction of the vertically integrated new energy industry chain layout of “lithium mine + basic lithium raw material production + battery production + energy storage, charging and swapping services + battery rent + battery recycle and cascade utilisation”, with a view to reducing the cost of industry chain, realising the autonomy and controllability of the entire industrial chain, and improving the core competitiveness of the industry chain. Focusing on the supply chain and user needs to further extend the industrial chain, the Group has accelerated the expansion of upstream projects in the industrial chain such as mining prospecting to create an energy ecosystem. The construction of an independent power battery industrialisation project has been smoothly initiated – IMPOW Battery, thereby filling the gap of research-production integration for the battery industry in Guangzhou. The Group established Ruipai Power to promote the integration of R&D, trial production, testing and mass production for self-developed electric drive system. The Group also established GAC Energy to accelerate the establishment of the charging-swapping-storage energy replenishment ecology and the battery recycling ecology. The Group exerted its guiding role as “leading enterprise of the industry chain” to build the ecological carrier for industrial clusters, among which, the production commences at GAC AION second intelligent manufacturing center as its construction has been completed, and the GAC Zhilian New Energy Automotive Industrial Park has absorbed investments amounting to RMB45.33 billion. Relying on the preponderant platforms such as the ICV & NEV Industry Alliance of Pearl River Delta & Greater Bay Area, the Group will further integrate the superior resources along the upstream and downstream of the industrial chain, so as to construct an industry cluster center for ICV and NEV in the Greater Bay Area and build a global innovation hub of ICV and NEV through creating a “Circle of Partners” in the GAC ecosystem that integrates innovation, co-prosperity and symbiosis.

**Leading-edge innovation expedited the “New Four Modernisations” transformation.** We persevered in scientific self-reliance and constantly reinforced our mastery of key core technologies. During the year, more than RMB6.5 billion was invested in R&D, and 3,255 new applications for patents were submitted, of which 1,316 were invention patents, amounting to a total of over 14,000 patent applications, including more than 5,000 invention patent applications. Our patents have been honoured with the China Appearance Patent Gold Award, the 2022 International CMF Design Award and several science and technology awards at different levels. In the field of energy conservation and new energy, the Group released the Mega Waves Hybrid Modular Architecture, and promoted the research and development of high-efficiency engine technology with lower carbon footprints. The self-developed high-performance hybrid system has gone into mass production, which was awarded the “China Heart” Top 10 Engine and Hybrid System prize for the year 2022. The highest thermal efficiency of the 2.0 ATK engine as validly recognized is 44.14%, reaching an internationally advanced level. The self-developed “four-in-one” electric drive system was officially launched, thereby realising the in-depth integration of “dual motor + controller + two-gear reducer”. The self-developed microcrystalline SmLFP will effectively solve the existing problems in LiFePO<sub>4</sub> battery such as slow charging rate, limited battery capacity and weak performance. In the field of intelligent connectivity, the development of the electrical architecture “X-soul” is progressing smoothly and is scheduled to be mass-produced for installation in 2023, aiming at becoming the first mass-produced electrical architecture equipped with vehicle-cloud integration in China. With the introduction of ADiGO PILOT intelligent driving

system, NDA Advanced Driver Assistance System realises intelligent travel in all scenarios. With the smart driving function with a focus on super parking at the “last mile”, the system supports more than 50 complex parking scenarios. The demonstrations for the unmanned Robotaxi are in operation, the commercialisation of which will be vigorously promoted.

**Simultaneously sought for breakthrough and revitalisation when the revolution is surmounting the obstinate obstacles.** 2022 marks the final year of the “Double-Hundred Reform”. With comprehensive reform actions such as, the improvement campaign that benchmarked against first-class management, and the three-year reform of state-owned enterprises, the Group has fully completed various specific reform actions, especially in the optimisation of corporate governance, the tripartite institutional reforms and the mixed ownership reform, in all of which milestone reform achievements have been consummated. The Group was selected as an outstanding “Double Hundred Enterprise” and a “Practitioner in Management Benchmark Establishment” by the State-owned Assets Supervision and Administration Commission of the State Council. The Group completed the engagement of 8 professional managers through a combination of reappointment and open recruitment, improved the appraisal mechanism of professional managers, and strengthened the precise and rigid appraisal over the professional managers subject to effective incentives as well as restraints. The Group impelled the mixed ownership reform in investee entities, distributed the share incentives to employees of GAC AION, entitled the GAET technical personnel to hold the shares of GAC AION, fulfilled the share reform and Series A financing for GAC AION, having attracted policy-inducing strategic investors which have substantial market influence and industrial synergy, contributing to an accumulated amount of RMB20.86 billion being raised throughout the year. As a result, the post-Series A valuation of GAC AION has exceeded RMB100 billion, further consolidating the foundation for development. In addition, ON TIME and Juwan Technology Research each raised funds of approximately RMB1 billion during the year, and have been shortlisted into the “Forbes China 2022 Emerging Unicorn List” simultaneously, which stimulate vital corporate development in a continuous manner.

At present, in the midst of the unprecedented, once-in-a-century change in the world which evolves rapidly, China is embarking on a great new journey of comprehensively building a modernised socialist country. In response to such a momentous instant, the Group made interim adjustments in response to the “14th Five-Year Plan” when it discerns the profound changes in the internal and external environments. In accordance with the philosophy of “manufacturing industry predominates” by Guangdong Province and the major strategic deployment of “industries as the top priority; manufacturing industry lays the foundation of the city” by Guangzhou, the Group has planned the development blueprint “Trillion GAC” and proposed the “1578 Development Outline of the Trillion GAC”. It is envisioned that by the end of the “14th Five-Year Plan” period, the Group’s production and sales volume will reach 3,300,000 units, striving to challenge the milestone of 3,650,000 units, with new energy vehicles accounting for more than 25% of the Group’s total vehicle production and sales. By 2030, the Group will **endeavor to achieve one goal**: with production and sales volume exceeding 4.75 million vehicles, annual revenue (on a combined basis) amounting to RMB1 trillion, and profits tax amounting to RMB100 billion, aiming at becoming a world-class high-tech enterprise characterised by excellent products, distinguished brand image, cutting-edge innovation and modernised governance; **create momentum for five increment aspects**, including transformative upgrade of vehicle manufacturing, enhancement and extension of components industry chain, intellectualisation of commerce and mobility transportation,

energy and ecological empowerment, and courageous international expansion; **consolidate seven segments**, including research and development, manufacture of vehicles, parts and components, commercial services and mobility transportation, energy and ecology, internationalisation, investment and finance; **implement eight initiatives**, including deepening the reform of the system and mechanism, paying balanced attention to self-development and capital injection regarding technological innovation, executing all-out upgrading of self-developed brands, reinforcing and extending the industry chain for structural optimisation, comprehensively developing energy ecology, arranging in-depth deployment of software business, seeking key breakthroughs in overseas markets, and exploring innovation in smart transportation models.

The year 2023 will be the first year for thorough implementation of the spirit of the 20th National Congress of the Communist Party of China and also a critical year for the Group's high-quality development, which will lay the cornerstone for "Trillion GAC". Oriented by the development programs under the "14th Five-Year Plan" and the magnificent blueprint of "Trillion GAC", we will manifest the dominant position of manufacturing industry and focus on high-quality development as the top priority, so as to realise an innovative, efficient, profitable, resilient and sustainable development by all means. The Group will place emphasis on increment improvement, stock vitalisation and variable catalysis, striving for the challenging goal of a 10% year-on-year growth in automobile production and sales volume while continuing to maintain a growth trend higher than the industry average.

**To adhere to strategic leadership through anchoring at the orientation towards high-quality development.** Focusing on the transformation of the "New Four Modernisations" by complementing and strengthening the industry chain, the Group endeavours to create three key ecosystem carriers, namely, the "ecosystem for carrier of energy technology", the "ecosystem for carrier of industrial chain" and the "ecosystem for carrier of industrial cluster" to preempt the niche market of intelligent NEV which shall characterise Guangzhou as a tera-scale "City for Intelligent Vehicle". Through the three-pronged approach of "independent R&D + JV cooperation + M&A investment", the Group will accelerate the development of core parts and components while expediting the roll out of homebred chips and software as substitution, so as to speedily excavate a "moat" of autonomy and controllability along the core industry chain. In order to shape its core product competitiveness and brand power, the Group will intensify the overwhelming superiority derived from independent brands and prioritise the marketing of "XEV+ICV" alongside the "EV+ICV". The Group has founded Youpai Energy Technology Co., Ltd. as the Group's mainbody in energy segment to accelerate the integration of resources in the energy ecosystem business with a diversified energy ecosystem established, which in turn generates new growth for the hundred billion-level industry. In virtue of accelerating internationalisation and the synergy of R&D, production, supply and marketing, the Group will vigorously expand its overseas market and export its self-developed brand products, which is expected to usher in a new path for the Group to achieve steady growth and sustainable development.

**To persist in benchmarking against forefront industry players, and motivate the vitality of high quality development.** By adhering to the principle of "supremacy of consumers", the Group will concentrate its efforts in product excellence and implement the product strategy of "smart appearance + cost-effective leadership", with a view to rapidly rolling out the desirable products that could satisfy the consumers' ever-changing needs, precisely cultivating our flagship products. From the perspective of brand awareness, the Group will profoundly integrate brand building into operational

management, continue to promote the integration between brand and quality, brand and innovation, brand and international development, brand and capital, brand and corporate culture, thereby giving full demonstrative effect arising from brand building. Consciousness for pioneering innovation, as well as making breakthrough in the critical fields and the “bottleneck” technologies, will accelerate the commercialisation of independent R&D achievements and incubating new businesses, inventing more original and strategic technologies that serve the national strategies and enterprise development. To render effective modernised governance, the Group will perfect the corporate governance mechanism of “statutory and transparent rights and responsibilities, coordinated operation and effective balances”, adhere to and improve the high-quality development standard system, and practically enhance the ability of value creation and sustainable development.

