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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 ANNOUNCEMENT

PROPOSED PRIVATISATION OF DENWAY BY GAC BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 166 OF THE COMPANIES ORDINANCE PROPOSED WITHDRAWAL OF LISTING OF DENWAY MOTORS LIMITED RESULTS OF THE COURT MEETING AND THE DENWAY EGM AND RESUMPTION OF TRADING IN DENWAY SHARES

Joint Financial Advisers to GAC

J.P.Morgan

Morgan Stanley



Independent Financial Adviser to Denway IBC



Financial Adviser to GAC



RESULTS OF THE COURT MEETING AND THE DENWAY EGM

The Court Meeting and the Denway EGM were held on 16 July 2010. The Scheme was approved at the Court Meeting and the special resolution to approve and give effect to the Scheme was approved at the Denway EGM.

CURRENT STATUS OF THE CONDITIONS

The Scheme remains conditional upon the fulfilment or waiver (as applicable) of conditions (a) and (d) to (l) to the Scheme as set out in the section headed “Conditions of the Privatisation and the Scheme” in the Explanatory Statement contained in the Scheme Document.

WITHDRAWAL OF LISTING OF THE DENWAY SHARES

Subject to the Scheme becoming effective, the listing of the Denway Shares on the Stock Exchange is expected to be withdrawn after close of business on Wednesday, 25 August 2010. An application will be made by Denway to the Stock Exchange for the voluntary withdrawal of the listing of the Denway Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, subject to the Scheme being sanctioned by the High Court and all other conditions to the Scheme having been fulfilled or waived, as applicable.

RESUMPTION OF TRADING IN THE DENWAY SHARES

At the request of Denway, trading in the Denway Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on Friday, 16 July 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Denway Shares on the Stock Exchange with effect from 9:30 a.m. on Monday 19 July 2010.

Scheme Shareholders, investors and potential investors in Denway should be aware that the implementation of the Privatisation and the Scheme is subject to the conditions set out in the Scheme Document being satisfied or waived, as applicable, and accordingly, the Privatisation and the Scheme may or may not become effective. Scheme Shareholders, investors and potential investors in Denway should therefore exercise caution when dealing in Denway Shares and/or other securities of Denway. Persons who are in doubt as to the action they should take should consult their licensed securities dealers, registered institutions in securities, bank managers, solicitors or other professional advisers.

INTRODUCTION

Reference is made to the scheme document jointly issued by GAC and Denway on 18 June 2010 in relation to the proposed Privatisation by way of a scheme of arrangement under section 166 of the Companies Ordinance (the “**Scheme Document**”). Terms defined in the Scheme Document shall have the same meanings when used in this announcement, unless otherwise defined herein.

RESULTS OF THE COURT MEETING AND THE DENWAY EGM

The Court Meeting and the Denway EGM were held on Friday, 16 July 2010 at the Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

Results of the Court Meeting

The results of the Court Meeting which was held at 10:00 a.m. on Friday, 16 July 2010 were as follows:

	Votes cast by the Disinterested Denway Shareholders either in person or by proxy	Votes cast by the Disinterested Denway Shareholders either in person or by proxy in favour of the Scheme	Votes cast by the Disinterested Denway Shareholders either in person or by proxy against the Scheme
Number of Disinterested Denway Shareholders	35 <i>(Note 1)</i>	33	3
Number of Scheme Shares represented	3,028,689,506	2,996,997,657 <i>(Note 2)</i>	31,691,849 <i>(Note 3)</i>

Notes:

1. At the Court Meeting, 33 Disinterested Denway Shareholders voted in favour of the Scheme and 3 Disinterested Denway Shareholders voted against the Scheme. HKSCC Nominees Limited, being nominees for and on behalf of different ultimate beneficial Disinterested Denway Shareholders, have voted both in favour of and against the Scheme at the Court Meeting. Therefore, the aggregate number of Disinterested Denway Shareholders voting in favour of and against the Scheme is more than the number of Disinterested Denway Shareholders present and voting either in person or by proxy at the Court Meeting.
2. Such number represents approximately 98.95% of the number of Scheme Shares for which votes were cast by Disinterested Denway Shareholders present and voting either in person or by proxy at the Court Meeting.
3. Such number represents (i) approximately 1.05% of the number of Scheme Shares for which votes were cast by the Disinterested Denway Shareholders present and voting either in person or by proxy at the Court Meeting, (ii) approximately 0.68% of the number of Scheme Shares held by all the Disinterested Denway Shareholders including the Exempt Principal Traders (whether or not present and voting either in person or by proxy at the Court Meeting) and (iii) approximately 0.69% of the total number of Denway Shares entitled to be represented and voted at the Court Meeting in respect of the Scheme.

