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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this supplemental circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

**If you have sold or transferred** all your shares in **Guangzhou Automobile Group Co., Ltd.**, you should at once hand this supplemental circular to the purchaser(s) or transferee(s) or to the bank, licensed dealer in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

**SUPPLEMENTAL CIRCULAR OF**  
**2017 ANNUAL GENERAL MEETING**

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**This supplemental circular shall be read together with the circular despatched to the shareholders by the Company on 29 March 2018.**

The letter from the Board is set out on pages 3 to 9 of this supplemental circular.

3 May 2018

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## DEFINITIONS

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*In this supplemental circular, the following expressions shall, unless the context requires otherwise, have the following meanings:*

“A Shareholder(s)”	holder(s) of A Share(s)
“Capitalised Shares”	the new Shares to be allotted and issued by the Company under the Conversion of Capital Reserve into Shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Conversion of Capital Reserve into Shares”	the proposed issue of 4 Capitalised Shares for every 10 Shares to all Shareholders by way of conversion of capital reserve
“First Circular”	the circular of the Company despatched to the Shareholders on 29 March 2018 in relation to the resolutions to be approved by the Shareholders at the 2017 AGM
“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated on 18 October 2000 and the controlling shareholder of the Company
“H Shareholder(s)”	holder(s) of H Share(s)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	26 April 2018, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein
“New A Shares”	the new A Shares to be allotted and issued under the Conversion of Capital Reserve into Shares
“New H Shares”	the new H Shares to be allotted and issued under the Conversion of Capital Reserve into Shares
“Profit Distribution”	proposed distribution of final cash dividend for 2017 of RMB0.43 (including tax) per Share to all Shareholders
“Record Date”	11 June 2018, being the date for ascertaining the eligibility of the H Shareholders to participate in the Conversion of Capital Reserve into Shares

*Unless otherwise defined herein, capitalised terms used in this supplemental circular shall have the same meanings as those defined in the First Circular.*

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**EXPECTED TIMETABLE OF THE CONVERSION OF  
CAPITAL RESERVE INTO SHARES**

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2017 AGM .....	2:00 p.m. on Friday, 18 May 2018
Publication of poll results of the 2017 AGM .....	Friday, 18 May 2018
Last day of dealings in H Shares on cum-right basis .....	Thursday, 31 May 2018
First day of dealings in H Shares on ex-right basis .....	Friday, 1 June 2018
Latest time for lodging forms of transfer of H Shares in order to be entitled to the New H Shares .....	4:30 p.m. on Monday, 4 June 2018
Closure of H Share register of members of the Company for the Conversion of Capital Reserve into Shares .....	Tuesday, 5 June 2018 to Monday, 11 June 2018 (both days inclusive)
Record date for determining entitlement to the Conversion of Capital Reserve into Shares .....	Monday, 11 June 2018
H Share register of members of the Company reopens .....	Tuesday, 12 June 2018
Despatch of share certificates for the Capitalised Shares .....	Tuesday, 12 June 2018
First day of dealings in the Capitalised Shares .....	Wednesday, 13 June 2018

*Note:* The expected timetable is subject to a number of conditions set out in this supplemental circular and hence is indicative only. If there are any material changes to the expected timetable, the Company will make further announcement(s) where necessary.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Zeng Qinghong (*Chairman*)

Feng Xingya (*General Manager*)

*Non-executive Directors:*

Yan Zhuangli

Chen Maoshan

Li Pingyi

Ding Hongxiang

*Independent Non-executive Directors:*

Fu Yuwu

Lan Hailin

Leung Lincheong

Wang Susheng

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3 May 2018

*To the Shareholders,*

Dear Sirs or Madam,

**SUPPLEMENTAL CIRCULAR OF  
2017 ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the First Circular which contains details of the resolutions to be approved by the Shareholders at the 2017 AGM. This supplemental circular shall be read together with the First Circular.

The purpose of this supplemental circular is to provide you with additional information regarding (amongst others) the proposal for the Conversion of Capital Reserve into Shares to assist you in making informed decisions when voting on the relevant resolution at the 2017 AGM.

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## LETTER FROM THE BOARD

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### **2. RESOLUTION ON THE PROPOSAL FOR PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVE INTO SHARES FOR THE YEAR 2017**

Subject to the requirements under the Company Law and the Articles of Association, the Board proposed to distribute a final cash dividend for the year 2017 of RMB0.43 (including tax) per Share to all Shareholders, and at the same time to issue to all Shareholders 4 Shares for every 10 Shares by way of conversion of capital reserve based on the total Share capital of the Company on the Record Date (i.e. 11 June 2018). The Board also proposed to authorise a Director or secretary of the Board to draft and publish the announcement on the implementation of the Profit Distribution and Conversion of Capital Reserve into Shares after the resolution is considered and approved at the 2017 AGM.