**To persist in deepening reforms and enhance the impetus for high-quality development.** By adhering to the combination of comprehensive reform and tailor-made reform, the Group will customise the reform and development opinions for subordinate enterprises in accordance with the principle of “one enterprise, one policy”, promote mixed ownership reform by categories and hierarchies, and accelerate the spin-off of GAC AION. The Group will further improve capabilities on the use and operation of capital, deploy innovation chains encompassing the industrial chains which in turn improve the maturity of capital chains, vigorously promote forward-looking layout through the establishment of industrial investment funds, systematically carry out capital operations in the fields of raw materials, chips, etc. in the upstream of NEV industry, and forge a development pattern where technological innovation, industrial development, and capital empowerment are organically converged and coordinated in benign interaction. The Group will also strengthen the precise incentives for scientific and technological innovation talents, promote the exhaustive industry-university-research integration, and cultivate top-notch innovative talent teams and outstanding engineer groups, as well as to accelerate the digital transformation, comprehensively promote digital upgrades in production and operation, deploy the digitalisation along the entire industrial chain, facilitate the digital revolution, and empower the transformation of the Group into a technology company.

The 20th National Congress of the Communist Party of China has initiated a new journey to forge ahead, which marks the critical period of us marching towards the second centennial goal and realising the great rejuvenation of the Chinese nation. Overlooking the new journey, emerging pattern and fresh opportunities, GAC Group has portrayed the magnificent blueprint of “Trillion GAC”, and is striving to become a world-class technology company characterised by its “excellent products, distinguished brand image, cutting-edge innovation and modernised governance”. The journey is long and arduous but we will get through with determination and perseverance. We will advocate a high-quality development, uphold the dominant position of the manufacturing industry, undertake the challenging missions to plough through, while in response to the challenges and hardship, we will unremittingly explore new paths, shape new strengths, and stimulate new momentum. Striving onwards as a pioneer to embrace the new horizons for high-quality development, GAC is exploring its practice for and contributing its strength to the promotion of modernisation with Chinese characteristics.

## SUMMARY OF BUSINESS OF THE COMPANY

### (I) 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 services, financial services and mobility transportation, which form a complete closed-loop industry chain.

#### 1. *Research and development*

The Group's R&D is based on GAEI, a directly funded and managed body of the Company, and also a subsidiary of the Company and a strategic 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, GAC Toyota and GAC Mitsubishi.*

- **Products:** The Group's passenger vehicles include 16 series of sedans, 30 series of SUV and 4 series of MPV. During the reporting period, the Group launched new or upgraded models such as GAC Trumpchi EMKOO, M8 Grandmaster, GAC AION Y Plus, GAC AION LX Plus, GAC Toyota Frontlander, Venza (including HEV), bZ4X, GAC Honda ZR-V, e:NP1, new Breeze, new Vezel, GAC Mitsubishi Airtrek, etc.

#### **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.;
- GAC Toyota Camry, Levin, Wildlander, Yaris L, Frontlander, Venza, etc.;
- GAC Mitsubishi Outlander, etc.;

## **Energy conservation and new energy products of the Group include:**

- GAC Trumpchi GS4 • PHEV, GS8 HEV, etc.;
- GAC AION AION S, AION Y, etc.;
- GAC Honda Accord Sport Hybrid, Odyssey Sport Hybrid, e:NP1, ZR-V e:HEV, etc.;
- GAC Toyota Camry HEV, Highlander HEV, Levin HEV, Sienna, BZ4X, etc.;
- GAC Mitsubishi Airtrek, etc.;

The commercial vehicles are mainly manufactured by GAC Hino, a joint venture, and GAC BYD, an associated company. Main products include light and heavy trucks, construction vehicles and large to medium-sized passenger vehicles, etc.

- **Production capacity:** During the reporting period, the construction of GAC AION intelligent ecological factory capacity expansion project (Phase II), GAC AION second intelligent manufacturing center and GAC Toyota's new energy vehicle capacity expansion project (Phase II) were completed and put into operation. As at the end of the reporting period, the total vehicle production capacity amounted to 3,065,000 units per annum.
- **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 on the 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 improve the operating 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 2,684 passenger vehicle 4S sales outlets covering 31 provinces, counties, autonomous regions and municipalities in the PRC. GAC International has established a total of 120 outlets around the world, with its sales and service business covering 28 countries and regions.

## *(2) Motorcycles*

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

### **3. *Commercial and mobility transportation services***

Mainly through its subsidiary, GAC Business, its controlling and investee companies, GAC International, Da Sheng Technology, and its associated company “ON TIME” etc. in the upstream and downstream of the automobile industrial chain, the Group carried on businesses in vehicle sales (export inclusive), logistics, international trading, second-hand vehicles, end-of-life vehicles disassembling, resources recycling, supporting services, digitalisation and mobility transportation services, etc.

### **4. *Parts and components***

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

### **5. *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 its joint venture, GAC-SOFINCO, etc.

## **(II) 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 and perfected diversified incentive mechanisms, steadily promoted the mixed ownership reform of investment enterprises, actively promoted digital transformation and core competitiveness was continuously enhanced.

### ***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 industrial chain centering upon manufacture of vehicles and covering R&D of vehicles and parts and components in the upstream and automobile business, financial service and mobility service in the downstream, which is one of the automobile groups in the PRC with the most integrated industrial chain and the most optimised industry layout. The synergy in the upstream and downstream of the industrial 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 construction of GAC AION intelligent ecological factory capacity expansion project (Phase II), GAC AION second intelligent manufacturing center, and GAC Toyota's new energy vehicle capacity expansion project (Phase II) were completed and put into operation, and GAC Energy, IMPOW Battery and Ruipai Power (銳湃動力) were founded, thereby improving the layout of NEV industry.

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

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

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

The Group has a full range of products including sedans, SUV and MPV and continued to research and develop and introduce new models and product iterations to maintain market competitiveness of its products in order to meet changes in consumer demand. It maintained customer loyalty and a widely recognised brand reputation. During the reporting period, the Group launched new or facelift models such as GAC Trumpchi EMKOO, M8 Grandmaster, GAC AION Y Plus, AION LX Plus, GAC Toyota Frontlander, Venza (including HEV), bZ4X, GAC Honda ZR-V, e: NP1, new Vezel, new Breeze, Integra (e: HEV), GAC Mitsubishi Airtrek, new Outlander, 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. Overall supervision system of vehicle models and incentive

mechanism of model team were comprehensively implemented to form a system and mechanism for the integration of research, production and sale with high efficiency and mutual benefit. During the reporting period, GAC European R&D Center as well as GAC Milan Prospective Design Center opened for operation in Milan, Italy, thereby extending the global R&D network of GAC.

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

For the new energy field, the Group has the leading exclusive PEV platform GEP3.0, the first application of the deep-integrated “three-in-one” electric automobile system and two-gear dual-motor “four-in-one” integrated electric automobile system. The Group deeply engaged in the independent research and development as well as the industrial application of power battery and battery cells, 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 help creating the AION series and the Hyper series, which are new energy vehicle product systems based on the new exclusive PEV platform. 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 independently developed the ADiGO PILOT intelligent driving system (including 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, GAC’s self-developed high-performance GMC hybrid system (2.0ATK engine+GMC2.0 electromechanical coupling system) has been equipped on Trumpchi EMPOW and EMKOO (hybrid version) for launching. The functions including ADiGO PILOT NDA advanced driver assistance system and super parking have been installed in AION LX plus, Trumpchi EMKOO for mass production, and ADiGO SPACE smart cockpit has been equipped in Trumpchi EMKOO, AION Y Plus and other models 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 resources 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 mid-term 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.

## DISCUSSION AND ANALYSIS ON OPERATION

### (I) ANALYSIS ON INDUSTRY ENVIRONMENT

In 2022, under the circumstances of intricate and rigorous international landscape, multiple unanticipated factors have imposed a severe impact on economic operation. As China prospectively implemented the established policies and initiatives, continued to promote structural reforms on the supply end, timely introduced a series of policies and follow-up measures for economy stability, and implemented multiple measures in response to the outstanding contradictions of insufficient effective demand which were conducive to investment expansion, consumerisation and steady foreign trade performance, the overall economic structure were stabilised to operate within a reasonable range. Confronted with the severe challenges likewise, the automobile industry has experienced and conquered various unfavorable factors such as the structural shortage of chips and the continuing high price of raw materials, maintained the momentum of recovering growth, and realised a sound growth trend while maintaining stability throughout the year in terms of automobile production and sales. The annual domestic production and sales volume of vehicles in 2022 were 27,021,000 units and 26,864,000 units respectively, representing a year-on-year increase of 3.4% and 2.1% respectively. The production and sales volume continued to be the first in the world.