As at the date of Court Meeting, (1) the total number of Denway Shares in issue was 7,518,698,534, (2) the total number of Scheme Shares was 4,669,153,630, representing approximately 62.10% of the total number of Denway Shares in issue, and (3) the total number of Denway Shares held by all the Disinterested Denway Shareholders (for this purpose, including the Exempt Principal Traders) was 4,662,460,530, representing approximately 62.01% of the total number of Denway Shares in issue.

As at the date of the Court Meeting, an aggregate of 15,081,100 Denway Shares were beneficially owned by the Excluded Parties (as defined in the Scheme of Arrangement contained in the Scheme Document, which were the Morgan Stanley Entities and the CICC Entities as at the date of the Court Meeting), Mr. Yao Yiming and BNP Paribas S.A. Entities (in their capacity as Exempt Principal Traders connected with Denway) and registered as follows:

Name	Name of Registered Holder	Number of Denway Shares owned	Approximate percentage shareholding (%)
Morgan Stanley Entities	Morgan Stanley Smith Barney LLC	3,100 <i>(Note 1)</i>	0.000041
CICC Entities	HKSCC Nominees Limited	6,690,000	0.09
Mr. Yao Yiming	HKSCC Nominees Limited	1,132,000	0.02
BNP Paribas S.A. Entities	HKSCC Nominees Limited	7,256,000 <i>(Note 2)</i>	0.10

Notes:

1. The interests of the Morgan Stanley Entities in the Denway Shares is in the form of ADRs.
2. These Denway Shares represent Denway Shares held by BNP Paribas S.A. Entities in their capacity as Exempt Principal Traders connected with Denway.

As disclosed in the Scheme Document, each of the Excluded Parties was presumed to be acting in concert with GAC under the Takeovers Code. Mr. Yao Yiming, an executive director of Denway and also a member of GAC's senior management team had irrevocably undertaken to GAC and Denway that he would abstain from voting at the Court Meeting beneficially owned by him. BNP Paribas S.A. Entities would abstain from voting at the Court Meeting in respect of the Denway Shares held by them as Exempt Principal Traders connected with Denway. While such Denway Shares formed part of the Scheme Shares, they would not be represented nor voted at the Court Meeting. None of such Denway Shares were represented nor voted at the Court Meeting.

In addition, as disclosed in the Scheme Document, Exempt Principal Traders are not presumed to be parties acting in concert with GAC in relation to the Privatisation under the Takeovers Code notwithstanding their connections with either J.P. Morgan or Morgan Stanley. However, Exempt Principal Traders connected with GAC or Denway are prohibited under Rule 35.4 of the Takeovers Code from voting the Denway Shares owned by them at the Court Meeting although their Denway Shares would form part of the Scheme Shares. As at the date of the Court Meeting, 35,513,394 Denway Shares were held by the Exempt Principal Traders of the Morgan Stanley Entities (which excludes the 3,100 Denway Shares held in the form of ADRs as stated above) and 29,543,200 Denway Shares were held by the Exempt Principal Traders of the J.P. Morgan Entities, and these Denway Shares were not represented nor voted at the Court Meeting. There are no Exempt Principal Traders in the CICC Entities.

As such, the total number of Denway Shares entitled to be represented and voted at the Court Meeting in respect of the Scheme was 4,589,015,936. For the purpose of Rule 2.10 of the Takeovers Code, there are a total of 4,662,460,530 disinterested Denway Shares. There were no Denway Shares entitling the holder to attend and vote only against the resolution at the Court Meeting.

The Scheme was approved by way of poll in compliance with section 166 of the Companies Ordinance and Rule 2.10 of the Takeovers Code by a majority in number of the Disinterested Denway Shareholders present and voting either in person or by proxy at the Court Meeting representing not less than three-fourths in value of the Scheme Shares voted either in person or by proxy at the Court Meeting, and the number of votes cast against the resolution to approve the Scheme at the Court Meeting was not more than 10% of the votes attaching to all Denway Shares held by all the Disinterested Denway Shareholders, including the Exempt Principal Traders. Accordingly, the resolution proposed at the Court Meeting to approve the Scheme was duly passed by the Disinterested Denway Shareholders.