Based on the Company's total Share capital of 7,294,838,762 Shares (including 2,213,300,218 H Shares and 5,081,538,544 A Shares) as at the Latest Practicable Date, the total number of Capitalised Shares to be issued under the Conversion of Capital Reserve into Shares will be 2,917,935,504 Shares (including 885,320,087 New H Shares and 2,032,615,417 New A Shares), which will be credited as fully paid at par by way of conversion of the Company's capital reserve and by way of capitalisation of the Company's undistributed profits.

#### **Conditions for the Conversion of Capital Reserve into Shares**

The Conversion of Capital Reserve into Shares is conditional upon:

- (i) approval by the Shareholders by way of a special resolution at the 2017 AGM; and
- (ii) approval by the Stock Exchange for the listing of and dealing in the New H Shares.

#### **Status of the Capitalised Shares**

Subject to the Articles of Association, the Capitalised Shares will rank *pari passu* in all respects with the Shares in issue on the date of the issue of the Capitalised Shares. Holders of the Capitalised Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Capitalised Shares are allotted and issued. The Conversion of Capital Reserve into Shares will not result in any change in the rights of the Shares.

#### **Handling of fractional Shares**

The New H Shares will be issued on a pro-rata basis based on the shareholding of the Shareholders as at the Record Date and any fractional Shares will be rounded down to the nearest whole unit. No fractional Shares will be issued and distributed pursuant to the Conversion of Capital Reserve into Shares, but will be aggregated and sold for the benefit of the Company.

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## LETTER FROM THE BOARD

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### Overseas H Shareholders

As at the Latest Practicable Date, according to the latest register of members available to the Company, the registered addresses of the H Shareholders include the United States of America, Canada and Macau Special Administrative Region of the PRC. The Directors have been advised by legal counsels in those jurisdictions that there are no legal restrictions on the issue of the new H Shares to the H Shareholders of the above-mentioned registered addresses and therefore such H Shareholders will be entitled to the New H Shares.

Upon the Conversion of Capital Reserve into Shares becoming unconditional, the Company will consider if there are any overseas H Shareholders located in other jurisdictions. If there are such overseas H Shareholders, then the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas H Shareholders to be eligible to take part in the Conversion of Capital Reserve into Shares pursuant to the Listing Rules.

### Effect of the Conversion of Capital Reserve into Shares on the shareholding structure of the Company

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately following completion of the Conversion of Capital Reserve into Shares (assuming that no new Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date, and that the conditions set out in the paragraph headed “Conditions of the Conversion of Capital Reserve into Shares” above are satisfied):

	As at the Latest Practicable Date		Immediately following completion of the Conversion of Capital Reserve into Shares	
	No. of Shares	Percentage of the total issued Shares (%)	No. of Shares	Percentage of the total issued Shares (%)
<b>A Shares</b>				
GAIG ( <i>Note</i> )	3,705,129,384	50.79	5,187,181,137	50.79
Other A Shareholders	1,376,409,160	18.87	1,926,972,824	18.87
<b>H Shares</b>				
GAIG ( <i>Note</i> )	207,542,000	2.85	290,558,800	2.85
Other H Shareholders	2,005,758,218	27.50	2,808,061,505	27.50
<b>Total</b>	<b>7,294,838,762</b>	<b>100</b>	<b>10,212,774,266</b>	<b>100</b>

*Note:* As at the Latest Practicable Date, GAIG held a total of 3,705,129,384 A Shares, representing approximately 72.91% of the A Share capital and 50.79% of the total Share capital of the Company; at the same time, GAIG and its wholly-owned subsidiary in Hong Kong, namely Guangzhou Auto Group (Hong Kong) Limited, and HK Stock Connect held 207,542,000 H Shares, representing approximately 9.38% of the H Share capital of the Company. Therefore, GAIG held a total of 3,912,671,384 A Shares and H Shares, representing approximately 53.64% of the total Share capital of the Company.