In terms of segment market, in 2022, the production and sales volume of passenger vehicles were 23,836,000 units and 23,563,000 units respectively, representing a year-on-year increase of 11.2% and 9.5% respectively. Among them, the growth rate of sales volume of high-end brand passenger cars slowed down with a year-on-year increase of 11.1%, which was 1.6 percentage points higher than that of passenger cars. Among the main varieties of passenger vehicles, the annual production and sales scale of SUV still surpassed that of sedans and ranked the first place, with production and sales volume reaching 11,381,000 units and 11,187,000 units respectively, representing a year-on-year increase of 13.5% and 10.8%; sedans maintained a vigorous growth trend in 2022, with production and sales volume reaching 11,187,000 units and 11,116,000 units, a year-on-year increase of 12.5% and 11.5%; the production and sales of MPV and cross passenger vehicles have experienced a significant decline, among which, the production and sales volume of MPV sagged below one million units respectively, amounting to 951,000 units and 937,000 units, a year-on-year decrease of 11.3% and 11.2%; the production and sales volume of cross passenger vehicles were 317,000 units and 323,000 units, a year-on-year decrease of 20.3% and 17.4%.

Among which, 11,766,000 units of passenger vehicles of Chinese brands were sold, representing a year-on-year increase of 22.8%, accounting for 49.9% of the total sales volume of passenger vehicles. Among the major foreign brands, when compared with the previous year, except for French series bearing a slight increase in the proportion of total sales of passenger vehicles, German series, Japanese series, American series and Korean series were all on a declining curve.

Affected by the prolonged cycle of truck replacement boom in the previous year, the production and sales volume of commercial vehicles have both dropped sharply. In 2022, the production and sales volume of commercial vehicles were 3,185,000 units and 3,300,000 units respectively, representing a year-on-year decrease of 31.9% and 31.2% respectively.

The tremendous growth momentum of new energy vehicles remained unabated, with monthly production and sales hitting new highs in succession, and the overall performance of production and sales exceeded our expectations by virtue of the market share of 25.6%. In 2022, the production and sales volume of new energy vehicles were 7,058,000 units and 6,887,000 units respectively, representing a year-on-year increase of 96.9% and 93.4% respectively.

## **(II) ANALYSIS ON OPERATION OF THE COMPANY**

### ***1. Incrementally improve the automobile production and sales with more superior quality***

During the reporting period, the Group effectively surmounted the difficulties such as the shortage of chips and components, the obstacles in logistics and terminal sales, and soaring price of raw materials, while sparing no effort to preserve stable supply, leading to a substantial growth in production and operation against adversity. In 2022, the vehicle production and sales volume of the Group were 2,479,900 units and 2,433,800 units respectively, representing a significant year-on-year increase of 15.99% and 13.50% respectively against the general sluggish trend, which outperformed the industry average by an excess of 12.6 and 11.4 percentage points, respectively; the Group maintained its position as the fourth place among domestic automobile enterprise groups in terms of production and sales scale, with its market share increased to approximately 9.1%.

In 2022, the production and sales volume of the Group's passenger vehicles were 2,479,400 units and 2,433,200 units, respectively, representing a year-on-year increase of 16.11% and 13.61%, respectively, while its market share in domestic automobile enterprise groups was approximately 10.33%. In terms of vehicle categories, the sales volume of sedans, SUV and MPV increased by 11.15%, 12.07% and 38.40% year-on-year, respectively. The production and sales volume of new energy passenger vehicles continued to maintain rapid growth, and its production and sales volume for the year were 315,900 units and 309,500 units, respectively, representing a year-on-year increase of 118.33% and 116.69% respectively, while the proportion of energy-saving vehicles continuously increased, with the production and sales volume for the whole year being 474,000 units and 452,500 units respectively, representing a year-on-year increase of 59.86% and 51.44% respectively. During the reporting period, the proportion of sales volume of the Group's energy-saving vehicles and new energy vehicles increased to 31.31%.

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

Through the implementation of the triennium adjustment plan and the adoption of a series of comprehensive adjustment measures to strengthen user operations, the product strength of the Group's self-developed brands has continued to improve, and the trend of stabilisation and improvement has become increasingly steady. In 2022, the production and sales volume of self-developed brands were 647,000 units and 633,700 units respectively, creating the best record in the development history of GAC's self-developed brand business, of which NEV sales accounted for about 43%.

(1) *GAMC*

Against the backdrop of a substantial year-on-year decline in the conventional energy vehicle market, GAMC's annual production and sales volumes were 373,500 units and 362,500 units, respectively, representing a year-on-year increase of 15.55% and 11.83%. GAMC has defined the unequivocal strategy of transforming itself into a comprehensive hybrid and new energy advocator, focusing on the "XEV+ICV" dual-core strategy, and accelerating the transformation into a technology-based and youth-oriented brand. For the year, new models and hybrid models such as Trumpchi EMKOO, M8 Grandmaster, and EMPOW Hybrid were released, making the Group rank first in terms of the sales volume of self-developed HEV brand. The annual sales of the M8 series exceeded 65,000 units, which has maintained the top-seller for the luxury MPV brand in China for 39 consecutive months; the sales volume of the second-generation Trumpchi GS8 exceeded 57,000 units, continuing to maintain the top-seller of gasoline-electric hybrid SUV in China. During the 25th anniversary of Hong Kong's return to the motherland, Trumpchi GA8, GS8, and M8 formed the "Mission Guardian" to demonstrate the high-end strength of Chinese auto brands to the world. By deepening the "Golden Triangle" brand marketing strategy, focusing on improving user experience, and building a new digital marketing model, the Group has received registration from 106,000 Trumpchi users as super partners.

(2) *GAC AION*

In 2022, GAC AION continued to maintain rapid growth, and its annual production and sales volume amounted to 273,500 units and 271,200 units, respectively, representing a year-on-year increase of 125.33% and 125.67%, which was far higher than the industry average among the new energy passenger vehicles. GAC AION focused on "EV+ICV" and launched new models such as AION Y Plus, AION LX Plus, and AION V Plus to continuously improve its product competitiveness. AION Y and AION S series products maintained hot-selling, with sales volume exceeding 100,000 units, ranking among the forefront in the market segment. GAC AION insisted on vertical brand extension, released brand new LOGO – "Arrow of AI" and launched the innovative high-end brand series, Hyper together with the first model thereunder- mass-produced EV supercars, Hyper SSR and Hyper GT, ushering in a new era of comprehensive high-end branding. GAC AION continued to practise innovate marketing reforms, build up an ecological marketing system of "APP direct sales + dealership distribution", and promote the AION+Hyper dual system operation, thereby bringing innovation in user operations and ecological benefits, so as to achieve sustainable ecological revenue generation.

### *(3) International business*

The international business accelerated, including the establishment of GAC International, which would in turn function as the medium for the Group's self-developed brand to carry out the international business. There has been a total of 120 outlets established around the world, covering 28 countries and regions in the Middle East, America, Africa, Southeast Asia, and Eastern Europe for sale and service businesses. In 2022, the Group exported 33,000 self-developed brand vehicles, representing a year-on-year increase of 59.7%, despite suffering from the impact of geopolitics and chip shortages. GAC European R&D Center as well as GAC Milan Prospective Design Center opened for operation in Milan, Italy, which extend the global R&D network of GAC.

### **3. *Joint venture brands achieved steady growth***

In 2022, the sales volume of vehicles under the Group's joint venture brands reached 1,800,000 units, a year-on-year increase of 5.89%. Among them, GAC Toyota's production and sales volume exceeded 1,000,000 units, a year-on-year increase of over 20%, setting a record high and becoming the first vehicle manufacturer of the Group with production and sales volume exceeding one million units. GAC Honda strove to improve product quality and service levels, and has become the first company in China to be ranked No. 1 in terms of SSI, CSI and IQS in the survey for the mainstream car market initiated by J.D. Power. During the reporting period, the joint venture brands launched new or facelift models such as GAC Toyota Frontlander, Venza (including HEV), bZ4X, GAC Honda ZR-V, e:NP1, new Vezel, new Breeze, Integra (e: HEV), GAC Mitsubishi Airtrek, new Outlander, etc. GAC Toyota Camry, Highlander, Wildlander, Frontlander, Sienna, YARiS L, GAC Honda Accord, Fit, Vezel, Breeze, Odyssey, etc., which continued to occupy the forefront of the market segment. The joint venture brands continued to accelerate the promotion of hybrid models, resulting in a steady proportional increase of energy-efficient cars. GAC Toyota sold 294,000 energy-efficient cars, representing a year-on-year increase of 60.6%. GAC Honda sold 121,000 energy-efficient cars, representing a year-on-year increase of 4.4%.

### **4. *GAC AION made breakthrough in mixed ownership reform***

In order to meet the resource and capital needs of GAC AION for its rapid development of NEV and participate in the competition in the global NEV industry with more advantages, the Group officially launched the mixed ownership reform of GAC AION in August 2021. In November 2021, GAC AION completed the reorganisation of its relevant R&D personnel in the new energy EV field, intangible assets and fixed assets, and has the ability to integrate research, production and sales of new energy EV.

In March 2022, GAC AION adopted the way of capital increase under a non-public agreement, pursuant to which a share incentive scheme was introduced to 679 key employees, and relevant scientific and technological personnel of GAEI were granted the shares of GAC AION. In addition, GAC AION synchronously introduced three strategic investors including China Chengtong Holdings Group Co., Ltd. This capital increase activity raised a total of RMB2.566 billion. Subsequent to the capital increase, the Company directly and indirectly held about 93.45% of the equity interests of GAC AION while the GAC AION employee share incentive platform and the GAEI technological personnel shareholding platform held a total of about 4.55%, which further consummated the long-acting incentive mechanism of GAC AION and in turn established the risk-bearing and benefit-sharing mechanism among employees and the enterprise.

In September 2022, GAC AION completed the shareholding system transformation, introduced the independent director system, established specialised committees under the board of directors, and established a modernised corporate governance mechanism.