Tricor Abacus Limited, the share registrar of Denway, was appointed to act as the scrutineer for the purpose of the vote-taking procedures at the Court Meeting.

Results of the Denway EGM

The results of the Denway EGM which was held at 11:10 a.m. immediately after conclusion of the Court Meeting on Friday, 16 July 2010 were as follows:

	Number of votes cast by the Denway Shareholders either in person or by proxy	Number of votes cast by the Denway Shareholders either in person or by proxy in favour of the special resolution (%)	Number of votes cast by the Denway Shareholders either in person or by proxy against the special resolution (%)
Number of Denway Shares represented	5,910,219,901	5,878,283,652 (99.46%) <i>(Note 1)</i>	31,936,249 (0.54%) <i>(Note 2)</i>

Notes:

- Such number represents approximately 99.46% of the number of Denway Shares for which votes were cast by Denway Shareholders present and voting either in person or by proxy at the Denway EGM.
- Such number represents approximately 0.54% of the number of Denway Shares for which votes were cast by the Denway Shareholders present and voting either in person or by proxy at the Denway EGM.

The special resolution to approve and give effect to the Scheme (including the reduction of the issued share capital of Denway by cancellation of the Scheme Shares, the increase of issued share capital of Denway to its former amount and allot and issue new Denway Shares to GAC or as it may direct) was duly passed by way of poll by a majority of not less than three-fourths of the votes cast by the Denway Shareholders present and voting in person or by proxy at the Denway EGM.

As at the date of the Denway EGM, the total number of Denway Shares in issue was 7,518,698,534 and all Denway Shareholders were entitled to vote at the Denway EGM. There were no Denway Shares entitling the holder to attend and vote only against the special resolution at the Denway EGM.

As disclosed in the Scheme Document, GAC indicated that if the Scheme is approved at the Court Meeting, those Denway Shares held by China Lounge would be voted in favour of the resolutions to be proposed at the Denway EGM. Such Denway Shares were voted in favour of the special resolution at the Denway EGM.

Tricor Abacus Limited, the share registrar of Denway, was appointed to act as the scrutineer for the purpose of the vote-taking procedures at the Denway EGM.

CURRENT STATUS OF THE CONDITIONS

The Scheme remains conditional upon the fulfilment or waiver (as applicable) of conditions (a) and (d) to (l) to the Scheme as set out in the section headed “Conditions of the Privatisation and the Scheme” in the Explanatory Statement contained in the Scheme Document.

All of the conditions will have to be satisfied or waived, as applicable, on or before 31 December 2010 (or such other date as GAC and Denway may agree and the High Court may allow), otherwise the Privatisation and the Scheme will lapse. Subject to all the conditions to the Scheme being fulfilled or waived (as applicable), it is expected that the Scheme will become effective on Wednesday, 25 August 2010.

WITHDRAWAL OF LISTING OF THE DENWAY SHARES

Subject to the Scheme becoming effective, the listing of the Denway Shares on the Stock Exchange is expected to be withdrawn after close of business on Wednesday, 25 August 2010. An application will be made by Denway to the Stock Exchange for the voluntary withdrawal of the listing of the Denway Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, subject to the Scheme being duly approved by the High Court and all other conditions to the Scheme having been fulfilled or waived, as applicable.

EXPECTED TIMETABLE

	Hong Kong time
High Court hearing of the summons for directions in respect of capital reduction.	9:30 a.m. on Tuesday, 27 July 2010
Last day for dealing in Denway Shares	Monday, 16 August 2010
Latest time for lodging transfers of the Denway Shares to qualify for entitlements under the Scheme	4:30 p.m. on Thursday, 19 August 2010
Closure of register of members of Denway for determination of Scheme Shareholders.	Friday, 20 August 2010 to Tuesday, 24 August 2010 (inclusive)

