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GUANGZHOU AUTOMOBILE GROUP CO., LTD.

廣州汽車集團股份有限公司

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



DENWAY MOTORS LIMITED

駿威汽車有限公司

*(Incorporated in Hong Kong under
the Companies Ordinance)*

Website: <http://www.denway-motors.com>

(Stock code: 203)

JOINT ANNOUNCEMENT

Pursuant to Rule 3.7 of the Code on Takeovers and Mergers

The GAC Board and the Denway Board announce that GAC has made a new listing application to the Hong Kong Stock Exchange on 19 January 2010 for the listing of the H Shares on the Hong Kong Stock Exchange by way of an introduction pursuant to Rule 7.14 (3) of the Listing Rules. The purposes of the Listing include, amongst others, the creation of listed equity consideration (in the form of H Shares) for the proposed privatisation of Denway by way of a scheme of arrangement under section 166 of the Hong Kong Companies Ordinance. The ratio of H Shares to be issued in exchange for each Denway Share is expected to be determined after the Listing Committee has granted in-principle approval for the Listing at the Listing Hearing in relation to the Introduction. It is proposed that the Denway Shares held by Denway Shareholders (other than those held directly and indirectly by GAC and parties acting in concert with it) will be exchanged for non-cash consideration in the form of H Shares which may or may not be at a premium to Denway's current trading price.

The H Shares to be offered as consideration (in a Scheme) are not yet listed on the Stock Exchange, the effectiveness of the Scheme would be conditional upon the admission of the H Shares to be listed on the Stock Exchange. Accordingly, it is a key element of the proposed privatization of Denway that the Scheme becoming effective and the Introduction being successful are inter-conditional upon each other.

China Lounge Investments Limited, a wholly-owned subsidiary of GAC, is a substantial shareholder of Denway and, together with parties acting in concert with GAC, directly and indirectly holds approximately 37.9% of the issued share capital of Denway and has control of Denway (the term "control" shall have the meaning given to it under the Takeovers Code).

Denway Shareholders and potential investors in Denway should note that the Denway Shares held by Denway Shareholders (other than those held directly and indirectly by GAC and parties acting in concert with it) will be exchanged for non-cash consideration in the form of H Shares which may or may not be at a premium to Denway's current trading price. **Denway Shareholders and potential investors in Denway should also take note that the Listing by GAC may not materialise and, accordingly, there can be no certainty that the Proposed Privatisation offer will be made.** GAC will make further announcements in this regard as and if necessary.

Denway Shareholders and potential investors in Denway are reminded to exercise caution when dealing in Denway Shares and any other securities of Denway.

PROPOSED LISTING BY INTRODUCTION AND PROPOSED PRIVATISATION OF DENWAY

The GAC Board and the Denway Board announce that GAC has made a new listing application to the Hong Kong Stock Exchange on 19 January 2010 for the listing of the H Shares on the Hong Kong Stock Exchange by way of an introduction pursuant to Rule 7.14(3) of the Listing Rules. The purposes of the Listing include, amongst others, the creation of listed equity consideration (in the form of listed H Shares) for the proposed privatisation of Denway by way of a scheme of arrangement under section 166 of the Hong Kong Companies Ordinance. The ratio of H Shares to be issued in exchange for each Denway Share is expected to be determined after the Listing Committee has granted in-principle approval for the Listing at the Listing Hearing in relation to the Introduction. It is proposed that the Denway Shares held by Denway Shareholders (other than those held directly and indirectly by GAC and parties acting in concert with it) will be exchanged for non-cash consideration in the form of H Shares which may or may not be at a premium to Denway's current trading price.

The H Shares to be offered as consideration (in a Scheme) are not yet listed on the Stock Exchange, the effectiveness of the Scheme would be conditional upon the admission of the H Shares to be listed on the Stock Exchange. Accordingly, it is a key element of the proposed privatization of Denway that the Scheme becoming effective and the Introduction being successful are inter-conditional upon each other.

China Lounge Investments Limited, a wholly-owned subsidiary of GAC, is a substantial shareholder of Denway and, together with parties acting in concert with GAC, directly and indirectly holds approximately 37.9% of the issued share capital of Denway and has control of Denway (the term "control" shall have the meaning given to it under the Takeovers Code). As at the date of this announcement, the market capitalization of Denway, on a fully diluted basis, is approximately HKD34,858 million and there were 7,518,698,534 Denway Shares in issue and 26,344,000 Denway Options outstanding.