In October 2022, GAC AION implemented a capital increase and share expansion by way of public listing on the Guangzhou Enterprises Mergers and Acquisitions Services, completing the Series A financing and strategic investors introduction. The Series A financing was jointly led by PICC CAPITAL, CSG Energy Innovation, Structural Reform Fund LP, SCGC, CITIC Goldstone, Guangzhou Industrial Investment Group or their funds or institutions. It introduced a total of 53 strategic investors, including the strategic support and industrial synergy investors in the fields of energy charging and swapping ecology, critical battery resources, chip design and manufacturing, and vehicle-road collaboration technology with intelligent driving, as well as renowned professional investment institutions with market influence covering the areas of marketisation, finance and asset management and large-scale policy-induced national and local investment institutions, contributing to a capital increase of RMB18.294 billion, which was the largest single private financing for new energy vehicles in China for the year. After the completion of the Series A financing, the registered capital of GAC AION increased to RMB7.803 billion, in which the total direct and indirect shareholding of GAC Group had changed from 93.45% to 76.89%. GAC AION remained a holding subsidiary of the Company. After the completion of the Series A financing, GAC AION's post-investment valuation exceeded RMB100 billion. Through the Series A financing and strategic investors introduction, GAC AION acquired the advantages of upstream and downstream strategic industrial resources in the field of new energy vehicles. In terms of energy ecology, battery materials, and automotive chips, the Series A financing has improved GAC AION's industrial chain and supply chain abilities to guarantee and stabilise supply. It has provided sufficient financial support for GAC AION's R&D and industrialisation layout, covering new product development, next-generation battery, electric drive system R&D and industrialisation construction, intelligent driving, intelligent cockpit and production capacity guarantee and other core technologies. It has also significantly enhanced and strengthened the comprehensive competitive advantage of GAC AION in the future development.

## 5. *The industrial layout optimisation has been accelerated*

Facing the new trend of the supply chain of the automobile industry in the future, the Group actively grasps the emerging development opportunities in the intelligent connectivity and green low-carbon field, accelerates the “New Four Modernisations” transformation, and constantly promotes the chain reinforcement, replenishment and stability.

**In terms of production capacity of new energy vehicles,** GAC AION completed the expansion of its intelligent ecological factory (Phase II) to commence operation, and completed the completion and commissioning of the second intelligent manufacturing center. It currently has an annual production capacity of 400,000 units. GAC Toyota new energy vehicle capacity expansion project (Phase II) (with an annual production capacity of 200,000 units) has been completed and put into operation in June 2022. GAC Honda new energy vehicle capacity expansion project with an annual production capability of 120,000 units has commenced its construction in May 2022. Hangzhou factory of GAMC has completed its optimising reformation, realising the flexible co-line production of fuel models of GAMC and new energy models of HYCAN Automobile.

**In the field of mineral resources,** in November 2022, GAC Component signed a joint venture contract with Tongzi County Shixi Coal Industry Co., Ltd. (桐梓縣獅溪煤業有限公司) and Zunyi Energy Mining (Group) Co., Ltd. (遵義能源礦產(集團)有限公司), and intended to jointly invest in the establishment of Guizhou East Sunshine New Energy Technology Co., Ltd. (貴州省東陽光新能源科技有限公司) in Zunyi City, Guizhou Province, for the purpose of engaging in related mineral geological exploration and investment management of mineral resources. Among them, GAC Component held 47.5% of the shares, Tongzi County Shixi Coal Industry Co., Ltd. held 47.5% of the shares, and Zunyi Energy Mining (Group) Co., Ltd. held 5% of the shares. Through the cooperation, GAC Component has further improved the Company’s strategic layout in the upstream raw material field of the lithium battery new energy.

**In the field of power battery production,** the Group has deployed IMPOW Battery, Times GAC, Juwan Technology Research, etc. In August 2022, the Group established IMPOW Battery to carry out independent battery industrialisation construction. The total investment in the project was RMB10.9 billion, the construction of which has commenced at the end of year 2022. It is planned to complete a mass production line of 36GWh by 2025. Juwan Technology Research focused on the R&D, production, sales and service of extremely fast charging batteries and new-generation accumulator. It currently has a battery production capacity of 4GWh and is promoting the construction of a production base project with designed production capacity of 8GWh. Times GAC has currently built a standard production capacity of 12GWh, and achieved an output of about 18GWh in 2022, supporting the Group’s rapid sales growth of new energy vehicles.

**In the field of energy storage and charging and swapping services**, the Group established GAC Energy in July 2022 with a planned gross investment of RMB4.96 billion to establish an energy replenishment ecosystem integrating charging, swapping and storage, alongside a battery recycling ecosystem equipped with a smart and efficient energy cloud platform, and promoted the research over the energy storage system technology, the synergy and interactivity of “vehicle-station-network” smart charging and swapping service technology, and the product development and application, which were conducive to solving the pain points that hinder the further development of new energy vehicles and promoting the steady implementation of the Group’s energy actions.

**In the field of self-developed electric drive system**, the Group established Ruipai Power in August 2022 which absorbed an aggregated investment of RMB2.16 billion, marking that the Group has comprehensively entered a new stage of self-developed and self-produced electric drive system. The construction of the independent electric drive factory has commenced since the end of 2022, focusing on independent R&D and industrialisation of the IDU electric drive system to realise the integration of independent electric drive R&D, trial production, testing and mass production.

**In the field of battery recycling and cascading utilisation**, GAC Business actively explored the development of the circular economy industry encompassed by “battery recycling + battery materials”, smoothly completed the trial operation of the production line for power battery cascade utilisation, and obtained the first whitelist qualification regarding the cascading utilisation of waste power battery in Guangzhou.

The Group made full use of the leverage effect of industrial funds, focused on the three major areas including power batteries, ICV and automotive chips, and invested in and cultivated the forward-looking technologies on the automotive industry chain through GAC Capital. During the reporting period, the Group completed investment in 25 new projects such as Huada Semiconductor, Silicon Magic, and Sunwoda EVB, and participated in a new round of financing for projects such as Yuexin Semiconductor, HoloMatic, and EVAS.

## **6. *Fruitful independent innovation***

**In the field of energy saving and new energy**, GAC’s self-developed high-performance GMC hybrid system (2.0 ATK engine + GMC 2.0 electromechanical coupling system) has been installed on Trumpchi EWPOW and EMKOO Hybrid for launch. Among them, GMC 2.0 hybrid electromechanical coupling system adopts a highly integrated all-in-one design composed of coupling gearshift mechanism, dual motors and motor controller, which can realise a multi-gear and multi-mode drive and high torque output. The independent hydrogen fuel engine has achieved the first domestic loading test for entire passenger vehicle, supporting the goal of carbon neutrality. The self-developed “four-in-one” electric drive system leaving the assembly line was officially launched. Through the combined application of modular functions, the system is compatible with EV models ranging from A0 to D-level, which can effectively reduce weight, space volume and cost without compromising the performance.

**In the field of ICV**, the Group has launched a brand-new ADiGO PILOT Intelligent Driving System, which includes application areas of NDA Advanced Driver Assistance System, super parking and unmanned driving, realizing intelligent mobility transportation in all scenarios. Among them, ADiGO PILOT NDA Advanced Driver Assistance System supports functions including automatically moving up and off the ramp, automatic lane change, automatic overtaking and automatic obstacle avoidance, according to the navigation routes, which currently covers all highways in China and expressways in core cities and are installed on the models such as AION LX plus for mass production. The super parking function has been equipped on models such as Trumpchi EMKOO for mass production, which can realise the functions such as autonomous valet parking, cross-floor parking, and memory parking. The super parking pioneered the limit-position parking function in the industry, which can support the automatic parking against extremely confined parking spaces with a distance of 15cm and corner parking spaces. ADiGO PILOT unmanned driving is oriented to the Robotaxi scenario, which adopts an automotive grading embedded computing platform and supports vehicle-road coordination and 5G remote takeover. GAC Robotaxi based on this platform has commenced commercial operation on ON TIME platform. The ADiGO SPACE smart cockpit developed based on the G-OS system has been installed on various models such as Trumpchi EMKOO and AION Y Plus for mass production. ADiGO PARK, a newly released high-performance immersive cockpit, provides a neoteric audio-visual experience integrating virtual and reality. The original soundscape of ADiGO SOUND, characterised by a high-quality full-scene sound interactive ecology, starts an immersive auditory journey with industry-leading 7.3.2x sound field layout and massive audio resources. GAEI was awarded the world's first expected functional safety management system certification by TUV Rheinland, which manifested that its product development system which complied with functional safety and expected functional safety integrity has reached the international advanced level.

**In terms of forward-looking technologies for models**, the Group promoted the strategy of “appearance supremacy” and accelerated the iteration of the new design language of the Trumpchi/AION dual brands. Breakthroughs were made in interior and exterior styling, colors, materials, and interactive experience. The upgraded model of M8, Hyper SSR, and facelifted AION Y was widely praised immediately upon the release of the designs. GAEI continued to strengthen the exploration of forward-looking design and released the innovative hydrogen energy concept vehicle, SPACE. GAEI was successfully selected as the 2022 Forbes China TOP10 Intelligent Industrial Designers, becoming the only automobile enterprise to receive the honor.

**In the field of digitalisation**, the GDA (GAC Digitalisation Accelerator) 1.0 Triennium Action Plan (2020-2022) was successfully concluded, with the overall digitalisation level of the Group effectively improved. In order to strengthen the leading role of digital transformation planning, the Group formed the GDA 2.0 Triennium Action Plan, taking financial digital transformation as the driving force, formulating the digital transformation planning for investment and business process, and deepening the intelligentisation of personnel management. The Group promoted the integration of self-developed brand marketing, management and control, manufacturing, infrastructure and other fields, and continued

to strengthen the “user-centric” digital marketing system. The Group also completed the basic infrastructure of its big data platform for self-developed brands, promoted relevant data governance work, and became the first domestic automobile company recognised by the national standard certification of “DCMM” (Data Management Capability Maturity Assessment Model) as “stable”.