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## LETTER FROM THE BOARD

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### **Listing and dealing**

The New H Shares will be listed on the Stock Exchange and the New A Shares will be listed on the SSE. Application will be made by the Company to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the New H Shares. Subject to the satisfaction of the conditions as set out in this supplemental circular (including but not limited to the granting of the aforesaid approval by the Stock Exchange), the New H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. The Company will make all necessary arrangements for the New H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Closure of register of members**

In order to determine the list of H Shareholders who are eligible to participate in the Conversion of Capital Reserve into Shares and the Profit Distribution, the H Share register of members of the Company will be closed from Tuesday, 5 June 2018 to Monday, 11 June 2018 (both days inclusive), during which no transfer of H Shares will be effected. H Shareholders whose names appear on the register of members of the Company on 11 June 2018 will be entitled to receive the New H Shares and the Profit Distribution. In order to receive the New H Shares and the Profit Distribution, H Shareholders whose transfers have not been registered shall deposit all relevant completed transfer documents accompanied by the relevant share certificates at the Company's H Share Registrar, Tricor Investor Services Limited at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m. on Monday, 4 June 2018.

### **Reasons for the Conversion of Capital Reserve into Shares**

In view of the stable growth of operating results and satisfactory profitability of the Company and in order to reward the support of the Shareholders and strengthen the capital of the Company, the Board proposes the Conversion of Capital Reserve into Shares in recognition of the continuous support of the Shareholders. The Conversion of Capital Reserve into Shares will also increase the liquidity of the Shares and attract more investors. In the future, the Company will continue to maintain a stable dividend payout policy in line with its annual operating results and the relevant rules and regulations to provide stable returns to its Shareholders. The Directors are of the view that the Conversion of Capital Reserve into Shares is in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### Statement to be made in respect of acquisition of Shares

The Company shall ensure that all its listing documents and Share certificates include the statements stipulated below and shall instruct and cause each of its Share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such Share registrar a signed form in respect of such Shares bearing statements to the following effect:–

- (i) The acquirer of Shares agrees with the Company and each Shareholder of the Company, and the Company agrees with each Shareholder, to observe and comply with the Company Law, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Articles of Association.
- (ii) The acquirer of Shares agrees with the Company, each Shareholder, Director, supervisor, manager and officer of the Company and the Company acting for itself and for each Director, supervisor, manager and officer agrees with each Shareholder to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.
- (iii) The acquirer of Shares agrees with the Company and each Shareholder of the Company that Shares in the Company are freely transferable by the holder thereof.
- (iv) The acquirer of Shares authorises the Company to enter into a contract on his behalf with each Director and officer whereby such Directors and officers undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

### Waiver from strict compliance with requirements under the Listing Rules

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 19A.38 of the Listing Rules with respect to the requirement to convene separate class meetings for the proposed Conversion of Capital Reserve into Shares.

**H Shareholders should note that the Conversion of Capital Reserve may or may not proceed subject to the satisfaction of the conditions set out in the paragraph headed “Conditions for the Conversion of Capital Reserve into Shares” above. Shareholders and potential investors should therefore exercise caution when dealing in the Shares. If they are in any doubt about their position, they should consult their professional advisors.**

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## LETTER FROM THE BOARD

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### 3. 2017 AGM

The 2017 AGM will be held at Grand Ballroom, 1/F, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong at 2:00 p.m. on Friday, 18 May 2018. The 2017 AGM Notice is set out on pages 14 to 16 of the First Circular. The reply slip and form of proxy for use at the 2017 AGM were enclosed with the First Circular.

The register of members of the Company will be closed from Wednesday, 18 April 2018 to Friday, 18 May 2018 (both days inclusive), during which no transfer of Shares will be effected so as to ascertain the H Shareholders' entitlement to attend and vote at the 2017 AGM. In order to be eligible to attend and vote at the 2017 AGM, all relevant completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m. on Tuesday, 17 April 2018.

Pursuant to Rule 13.39(4) of the Listing Rules, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all votes at the 2017 AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Whether or not you are able to attend the 2017 AGM, you are requested to complete the reply slip and form of proxy enclosed with the First Circular in accordance with the instructions printed thereon and return the same to the Company as soon as possible. The reply slip shall be sent in person, by post or fax to the Company's H Share Registrar, Tricor Investor Services Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (fax number: (852) 2810 8185) on or before Saturday, 28 April 2018. The form of proxy shall be returned to the Company's H Share Registrar, Tricor Investor Services Limited, at least 24 hours before the time of holding of the 2017 AGM or at least 24 hours before the designated time of voting (i.e. 2:00 p.m. on Thursday, 17 May 2018). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

### 4. RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the adoption of the proposal for the Profit Distribution and Conversion of Capital Reserve into Shares would be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend all Shareholders to vote in favour of the relevant resolution as set out in the 2017 AGM Notice.

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## LETTER FROM THE BOARD

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### 5. RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this supplemental circular or any statement contained herein misleading.

### 6. GENERAL INFORMATION

Should there be any discrepancies between the Chinese and English versions of this supplemental circular, the Chinese version shall prevail.

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