Denway Shareholders and potential investors in Denway should note that the Denway Shares held by Denway Shareholders (other than those held directly and indirectly by GAC and parties acting in concert with it) will be exchanged for non-cash consideration in the form of H Shares which may or may not be at a premium to Denway's current trading price. **Denway Shareholders and potential investors in Denway should also take note that the Listing by GAC may not materialise and, accordingly, there can be no certainty that the Proposed Privatisation offer will be made.** GAC will make further announcements in this regard as and if necessary.

This announcement is issued pursuant to Rule 3.7 of the Takeovers Code. In accordance with Rule 3.7 of the Takeovers Code, GAC and Denway will issue update announcements on a monthly basis until announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer or of termination of talks is made.

Denway Shareholders and potential investors in Denway are reminded to exercise caution when dealing in Denway Shares and any other securities of Denway. In particular, Denway Shareholders and potential investors in Denway are reminded that the Listing and the Proposed Privatisation may or may not materialise and may be subject to various conditions. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code) of GAC and Denway are hereby reminded to disclose their dealings in any securities of GAC and Denway under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

DEFINITIONS

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

“Denway”	Denway Motors Limited, a company incorporated in Hong Kong which shares are listed on the Hong Kong Stock Exchange with stock code 203
“Denway Board”	the board of directors of Denway

“Denway Options”	the outstanding options granted pursuant to the share option scheme adopted by Denway pursuant to a resolution passed by Denway Shareholders at a general meeting on 6 June 2002, as amended from time to time
“Denway Shares”	issued ordinary shares of HK\$0.10 each in Denway
“Denway Shareholders”	the shareholders of Denway
“GAC”	Guangzhou Automobile Group Co., Ltd, a joint stock limited company incorporated in the laws of the People’s Republic of China on 28 June 2005 and which, together with parties acting in concert with it, directly and indirectly owns approximately 37.9% of the entire issued share capital of Denway as at the date of this announcement. As at the date of this announcement GAC, through its subsidiaries and jointly-controlled entities, is principally engaged in manufacture and sale of passenger vehicles, commercial vehicles, engines and auto parts as well as a broad range of automobile-related services.
“GAC Board”	the board of directors of GAC
“Hong Kong Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares”	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of GAC for which a new listing application has been made
“Introduction”	the listing of the H Shares on the Hong Kong Stock Exchange by way of introduction in accordance with Rule 7.14(3) of the Listing Rules
“Listing”	the listing of H Shares by way of an Introduction on the main board of the Hong Kong Stock Exchange
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
“Listing Hearing”	the hearing at which the Listing will be heard by the Listing Committee
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Proposed Privatisation”	the proposed privatization of Denway by GAC by way of a Scheme
“Scheme”	a scheme of arrangement under section 166 of the Hong Kong Companies Ordinance

“SFC”

The Securities and Futures Commission

“Takeovers Code”

The Code on Takeovers and Mergers as issued by the SFC

The directors of GAC jointly and severally accept full responsibility for the accuracy of the information in this announcement (other than that relating to Denway) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that relating to Denway) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement (other than that relating to Denway) herein misleading.

The directors of Denway jointly and severally accept full responsibility for the accuracy of the information in this announcement (other than that relating to GAC) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that relating to GAC) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement (other than that relating to GAC) herein misleading.

As at the date of this announcement, the executive directors of GAC are ZHANG Fangyou, ZENG Qinghong, YUAN Zhongrong, FU Shoujie and LU Sa, the non-executive directors of GAC are LIU Huilian, WEI Xiaoqin, LI Tun, WANG Songlin and LI Pingyi and the independent non-executive directors of GAC are WU Gaogui, MA Guohua, XIANG Bing, LAW Albert Yu Kwan and LI Zhengxi.

As at the date of this announcement, the executive directors of Denway are Mr. ZHANG Fangyou, Mr. ZENG Qinghong, Mr. LI Tun, Mr. FU Shoujie and Mr. YAO Yiming and the independent non-executive directors of Denway are Mr. CHEUNG Doi Shu, Mr. LEE Ka Lun and Mr. FUNG Ka Pun.

By order of the board of
Guangzhou Automobile Group Co., Ltd.
Mr. Zhang Fangyou
Chairman

By order of the board of
Denway Motors Limited
Mr. Li Tun
Managing Director

Hong Kong, 22 January 2010