## **7. *Coordinated and synergetic development between various business segments***

**In the field of parts and components**, GAC Component, with dedication to realise independent and controllable core technologies as well as industry chain and supply chain as its goal, focused on power supply systems and material of NEV, and the planning and layout of ICV’s core components, laying emphasis on promoting projects such as core components of electric drive system, automotive electronics, wire-controlled chassis, smart headlamp, interior and exterior decoration systems. It accelerated the nationalisation of chip production as substitution, and joined hands with mining enterprises to deploy the supply chain of lithium materials and realise the front-end extension of the industrial chain.

**In the field of business and trade services**, GAC Business dug potential online customers, seized market sales opportunities, and achieved customer expansion and attraction in stores via creating a marketing pattern of “exposure on new media to attract traffic-immersive store experience-activities to promote orders”, with public domain traffic of new media channels as drivers, the launch of new models as turning points, and the exclusive marketing theme activities as approach. Meanwhile, efforts were made in speeding up the deployment of sales network in order to match the expansion, planning and reform of the Group’s OEMs of various brands channel. During the year, 33 new outlets sales channels under operation have been built. Currently, the sales outlets covers 22 provinces and 50 cities in China.

**In the field of financial services**, Investment enterprises in the financial segment fully utilised the low interest rate environment, and issued nearly RMB18 billion ABS (Asset-Backed Security) in 2022, of which GAC-SOFINCO issued three tranches ABS of RMB15 billion in total and GAC Leasing issued three tranches ABS of approximately RMB3 billion in total. It significantly reduced the Company’s comprehensive financing costs, provided financial support for suppliers and customers to purchase cars, and consolidated the coordination of the industry and financing. GAC-SOFINCO, Urtrust Insurance, GAC Finance Company and GAC Leasing proactively customised supporting financial products for various vehicle manufacturing enterprises of the Group, created innovative and characteristic financial products, effectively alleviated the pressure on dealers, lowered the threshold for customers to purchase cars, satisfied customer’s financial service needs and boosted sales growth of vehicles.

**In the field of mobility transportation services**, ON TIME has more than 16 million registered users, and promotes the construction of an autonomous driving platform and tool chain, which enhances the optimization and iteration of the autonomous driving technology through continuous feedback of data. In October 2022, ON TIME officially launched the mixed operation of manned vehicles and autonomous vehicles in Guangzhou, accelerating the commercialisation of Robotaxi.

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

During the reporting period, the Group realised sales revenue of approximately RMB514.605 billion on an aggregated basis, representing an increase of approximately 19.74% as compared with that of the corresponding period last year.

During the reporting period, the sales revenue of the Group amounted to approximately RM110.006 billion, representing an increase of approximately 45.36% as compared with that of the corresponding period last year. The net profit attributable to owners of the parent company amounted to approximately RMB7.983 billion, representing an increase of approximately 6.28% as compared with that of the corresponding period last year. The basic earnings per share amounted to approximately RMB0.77, representing an increase of approximately RMB0.04 as compared with that of the corresponding period last year.

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

1. In 2022, China's economy continued to recover steadily. As a whole, the domestic automobile market remained stable with a positive growth, despite the impact of the structural shortage of automobile chips, the continuing high price of raw materials, the termination of subsidies for new energy vehicles, etc. Under such circumstances, with the "14th Five-Year Plan" as development and planning orientation, the Group proactively retrieved its loss and strived to enhance a high-quality development by utilising favorable policies and market opportunities from all parties. Throughout the year, the Group achieved an accumulative sales of 2,433,800 vehicles, representing a year-on-year increase of 13.50%. The Group is determined in continuing its research and development in a positive, independent and innovative way. It also strives to accelerate the introduction of new products, and to enhance the competitiveness of its products continuously. GAMC has continuously enriched its star product portfolio, including the hot-selling EMPOW (including HEV), the second-generation GS8 (including HEV) and EMKOO (including HEV), and launched the M8 Grandmaster (including HEV) in tune with the times. GAC AION continued to record impressive sales for new energy vehicles with annual sales volume exceeding 270,000 units, representing a year-on-year increase of 125.67%, and continued to further promote the closed-loop layout of the energy ecosystem industry chain.

2. Joint ventures of the Group have launched new products and technologies, which continuously enhanced our overall competitiveness. Among those joint ventures, GAC Toyota maintained a sustained growth trend with its annual sales exceeding 1 million units for the first time, and the main vehicle models were undersupplied. Frontlander, Venza (including HEV) and the first e-TNGA pure electric medium-sized SUV, bZ4X were newly launched during the reporting period where the structural proportion of new energy and energy-saving products continued to increase. GAC Honda continued to launch new products. ZR-V, e:NP1, which is the first model under its innovative EV brand, new Vezele, new Breeze and Integra (e:HEV) have received satisfactory feedback and recognition. Continuous optimisation of product portfolio steadily improved our competitiveness.
3. Ancillary businesses in the upstream and downstream of the industrial chain such as financial services, vehicle components and commercial services have been further developed pursuant to the Group's strategy. The synergistic effect among various business segments has 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 supported the Group's automobile sales. During the reporting period, the operation of ON TIME expanded in Changsha, Zhongshan and Zhaoqing successively with its market share steadily increased. It has also raised proceeds of approximately RMB1 billion from Series A financing. ON TIME officially launched the mixed operation of manned vehicles and autonomous vehicles in Guangzhou, becoming the first mobility transportation platform in the Guangdong-Hong Kong-Macao Greater Bay Area to realise the mixed operation of Robotaxi.

As at 31 December 2022, calculated based on the proportion of shareholdings of the Group in the joint ventures, the total liabilities and total revenues of jointly controlled entities amounted to RMB72.315 billion and RMB151.367 billion respectively, which will be used in the calculation of waivers granted by the Stock Exchange to the Company in respect of asset and revenue ratios.

#### (IV) ANALYSIS OF PRINCIPAL BUSINESS

##### 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	1,100.06	756.76	45.36
Costs of sales	1,055.50	717.77	47.05
Selling and distribution costs	42.28	43.40	-2.58
Administrative expenses	54.87	45.56	20.43
Finance costs	3.51	4.25	-17.41
Interest income	4.91	3.16	55.38
Share of profit of joint ventures and associates	140.65	114.04	23.33
Net cash flow generated from operating activities	-66.38	-64.91	-2.26
Net cash flow generated from investing activities	-15.92	72.35	-122.00
Net cash flow generated from financing activities	251.81	7.77	3,140.80

## 1. Analysis on revenue and cost

During the reporting period, revenue of the Group amounted to approximately RMB110.006 billion, representing an increase of approximately 45.36% as compared with the corresponding period last year. This was mainly due to the combined effect of the continuous and stable recovery of the domestic economy, the overall stable automobile market with positive growth, the implementation of a series of policies and follow-up measures for economy stability, and the increasingly enriched vehicle models under self-developed brands of the Group with ever-increasing sales volume, especially the significant increase in the sales volume of the new energy vehicles of GAC AION.

During the reporting period, the Group recorded costs of sales of approximately RMB105.550 billion, representing an increase of approximately 47.05% as compared with the corresponding period last year. Total gross profit amounted to approximately RMB4.456 billion, representing an increase of approximately RMB0.557 billion or approximately 14.29% as compared with the corresponding period last year. Gross profit margin decreased by 1.10 percentage points as compared with the corresponding period last year, which was mainly due to the combined effect of the fact that the Group has overcome the impact of the supply shortage of automotive chips and the increase in the price of raw materials, and the year-on-year increase in production and sales volume of vehicle models of the Group's self-developed brands, leading to corresponding increases in both the costs and economies of scale.

### Principal business by industry

Unit: 100 million Currency: RMB

By industry	Revenue	Cost of sales	Gross profit margin (%)	Increase/ decrease in revenue over last year (%)	Increase/ decrease in cost of sales over last year (%)	Increase/ decrease in gross profit margin over last year (%)
Automobile						
manufacturing industry	786.72	778.03	1.10	59.97	62.54	-58.80
Auto-parts						
manufacturing industry	38.31	35.45	7.47	20.17	17.11	47.92
Commercial services	239.32	221.30	7.53	13.37	11.54	25.29
Financial services and others	35.71	20.72	41.98	62.47	98.85	-20.17
Total	<u>1,100.06</u>	<u>1,055.50</u>	<u>4.05</u>	<u>45.36</u>	<u>47.05</u>	<u>-21.36</u>

## Principal business by product

*Unit: 100 million    Currency: RMB*

By product	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Passenger vehicles	786.72	778.03	1.10	59.97	62.54	-58.80
Vehicles related trades	277.63	256.75	7.52	14.26	12.27	27.67
Financial services and others	<u>35.71</u>	<u>20.72</u>	<u>41.98</u>	<u>62.47</u>	<u>98.85</u>	<u>-20.17</u>
Total	<u><u>1,100.06</u></u>	<u><u>1,055.50</u></u>	<u><u>4.05</u></u>	<u><u>45.36</u></u>	<u><u>47.05</u></u>	<u><u>-21.36</u></u>