Court Hearing ^(Note 1)	9:30 a.m. on Tuesday, 24 August 2010
Scheme Record Time	4 p.m. on Tuesday, 24 August 2010
Announcement of (1) the results of the Court Hearing and (2) the expected withdrawal of listing of the Denway Shares from the Stock Exchange on the Stock Exchange’s website and Denway’s website	not later than 7 p.m. on Tuesday, 24 August 2010
Scheme Effective Date ^(Note 2)	Wednesday, 25 August 2010
Withdrawal of listing of the Denway Shares on the Stock Exchange	after close of business on Wednesday, 25 August 2010
Announcement of (1) Scheme Effective Date and (2) the withdrawal of listing of the Denway Shares on the Stock Exchange’s website and Denway’s website.	Wednesday, 25 August 2010
Certificates for the GAC H Shares to be despatched ^(Note 3)	on or before Friday, 27 August 2010
Dealings in the GAC H Shares on the Stock Exchange expected to commence	9:30 a.m. on Monday, 30 August 2010

Notes:

1. The Court Hearing will be held at the High Court at the High Court Building, 38 Queensway, Hong Kong.
2. Subject to all conditions to the Scheme set out in the Scheme Document being satisfied or waived, as applicable, the Scheme will become effective when (a) it is sanctioned (with or without modification) by the High Court and (b) a copy of the order of the High Court sanctioning the Scheme is delivered to the Companies Registry for registration. Registration is expected to take place on Wednesday, 25 August 2010.
3. The GAC H Share certificates are expected to be despatched to Scheme Shareholders on 27 August 2010 after the Stock Exchange grants its approval for the Listing. In the event that the approval for the Listing is not obtained on 25 August 2010, the GAC H Share certificates will not be despatched on 27 August 2010 and dealings in the GAC H Shares on the Stock Exchange will not commence on 30 August 2010. In such event, and before 9:00 a.m. on 30 August 2010, GAC will make an announcement of the above and of a revised timetable. Investors who trade in the GAC H Shares prior to the receipt of the GAC H Share certificates do so entirely at their own risk.

Denway Shareholders should note that the expected timetable set out above is subject to change and further announcement(s) will be made to inform the Denway Shareholders as soon as practicable in the event of any change.

GENERAL

As at the date of the Court Meeting and the Denway EGM, (i) GAC held 2,849,544,904 Denway Shares through China Lounge, a wholly-owned subsidiary of GAC, representing approximately 37.90% of the issued share capital of Denway; and (ii) Morgan Stanley Entities and CICC Entities, being parties acting in concert with GAC, held 3,100 Denway Shares (in the form of Denway ADRs) and 6,690,000 Denway Shares, representing approximately 0.000041% and 0.09% of the issued share capital of Denway, respectively. As at the date of the Court Meeting and the Denway EGM, the J.P. Morgan Entities did not hold any Denway Shares.

Immediately prior to the commencement of the offer period (as defined in the Takeovers Code) on 22 January 2010, apart from the CICC Entities which held 6,690,000 Denway Shares (representing approximately 0.09% of the total number of Denway Shares in issue) and China Lounge which held 2,849,544,904 Denway Shares (representing approximately 37.90% of the total number of Denway Shares in issue), there were no Denway Shares which were held, controlled or directed by GAC or parties acting in concert with it. Save as disclosed in the Scheme Document, none of GAC or parties acting in concert with it acquired or agreed to acquire any Denway Shares during the offer period (as defined in the Takeovers Code). None of GAC or parties acting in concert with it borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Denway during the offer period (as defined in the Takeovers Code).

RESUMPTION OF TRADING

At the request of Denway, trading in the Denway Shares on the Stock Exchange was suspended from 9:30 a.m. on 16 July 2010 (Hong Kong time) pending the issue of this announcement. An application has been made by Denway to the Stock Exchange for the resumption of trading in the Denway Shares with effect from 9:30 a.m. on 19 July 2010 (Hong Kong time).

WARNING

Scheme Shareholders, investors and potential investors in Denway should be aware that the implementation of the Privatisation and the Scheme is subject to the conditions set out in the Scheme Document being satisfied or waived, as applicable, and accordingly, the Privatisation and the Scheme may or may not become effective. Scheme Shareholders, investors and potential investors in Denway should therefore exercise caution when dealing in Denway Shares and/or other securities of Denway. Persons who are in doubt as to the action they should take should consult their licensed securities dealers, registered institutions in securities, bank managers, solicitors or other professional advisers.

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, 16 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 parties acting in concert with GAC) 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 and parties acting in concert with 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 the GAC Group and parties acting in concert with GAC) herein misleading.

As at the Announcement Date, 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 Announcement Date, 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.