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广汽集团
GAC GROUP

GUANGZHOU AUTOMOBILE GROUP CO., LTD.

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

(Stock code: 2238)



DENWAY MOTORS LIMITED

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

(Stock code: 203)

Joint Financial Advisers and Joint Sponsors to GAC

J.P.Morgan

Morgan Stanley



JOINT ANNOUNCEMENT

PUBLICATION OF GAC'S FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 IN ACCORDANCE WITH THE PRC RULES ON DISCLOSURE FOR DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES IN THE INTER-BANK BOND MARKET

(中國銀行間債券市場非金融企業債務融資工具信息披露規則)

Reference is made to the Scheme Document issued by GAC and Denway dated 18 June 2010 (the “**Scheme Document**”). Terms defined in the Scheme Document shall have the same meanings herein unless the context requires otherwise.

As at the date of this Announcement, GAC has in issue corporate bonds of an aggregate principal value of RMB6,700,000,000. Pursuant to the requirements under Article 8 of the Rules on Disclosure for Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market (銀行間債券市場非金融企業債務融資工具信息披露規則) promulgated by National Association of Financial Market Institutional Investors of PRC (中國銀行間市場交易商協會), GAC, being a non-financial institution bond issuer, is required to publish (i) its audited annual report prepared in accordance with PRC GAAP within four months of the end of each financial year; (ii) its interim balance sheet, income statement and cash flow statement prepared in accordance with PRC GAAP within two months of the end of each half year period; and (iii) its quarterly balance sheet, income statement and cash flow statement prepared in accordance with PRC GAAP within one month of the end of the first and third quarter every year when the debt financing instrument remains effective (the “**PRC Disclosure Rules**”).

In accordance with the PRC Disclosure Rules, GAC published on the following website its unaudited balance sheet, income statement and cash flow statement prepared in accordance with PRC GAAP for the three-months ended and as at 31 March 2010 (the “**First Quarter Financial Statements**”) on 30 April 2010:

<http://www.chinabond.com.cn/Info/6171791>

GAC and each of the Joint Financial Advisers would like to remind Denway Shareholders and investors that the First Quarter Financial Statements were released by GAC in accordance with the requirements under PRC laws. They were not intended to be released for the purpose of providing information to Denway Shareholders and investors in relation to their voting decisions at the EGM.

Denway Shareholders and investors are reminded to read the Scheme Document and Listing Document carefully when making their investment decision concerning GAC H Shares and Denway Shares and/or voting decisions at the Court Meeting and Denway EGM.

INTRODUCTION

Reference is made to the Scheme Document issued by GAC and Denway dated 18 June 2010 (the “**Scheme Document**”). Terms defined in the Scheme Document shall have the same meanings herein unless the context requires otherwise.

As at the date of this Announcement, GAC has in issue corporate bonds of an aggregate principal value of RMB6,700,000,000. Pursuant to the requirements under Article 8 of the Rules on Disclosure for Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market (銀行間債券市場非金融企業債務融資工具資訊披露規則) promulgated by National Association of Financial Market Institutional Investors of PRC (中國銀行間市場交易商協會), GAC, being a non-financial institution bond issuer, is required to publish (i) its audited annual report prepared in accordance with PRC GAAP within four months of the end of each financial year; (ii) its interim balance sheet, income statement and cash flow statement prepared in accordance with PRC GAAP within two months of the end of each half year period; and (iii) its quarterly balance sheet, income statement and cash flow statement prepared in accordance with PRC GAAP within one month of the end of the first and third quarter every year when the debt financing instrument remains effective (the “**PRC Disclosure Rules**”).

In accordance with the PRC Disclosure Rules, GAC published on the following website the First Quarter Financial Statements on 30 April 2010:

<http://www.chinabond.com.cn/Info/6171791>

FIRST QUARTER FINANCIAL STATEMENTS ARE NOT MATERIAL OR RELEVANT INFORMATION IN RELATION TO THE PRIVATIZATION

GAC and each of the Joint Financial Advisers would like to remind Denway Shareholders and investors that the First Quarter Financial Statements were released by GAC in accordance with the PRC Disclosure Rules. They were not intended to be released for the purpose of providing material or relevant information to Denway Shareholders and investors in relation to their voting decisions at the Court Meeting and the Denway EGM. GAC and each of the Joint Financial Advisers are of the view that the First Quarter Financial Statements do not constitute material or relevant information in the context of the Privatisation for the following reasons:

- The First Quarter Financial Statements are the unaudited management accounts of GAC prepared and presented in accordance with PRC GAAP whereas the financial information contained in the Scheme Document is audited and prepared and presented in accordance with HKFRS. Under PRC GAAP, GAC is required to use the equity accounting method while under HKFRS, GAC uses the proportionate accounting method. It should be noted that the extent of the line items disclosed in a set of accounts prepared in accordance with PRC GAAP are different to those disclosed in accounts prepared in accordance with HKFRS.
- The analyses performed by the Independent Financial Adviser to formulate the conclusions and recommendations as set out in the Scheme Document are based on the historical full year financial information and the Profit Forecast contained in the Scheme Document, not the information contained in the First Quarter Financial Statements. The First Quarter Financial Statements do not reflect GAC's full year accounts for 2010 due to, among other things, fluctuating sales volume as a result of seasonality.
- The Profit Forecast was prepared based on GAC's management accounts for the three months ended 31 March 2010 and a forecast of the consolidated results of the GAC Group for the remaining nine months ending 31 December 2010, both of which were prepared based on HKFRS. The First Quarter Financial Statements set out the unaudited management accounts of GAC prepared and presented in accordance with PRC GAAP which is not comparable to the Profit Forecast.

Denway Shareholders and investors are reminded to read the Scheme Document and Listing Document carefully when making their investment decision concerning GAC H Shares and Denway Shares and/or voting decisions at the Court Meeting and Denway EGM.

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, 8 July 2010

The GAC Directors jointly and severally accept full responsibility for the accuracy of the information in this Announcement (other than that relating to the Denway Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than that expressed by the Denway Group), 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 Group) herein misleading.

The Denway Directors jointly and severally accept full responsibility for the accuracy of the information in this Announcement (other than that relating to the GAC Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than that expressed by the GAC Group), 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 the GAC Group) herein misleading.

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