## Principal business by region

*Unit: 100 million    Currency: RMB*

By region	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Mainland China	1,068.77	1,027.46	3.87	44.84	46.19	-18.53
Overseas	<u>31.29</u>	<u>28.04</u>	<u>10.39</u>	<u>65.82</u>	<u>87.68</u>	<u>-50.12</u>
Total	<u><u>1,100.06</u></u>	<u><u>1,055.50</u></u>	<u><u>4.05</u></u>	<u><u>45.36</u></u>	<u><u>47.05</u></u>	<u><u>-21.36</u></u>

## Principal business by sales model

*Unit: 100 million    Currency: RMB*

By sales model	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue over last year (%)	Increase/decrease in cost of sales over last year (%)	Increase/decrease in gross profit margin over last year (%)
Distributor sales model	786.72	778.03	1.10	59.97	62.54	-58.80
Others	<u>313.34</u>	<u>277.47</u>	<u>11.45</u>	<u>18.26</u>	<u>16.05</u>	<u>17.32</u>
Total	<u>1,100.06</u>	<u>1,055.50</u>	<u>4.05</u>	<u>45.36</u>	<u>47.05</u>	<u>-21.36</u>

## Analysis of sales and production volume

*Unit: Vehicle*

Major products	Production volume	Sales volume	Inventory	Increase/decrease in production volume over last year (%)	Increase/decrease in sales volume over last year (%)	Increase/decrease in inventory over last year (%)
Sedans	169,063	165,901	5,635	38.20	36.66	93.31
SUV	375,597	364,470	15,015	86.65	74.89	155.75
MPV	102,343	103,333	7,480	-15.46	-9.80	-14.11

Illustration on production and sales volume: mainly the production and sales data of GAMC and GAC AION within the scope of consolidation.

## Sales to major customers

*Unit: 100 million    Currency: RMB*

<b>Customers</b>	<b>Revenue</b>	<b>Ratio to revenue (%)</b>
Total sales to top 5 clients	60.54	5.54

## Major Suppliers

*Unit: 100 million    Currency: RMB*

<b>Suppliers</b>	<b>Amount of procurement</b>	<b>Ratio to total procurement (%)</b>
Total procurement from the top 5 suppliers	167.66	16.49

Amount of procurement fees paid to the largest supplier of the Group accounted for 8.36% of the total amount of procurement fees of the Group for the year.

During the year, to the directors' knowledge, no directors, supervisors or their close associates or shareholders holding more than 5% of the Company's shares has any interest in the top 5 suppliers.

## 2. *Expenses*

- (1) The year-on-year decrease of approximately RMB112 million in selling and distribution costs was mainly attributable to the combined effect of the decrease in advertising expenses, aftersales service charge as well as sales incentives during the reporting period.
- (2) The year-on-year increase of approximately RMB931 million in administrative expenses was mainly attributable to the combined effect of the corresponding increase in the routine expenses resulting from the development of the enterprise and the increase in the expenses arising from depreciation, amortisation, research and development during the reporting period.

- (3) The year-on-year decrease of approximately RMB74 million in finance costs was mainly attributable to the combined effect of the maturity of convertible bonds, the decline of average loan rate, and the changes in exchange rate during the reporting period.
- (4) The year-on-year increase of approximately RMB175 million in interest income was mainly attributable to the combined effect of the impact of an increase in deposits which led to an increase in interest income during the reporting period.

### **3. *Research and development expenditures***

#### **(1) Table of research and development expenditures**

*Unit: 100 million    Currency: RMB*

Expensed research and development expenses for the period	14.19
Capitalised research and development expenses for the period	50.78
Total research and development expenditures	64.97
Percentage of total research and development expenditures over total revenue (%)	5.91
Number of research and development staff	6,581
Number of research and development staff over total number of staff (%)	18.10
Percentage of capitalised research and development expenditures (%)	78.16

- (2) During the reporting period, expenditures in research and development amounted to approximately RMB6.497 billion, representing a year-on-year increase of approximately RMB1.389 billion. This was mainly attributable to the continuous enhancement of independent research and development as well as innovation capability for improving the overall quality of the system. It was also attributable to the simultaneous propulsion of the development projects of traditional energy vehicle models and new energy vehicle models, as well as the development of core parts and components during the reporting period.

### **4. *Share of profit of joint ventures and associated companies***

During the reporting period, the Group's share of profit of joint ventures and associated companies amounted to approximately RMB14.065 billion, representing a year-on-year increase of approximately RMB2.661 billion, which was mainly attributable to the combined effect of the increase in profit of the joint ventures with Japanese companies.

## 5. *Cash flows*

- (1) During the reporting period, net cash outflow generated from operating activities amounted to approximately RMB6.638 billion, representing an increase in net outflow of approximately RMB0.147 billion as compared with the net cash outflow of approximately RMB6.491 billion in the corresponding period last year, which was mainly attributable to the combined effect of the increase in cash received from sales of goods due to the increase in sales volume, coupled with reduced contract liabilities, increased production capacity and increased inventories during the reporting period;
- (2) During the reporting period, net cash outflow generated from investing activities amounted to RMB1.592 billion, representing an increase of net outflow of approximately RMB8.827 billion as compared with net cash inflow of approximately RMB7.235 billion in the corresponding period last year, which was mainly due to the combined effect of the increase in dividends received from investee companies, the increase in cash paid for the purchase of fixed assets resulting from the development of the enterprise and the increase in 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 RMB25.181 billion, representing an increase of net inflow of approximately RMB24.404 billion as compared with the net cash inflow of approximately RMB777 million in the corresponding period last year, which was mainly attributable to the maturity of convertible bonds, the investee companies' absorption of external investment, and the issuance of asset-backed securities during the reporting period;
- (4) As at 31 December 2022 cash and cash equivalent of the Group amounted to approximately RMB34.222 billion, representing an increase of approximately RMB16.987 billion as compared with approximately RMB17.235 billion as at 31 December 2021.

## 6. *Others*

Income tax amounted to approximately RMB-536 million, representing a year-on-year decrease of approximately RMB382 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 parent company for the reporting period amounted to approximately RMB7.983 billion, representing a year-on-year increase of approximately 6.28%. Basic earnings per share amounted to approximately RMB0.77, representing a year-on-year increase of approximately RMB0.04.

## (V) ANALYSIS OF ASSETS AND LIABILITIES

### 1. Analysis table of assets and liabilities

Unit: 100 million Currency: RMB

Item	Balance	Balance	Balance	Balance	Change
	at the end of current period	at the end of current period over total assets (%)	at the end of the previous period	at the end of the previous period over total assets (%)	
Time deposits	33.26	1.75	51.77	3.36	-35.75
Financial assets at fair value through profit or loss – current	42.20	2.22	32.26	2.09	30.81
Financial assets at fair value through other comprehensive income – current	40.90	2.15	7.09	0.46	476.87
Inventories	123.62	6.50	81.11	5.26	52.41
Borrowings – current	138.13	7.27	98.89	6.41	39.68

### 2. Analysis on change

- (1) Time deposits: mainly due to the combined effect of the structural adjustment of inter-bank deposits and the decrease of time deposits during the reporting period;
- (2) Financial assets at fair value through profit or loss – current: mainly due to the combined effect of the increase in investment in financial products by financial enterprises during the reporting period;
- (3) Financial assets at fair value through other comprehensive income – current: mainly due to the combined effect of the increase of negotiable large-denomination certificates of deposit held during the reporting period;

- (4) Inventories: mainly due to combined effect of the supply shortage of automotive chip, the continuing high price of raw materials, and the increase in raw material inventories and finished vehicles due to the increase in automobile production and sales volume during the reporting period;
- (5) Borrowings – current: mainly caused by the combined effect of the increased capital demand for business development of certain enterprises during the reporting period;

## **(VI) ANALYSIS OF FINANCIAL POSITION**

### **1. *Financial indicators***

As at 31 December 2022, the Group's current ratio was approximately 1.62 times, representing an increase from approximately 1.25 times as at 31 December 2021, and quick ratio was approximately 1.40 times, representing an increase from approximately 1.08 times as at 31 December 2021, which were within reasonable range.

### **2. *Financial resources and capital structure***

As at 31 December 2022, the Group's current assets amounted to approximately RMB91.792 billion, current liabilities amounted to approximately RMB56.688 billion and current ratio was approximately 1.62 times.

As at 31 December 2022, total borrowings amounted to approximately RMB19.510 billion, mainly consisting of corporate bonds issued by the Group with nominal value of RMB3 billion, receivables targeted asset-backed notes with closing balance of approximately RMB998 million, asset-backed securities with closing balance of approximately RMB401 million and borrowings from bank and financial institutions with closing balance of approximately RMB14.968 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 31 December 2022, the Group's gearing ratio was approximately 13.76% (Calculation of gearing ratio: (borrowings in non-current liabilities + borrowings in current liabilities)/(total equity + borrowings in non-current liabilities + borrowings in current liabilities)).

### **3. *Foreign exchange risk***

As the Group mainly conducts its business in the PRC and the sales and 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 31 December 2022, financial guarantee given by the Company to controlled and whole-owned subsidiaries of the Group amounted to RMB0 (31 December 2021: RMB0).

As at 31 December 2022, independent third-party financial guarantee given by the Company amounted to RMB0 (31 December 2021: RMB0).

As at 31 December 2022, financial guarantee given by the Group to related parties outside the consolidation scope amounted to RMB16,600,000 (31 December 2021: RMB16,600,000).

