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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

AND

PROPOSED WITHDRAWAL OF LISTING OF DENWAY MOTORS LIMITED

AND

LISTING OF GAC BY WAY OF INTRODUCTION ON THE MAIN BOARD OF THE STOCK EXCHANGE

EFFECTIVE DATE OF THE SCHEME

AND

WITHDRAWAL OF LISTING OF DENWAY SHARES

AND

DESPATCH OF CERTIFICATES FOR GAC H SHARES

Joint Financial Advisers and Joint Sponsors to GAC

J.P.Morgan

Morgan Stanley



Independent Financial Adviser to Denway IBC



Valuation Adviser to GAC



The Scheme was sanctioned and the reduction of share capital of Denway involved in the Scheme was confirmed by the High Court on Tuesday, 24 August 2010.

The Court Order and the Minute were delivered to the Registrar of Companies of Hong Kong for registration and registered on Wednesday, 25 August 2010. The Listing Committee of the Stock Exchange has approved the listing of, and permission to deal in, the GAC H Shares to be issued pursuant to the Introduction on the Stock Exchange. Accordingly, all of the conditions of the Privatisation as set out in the Scheme Document were fulfilled and the Scheme became effective on Wednesday, 25 August 2010.

The listing of the Denway Shares on the Stock Exchange has been withdrawn with effect after close of business on Wednesday, 25 August 2010.

Certificates for the GAC H Shares are expected to be despatched to the Scheme Shareholders on or before Friday, 27 August 2010.

INTRODUCTION

Reference is made to the announcements jointly issued by GAC and Denway dated 19 May 2010, 8 June 2010, 18 June 2010 and 16 July 2010 in relation to the Privatisation, the Scheme Document dated 18 June 2010 and the subsequent joint announcement dated 24 August 2010 (the “**Announcement**”). Terms defined in the Scheme Document and the Announcement shall have the same meanings when used in this announcement unless otherwise defined herein.

SHARE EXCHANGE RATIO

As disclosed in the Scheme Document, the Privatisation will be implemented by way of the Scheme. Under the Scheme, the Scheme Shares will be cancelled and, in consideration thereof, all Scheme Shareholders will be entitled to receive 0.474026 GAC H Shares for every Scheme Share cancelled.

TRADING PRICES OF DENWAY SHARES

- The closing price of each Denway Share on its last day for dealing on the Stock Exchange (the “**Last Trading Day**”), 16 August 2010, is HK\$4.23;
- The average closing price of each Denway Share for the 30 trading days before and including its Last Trading Day is HK\$3.92;
- The average closing price of each Denway Share for the 60 trading days before and including its Last Trading Day is HK\$3.73;
- The average closing price of each Denway Share for the 90 trading days before and including its Last Trading Day is HK\$3.91; and
- The average closing price of each Denway Share for the 180 trading days before and including its Last Trading Day is HK\$4.24.

EFFECTIVE DATE OF THE SCHEME

The Scheme was sanctioned and the reduction of share capital of Denway involved in the Scheme was confirmed by the High Court on Tuesday, 24 August 2010.

The Court Order and the Minute were delivered to the Registrar of Companies of Hong Kong for registration and registered on Wednesday, 25 August 2010. The Listing Committee of the Stock Exchange has approved the listing of, and permission to deal in, the GAC H Shares to be issued pursuant to the Introduction on the Stock Exchange. Accordingly, all of the conditions of the Privatisation as set out in the Scheme Document were fulfilled and the Scheme became effective on Wednesday, 25 August 2010.

WITHDRAWAL OF LISTING OF THE DENWAY SHARES

The listing of the Denway Shares on the Stock Exchange has been withdrawn with effect after close of business on Wednesday, 25 August 2010. All certificates for the GAC H Shares shall be valid evidence of title to the GAC H Shares.

DESPATCH OF CERTIFICATES FOR GAC H SHARES

Certificates for the GAC H Shares are expected to be despatched to the Scheme Shareholders on or before Friday, 27 August 2010. The GAC H Shares will be traded in board lots of 2,000 each. The stock code of GAC is 2238.

COMMENCEMENT OF DEALINGS IN GAC H SHARES

Dealings in the GAC H Shares on the Stock Exchange are expected to commence at 9:30 a.m. on Monday, 30 August 2010.

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, 25 August 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 Announcement Date, 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 Announcement Date, 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.