### (VII) ANALYSIS OF AUTOMOBILE MANUFACTURING INDUSTRY OPERATION

#### 1. *Production capacity*

##### Existing production capacity

Names of major factories	Designed production capacity (ten thousand units)	Production	Production capacity utilisation rate (%)
		volume during the reporting period (ten thousand units)	
GAC Honda	77	76.78	99.71
GAC Toyota	100	100.93	113.32
GAMC (including GAC AION)	108	66.59	70.05
GAC Mitsubishi	20	3.55	17.75
Others	1.5	0.05	3.33

##### *Notes:*

1. Production capacity during the reporting period refers to the actual production volume during the reporting period.
2. Others refer to the production capacity of GAC Hino and GAC BYD and the production volume for the year.
3. Production capacity utilisation rate during the reporting period has been converted according to the actual production time.

## Production capacity in construction

*Unit: '0,000 Currency: RMB*

<b>Names of the factories in construction</b>	<b>Planned investment amount</b>	<b>Investment amount during the reporting period</b>	<b>Total investment amount</b>	<b>Expected commencement date of production</b>	<b>Expected production capacity</b>
GAC Honda new energy vehicle production capacity expansion project	349,510	56,452	82,139	2024	120,000 units/year

### Production capacity calculation standards

Calculated based on standard production capacity and two production shifts.

## 2. Sales and production volume of whole vehicles

### By vehicle models

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total production volume compared with the corresponding period last year (%)
Passenger vehicle	2,433,201	2,141,675	13.61	2,479,435	2,135,377	16.11
Sedans	1,125,733	1,012,823	11.15	1,145,921	1,007,616	13.73
MPV	222,429	160,712	38.40	229,596	166,519	37.88
SUV	1,085,039	968,140	12.07	1,103,918	961,242	14.84
Commercial vehicle	600	2,712	-77.88	476	2,750	-82.69
<b>Total vehicles</b>	<b>2,433,801</b>	<b>2,144,387</b>	<b>13.50</b>	<b>2,479,911</b>	<b>2,138,127</b>	<b>15.99</b>

### By regions

Vehicle types	Domestic sales (units)			Overseas sales (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)
Passenger vehicle	2,400,233	2,120,992	13.17	32,968	20,683	59.40
Sedans	1,125,282	1,003,099	12.18	451	9,724	-95.36
MPV	221,669	160,101	38.46	760	611	24.39
SUV	1,053,282	957,792	9.97	31,757	10,348	206.89
Commercial vehicle	600	2,712	-77.88	-	-	-
<b>Total vehicles</b>	<b>2,400,833</b>	<b>2,123,704</b>	<b>13.05</b>	<b>32,968</b>	<b>20,683</b>	<b>59.40</b>

*Note:* The above sales and production data includes that of the joint ventures and associated companies.

### 3. New energy vehicle business

#### Production capacity of new energy vehicles

Name of major factory	Designed production capacity (units)	Production capacity during the reporting period (units)	Production capacity utilisation rate (%)
GAC AION intelligent ecological factory	360,000	273,500	145.71

*Note:* Production capacity during the reporting period refers to the actual production volume during the reporting period. Production capacity utilisation rate has been converted according to the actual production time.

#### Sales and production volume of new energy vehicles

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)	Total number for the year	Total number for last year	Changes in total sales volume compared with the corresponding period last year (%)
Passenger vehicle	271,449	120,690	124.91	273,900	121,811	124.86

#### Income and subsidies for new energy vehicles

*Unit: 100 million    Currency: RMB*

Vehicle types	Income	Subsidy for new energy vehicle	Ratio of subsidy (%)
Passenger vehicle	366.66	31.59	8.62

## **(VIII) MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST**

Nil.

## **(IX) ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES**

GAC Honda, GAC Toyota, GAMC and GAC AION are the key joint ventures and subsidiaries of the Group. During the reporting period, in the face of unprecedented challenges brought about by multiple factors such as continuous shortage of chip supply and the soaring price of raw materials which compromised the operation and development of the auto industry and the Company, the Company focused on steady growth, supply preservation, structural adjustment, market expansion, quality improvement and efficiency enhancement. Steady improvement in operating efficiency was achieved. Among which:

The production and sales volume of GAC Honda were 767,826 units and 741,808 units respectively, representing year-on-year decreases of 2.45% and 4.93% respectively; operating income was RMB115.113 billion, representing a year-on-year increase of approximately 0.26%;

The production and sales volume of GAC Toyota were 1,009,265 units and 1,005,000 units respectively, representing year-on-year increases of 22.59% and 21.38% respectively; operating income was RMB163.534 billion, representing a year-on-year increase of approximately 26.32%;

The production and sales volume of GAMC were 373,499 units and 362,548 units respectively, representing year-on-year increases of 15.55% and 11.83% respectively; operating income was RMB47.809 billion, representing a year-on-year decrease of approximately 9.60%;

The production and sales volume of GAC AION were 273,504 units and 271,156 units respectively, representing year-on-year increases of 125.33% and 125.67% respectively; operating income was RMB38.703 billion, representing a year-on-year increase of approximately 124.17%.

## **(X) STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY**

Not applicable.

## (XI) DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

### 1. *Industry layout and trend*

In the first half of 2022, affected by factors such as chips shortage and soaring price of raw materials, the industry has been recovering slowly. China immediately promulgated a series of policies to promote automobile consumption. Together with the local and enterprise's consumption incentives, the implementation effect of the policies gradually emerged, and the overall growth rate of the automobile industry showed a trend of rejuvenation.

At present, China's automobile market is in a critical period of accelerated transformation while exploring emerging momentum. With the continuing growth of the automobile consumption, the gross size of the automobile market will increase steadily, and the structural quality will continue to be optimised. However, considering that the global economy and trade order are facing risks and challenges; that uncertainties, instability, and unpredictability have multiplied significantly; that the commodity prices related to the automobile industry have fluctuated sharply; and that "chip shortages" as well as component scarcity would continue to manifest, the supply chain issues such as "chip shortages and expensive batteries" will remain the intractable challenges for the development of the industry this year, which reflected that the automobile industry is entering a new competitive landscape. Firstly, with the continuous remodeling of the vehicle series portfolio, the market share of self-developed brands continues to ramp up. In 2022, the cumulative retail share was 49.9%. In particular, the cumulative retail share for each month from September to December exceeded 53% in succession. It is expected that the annual share in 2023 will exceed 50%. Among the joint venture brands, those with weaker competitiveness will suffer a greater impact, and the "post-JV era" of China's automobile industry has arrived. Secondly, with the continuing adjustment over product structure and the further acceleration in the popularisation of new energy, penetration rate of the new energy market has exceeded 25% in 2022, whereas this figure is expected to increase to more than 30% in 2023. Thirdly, auto exports are expected to continue to maintain rapid growth, and the development of Chinese automobiles overseas will usher in a golden era. As the economy springs to life in 2023, China Association of Automobile Manufacturers predicts that the domestic automobile market will continue to show a steady and positive development trend in 2023, with a growth rate of about 3%.

## **2. *Development strategy of the Company***

During the period of the “14th Five-Year Plan”, the Group will adhere to the development principle of “internal collaborative innovation and external open cooperation” to implement the “1615” development strategy, namely, to achieve one goal, which is to, by the end of “14th Five-Year Plan” period, challenge the annual production and sales volume of vehicles amounting to 3.65 million units with NEV products accounting for over 25% of the production and sales scale of vehicles, among which the annual sales volume of self-developed brands reached 1 million, and the sales volume of self-developed NEV accounted for 50%; to consolidate six major segments, which include R&D, manufacture of vehicle, parts and components, commercial services, financial services and mobility transportation services; to highlight one key point, which is to fully improve independent innovation capabilities to achieve high quality development of the Group; and to achieve five major improvements in electrification, intelligent networking, digitalisation, shareability and internationalisation.

Looking forward, the Group will spare no effort to propel the “1578 Development Outline for Trillion GAC”. By 2030, the Group will endeavor to achieve one goal: annual production and sales volume exceeding 4.75 million vehicles, annual revenue (on a combined basis) amounting to RMB1 trillion, and profits tax amounting to RMB100 billion. The Group aims at becoming a world-class high-tech enterprise characterised by excellent products, distinguished brand image, cutting-edge innovation and modernised governance. The Group also aims to create momentum for five increment aspects, including transformative upgrading of whole vehicles, enhancement and extension of components industry chain, intellectualisation of commerce and mobility transportation, energy and ecological empowerment, and courageous international expansion. The Group will consolidate seven segments, including research and development, manufacture of vehicles, parts and components, commercial services and mobility transportation, energy and ecology, internationalisation as well as investment and finance. The Group will implement eight initiatives, including deepening the reform of the system and mechanism, paying balanced attention to self-development and capital injection regarding technological innovation, executing all-out upgrading of self-developed brands, reinforcing and extending the industry chain for structural optimisation, comprehensively developing energy ecology, arranging in-depth deployment of software business, seeking key breakthroughs in overseas markets, and exploring innovation in smart transportation models.

To support the implementation of the national “Dual Carbon” target, the Group will implement the “GLASS Plan” to achieve full life-cycle carbon neutrality of its products by 2050 (and challenge to achieve the target in 2045).

### 3. *Operational plan*

In 2023, oriented by the Group's development programs under the "14th Five-Year Plan" and the magnificent blueprint "Trillion GAC", the Group will fully, accurately and comprehensively implement the new development concept in integrity, proactively integrate into the new development landscape, and strive to explore the new horizon of high-quality development. The Group will also challenge the target of a year-on-year growth of 10% in annual vehicle sales volume, and continue to maintain a growing trend that prevails over the industry average. Aiming at further improving the product structure and enhancing the overall competitiveness, the Group plans to launch more than 10 new and facelift models, mainly including GAC Trumpchi GS3 Shadow Speed, two new energy MPV and one new energy SUV, GAC AION Hyper SSR, Hyper GT, one new SUV, new GAC Honda Accord, ZR-V e:HEV, Breeze e:HEV, Breeze e:PHEV, facelifted Fit, facelifted Avancier, GAC Toyota Frontlander HEV, Levin GT HEV, etc.

The major operational measures are as follows:

- (1) The Group will focus on "Trillion GAC" and actively promote high-quality development. It will also strengthen strategic leadership and implementation, make every effort to achieve a turnaround, improve quality, actively promote terminal inventory reduction, and comprehensively complete the annual target.
- (2) The Group will establish GAC as a first-class enterprise and enhance innovation capabilities in all aspects. It will also unswervingly be committed to innovation, accelerate the transformation and upgrading to ICV and NEV with technological innovation, explore business model innovation, and continue to deepen management innovation.
- (3) The Group will adhere to the supremacy of customers and strive to optimise products and services. It will also promptly launch products that meet consumers' needs for innovation and change, continue to create excellent products, construct a characteristic marketing system, and expand high-end service industries to empower car sales.
- (4) The Group will concentrate on the two self-developed brands and implement a triennium plan for new growth. It will also improve the integrated synergy mechanism, accelerate the promotion of the brand rejuvenation plan, accurately cultivate star products, innovate characteristic marketing services, comprehensively improve our profitability, and form an emerging pattern of in-depth internationalisation.

- (5) The Group will accelerate the transformation of the “Four Modernisations” and promote the upgrading of the energy level of the industrial chain. The Group will also extend the upstream and downstream to promote electrification, and promote the development of next-generation self-developed batteries, cells, and electric drive system. The Group will take into account both software and hardware to promote intelligent connectivity and intensify the control over key core technologies of intelligent interconnection. It will also strengthen its overall planning to promote digitalisation, and empower business development. The Group will promote shareability in innovative ways, and accelerate the implementation of the Robotaxi commercialisation project. The Group will stick to three-pronged “Independent R&D + JV Cooperation + M&A Investment” model to promote chain replenishment and reinforcement, and establish an independent and controllable core industrial chain.
- (6) The Group will deepen the reform of state-owned enterprises and constantly release the driving force of development. It will continue to deepen reforms, strengthen incentive and restraint mechanisms, improve corporate governance, strengthen risk prevention, and enhance the soft power of brand culture.

#### **4. *Potential risks***

##### **(1) Risk of macroeconomic fluctuations**

Residents’ purchasing power and willingness to purchase declined in 2022. China prospectively implemented the established policies and initiatives, and launched a series of policies and follow-up measures to stabilise the economy, such that consumption, which serves as the primary driving force of the economy, stopped falling and rebounded. However, the impetus for the recovery of the world economy is insufficient, as the commodity prices fluctuate at high levels, and the external environment is becoming more complex, severe and uncertain. China’s economic development is faced with the triple pressure of demand contraction, supply shock and weakening expectations. Macroeconomic fluctuations may have a certain impact on the overall development of the automobile industry and the Group.

**(2) Risk of supply chain**

The global chips supply is expected to remain tight. Domestic automobile enterprises are exposed to greater supply chain risks since the local substitution process in chips is slow. The chip shortage has not been fundamentally alleviated yet, especially chips, which are with sophisticated integration and high computing power, such as MCU chips in tight supply. Various semiconductor companies have increased their investment in the production capacity of automotive chips, and the Group has also strengthened cooperation with chip manufacturers to optimise the production schedule of vehicle models and reduce the losses caused by the shortage of chip supply. However, if the shortage in supply of chips continue, it will have a relatively significant impact on the Company's production and operation. In addition, due to the intricate and volatile external international environment, the supply risks of components that are highly dependent on imports, such as chips, will still exist.

**(3) Risk of high costs for raw materials**

Since 2022, the market price of raw materials has soared, as shown particularly by that of the battery-grade lithium carbonate. Although the price in early 2023 has dropped compared with its high level as in the previous year, it still imposes considerable cost pressure on auto companies. The Group has actively adopted cost control measures, and to accelerate the establishment of a vertically integrated new energy industry chain layout, but the price tendency of raw materials will generate uncertainty to impede the Company's profit target.

**(4) Risk of policy**

With the termination of the subsidy policy for the purchase of new energy vehicles in 2023, the NEV industry will completely transit from policy-driven to market-driven. Auto enterprises must make rational adjustments to product development plans and product structures, and formulate adequate countermeasures in terms of capital, technology and marketing in advance. It's essential for auto enterprises to improve product competitiveness while further controlling costs, so as to minimise the dependence of the enterprise's production and operation on subsidy policies, and realise a smooth transition after the termination of subsidies. In addition, the penetration rate of new energy vehicles continues to increase and thus they will occupy more market share. Traditional fuel vehicles will face more intense market competition.

## **OTHER DISCLOSURES**

### **(I) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the year. On 13 March 2023, with reference to the unusual changes in the participants of the Company's 2020 A share option and restricted share incentive scheme (such as retirement, resignation, assessment, etc.), the restricted shares granted to ineligible participants have been repurchased and cancelled. A total of 7,327,392 restricted shares have been repurchased.

### **(II) CORPORATE GOVERNANCE**

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

### **(III) AUDIT COMMITTEE**

The audit committee of the Company comprised three independent non-executive directors, namely Mr. Wong Hakkun (Chairman), Mr. Xiao Shengfang and Mr. Song Tiebo. Their main responsibilities include supervising annual audit and internal audit system, financial information and disclosure thereof of the Company. The audit committee has mainly reviewed the quarterly, interim and final results and evaluated the internal control system during the reporting period. The audit committee has also reviewed the results and financial statements of the Group for the year ended 31 December 2022.

### **(IV) SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Nil.

### **(V) DIVIDEND**

The Board recommended the payment of a final dividend for the year ended 31 December 2022 of RMB0.18 per share (Total dividend for 2022: RMB0.24 per share) (Total dividend for 2021: RMB0.22 per share). The proposed final dividend for the year is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. Details of the annual general meeting, the arrangement for closure of register of members and dividend payment date will be announced later.

## DEFINITIONS

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

“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)
“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 holds 85% and 15% equity interests, respectively
“GAC AION”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車有限公司) (formerly known as Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司)), a subsidiary of the Company incorporated in July 2017 under PRC law, and in which the Company directly and indirectly holds a total of 76.89% equity interests as at the date of this announcement
“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 BYD”	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), a jointly controlled entity incorporated in August 2014 under PRC law by the Company and BYD Company Limited, and the Company holds 49% of its equity interests

“GAC Capital”	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary of the Company incorporated in April 2013 under PRC Law
“GAC Component”	GAC Component Co., Ltd. (廣汽零部件有限公司) (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, in which the Company and GAC AION holds 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 Hino”	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a jointly controlled entity incorporated in November 2007 under PRC law by the Company and Hino Motors, Ltd.
“GAC Honda”	GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co., Ltd. (廣州本田汽車有限公司)), a 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 by the Company
“GAC Leasing”	Guangzhou GAC Leasing Co., Ltd. (廣州廣汽租賃有限公司), a wholly-owned subsidiary incorporated in February 2004 under PRC law by the Company
“GAC Mitsubishi”	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a jointly controlled entity incorporated in September 2012 under PRC law by the Company, Mitsubishi Motors Corporation and Mitsubishi Corporation

“GAC Toyota”	GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co., Ltd. (廣州豐田汽車有限公司)), a jointly controlled entity incorporated in September 2004 under PRC law by the Company, Toyota Motor Company and Toyota Motor (China) Investment Co., Ltd.
“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-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)
“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
“HYCAN Automobile”	HYCAN Automobile Technology Co., Ltd.(合創汽車科技有限公司) (formerly known as GAC Nio New Energy Automobile Technology Co., Ltd. (廣汽蔚來新能源汽車科技有限公司)), a company jointly funded and established by the Company and Nio, Inc. in April 2018 under PRC law, in which 25% of its equity interests are jointly held by the Company and its subsidiaries after the completion of capital injection in January 2021
“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 GAMC, GAC Business and GAC AION holds 40%, 9% 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
“Juwan Technology Research”	Guangzhou Juwan Technology Research Co., Ltd., an associated company incorporated in September 2020 under PRC law and jointly funded and established by the Company, GAC Capital, Guangzhou Juwan Investment Partnership (Limited Partnership) and other natural person shareholders
“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 23.6% by the Group
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Ruipai Power”	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司), a subsidiary incorporated in October 2022 under PRC law, in which the Company, GAMC and GAC AION holds 23%, 26% and 51% equity interests as at the date of this announcement, respectively
“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 Company holds 30% equity interests
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUV”	sports utility vehicle

- “Times GAC” Times GAC Energy Battery System Co., Ltd. (時代廣汽動力電池有限公司), an associated company jointly funded and established by the Company, GAC AION and Contemporary Amperex Technology Co., Ltd. in December 2018 under PRC law, in which the Company and GAC AION hold 49% equity interests in total
- “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.

By order of the Board  
**Guangzhou Automobile Group Co., Ltd.**  
**ZENG Qinghong**  
*Chairman*

Guangzhou, the PRC, 29 March 2023

*As at the date of this announcement, the executive directors of the Company are ZENG Qinghong and FENG Xingya, the non-executive directors of the Company are CHEN Xiaomu, CHEN Maoshan, DING Hongxiang, GUAN Dayuan and LIU Zhijun, and the independent non-executive directors of the Company are ZHAO Fuquan, XIAO Shengfang, WONG Hakkun and SONG Tiebo.*