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广汽集团
GAC GROUP

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)

ANNOUNCEMENT
(1) DISCLOSEABLE TRANSACTION — PROPOSED A SHARE ISSUE AND THE PROPOSED MERGER AND
(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

PROPOSED A SHARE ISSUE AND THE PROPOSED MERGER

The Board is pleased to announce that the Board and the GC Board respectively resolved to enter into the Merger Agreement in relation to the Proposed Merger on 22 March 2011 and 21 March 2011. At the meeting of the Board held on 22 March 2011, the Board also resolved to approve the submission of the application to the relevant regulatory authorities for the allotment and issue of not more than 470,113,336 A Shares to implement the Proposed Merger, subject to satisfaction of certain conditions including, among others, Shareholders' approval by way of a special resolution and regulatory approvals.

As all of the applicable percentage ratios in respect of the A Share Issue and the Proposed Merger are more than 5% but are less than 25%, the A Share Issue and the Proposed Merger, if implemented, will constitute a discloseable transaction of the Company under the Listing Rules.

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

To accommodate the A Share Issue, the Board has proposed to make certain amendments to the Articles in compliance with all relevant and applicable PRC legal and regulatory requirements. Such amendments are proposed in accordance with laws and regulations prescribed by the relevant PRC authorities including the CSRC, stipulating provisions mandatory or recommended for inclusion in articles of association of A share listed companies. The proposed amended Articles, subject to Shareholders' approval by way of a special resolution at the EGM, will be adopted for use by the Company upon listing of the A Shares.

GENERAL

A circular containing, among other things, further details of the A Share Issue, the Proposed Merger, the amendments to the Articles and the notice of the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or about 13 April 2011. If there is expected to be a delay in dispatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

Investors are cautioned that the A Share Issue is subject to (i) approval from Shareholders by way of a special resolution in the EGM as required under the PRC laws and regulations; and (ii) approvals from the CSRC and other relevant approval authorities. The Merger Agreement may or may not proceed or become unconditional or effective. There is no assurance that all the conditions precedent contained in the Merger Agreement can be satisfied. Investors and potential investors in Shares of the Company should exercise care, and they should only rely on information published by the Company, when they deal, or contemplate dealing, in the H Shares or other securities of the Company.

A. PROPOSED A SHARE ISSUE AND THE PROPOSED MERGER

1. Introduction

The Board is pleased to announce that, the Board and the GC Board respectively resolved to enter into the Merger Agreement in relation to the Proposed Merger on 22 March 2011 and 21 March 2011. At the meeting of the Board held on 22 March 2011, the Board also resolved to approve the submission of the application to the relevant regulatory authorities for the allotment and issue of not more than 470,113,336 A Shares to implement the Proposed Merger, subject to satisfaction of certain conditions including, among others, Shareholders' approval by way of a special resolution and regulatory approvals.

The Board also resolved to submit to the EGM for consideration and approval by way of an ordinary resolution the delegation of power to the Board, among others, to determine and deal with, at the Board's discretion and with full authority, the matters in relation to the A Share Issue and the Proposed Merger, to sign or execute all necessary documents, to effect and carry out necessary formalities, and to take all other necessary actions in connection with the A Share Issue and the Proposed Merger, as well as to handle all registration procedures in relation to the amendments to the Articles and the changes in the registered capital of the Company following completion of the A Share Issue and the Proposed Merger.

As at the date of this announcement, the Company is directly interested in 29% of the issued shares of GC.

The implementation of the Proposed Merger will involve an issue of A Shares by the Company at the Exchange Ratio to the GC Target Shareholders.

2. Structure of the A Share Issue

Type of securities to be issued	:	A Shares
Nominal value	:	RMB1.00 each
Number of A Shares	:	Not more than 470,113,336 A Shares
Target subscribers	:	All GC Target Shareholders (in the event that GC Target Shareholders holding more than 190,467,173 GC Shares accept the Cash Alternative and elect not to receive the A Shares, in whole or in part, CNMIC)
Issue price	:	RMB9.09 per A Share
Use of proceeds	:	All A Shares would be issued to implement the Proposed Merger and the Company will not raise fund from the public by the A Share Issue
Retained profits	:	Upon completion of the A Share Issue, the existing and new Shareholders of the Company will be entitled to share the cumulative undistributed profits of the Company and GC as at the date of delisting of GC on the Shanghai Stock Exchange
Place of listing	:	The Shanghai Stock Exchange. The Domestic Shares will be converted and listed on the Shanghai Stock Exchange and they will rank pari passu in all respects with the A Shares, subject to applicable lock-up requirements

3. Shareholders' approval and other approvals

The A Share Issue is subject to approval by Shareholders by way of special resolution at the EGM as stipulated by the relevant PRC laws, the rules of the CSRC and the Articles. The EGM will be held on 9 May 2011 to consider and, if thought fit, to approve the A Share Issue and the Proposed Merger, and to authorize the Board to determine and deal with at its discretion, matters relating to the A Share Issue and the Proposed Merger. CNMIC, as a Cash Alternative Provider, shall abstain from voting on the resolutions approving the Proposed Merger and the Merger Agreement at the EGM.

It should be noted that the A Share Issue, upon approval by Shareholders by way of special resolution at the EGM, is still subject to approvals by the CSRC and other relevant regulatory authorities, if necessary. In addition, the approval by the Shanghai Stock Exchange as to the listing of and dealings in the A Shares on the Shanghai Stock Exchange is also required. The approval in respect of the A Share Issue, if obtained from Shareholders at the EGM, shall be valid for a period of 12 months from the date on which such approval is obtained under the relevant PRC laws and regulations.

4. Key Terms of the Merger Agreement

A summary of the major terms and conditions of the Merger Agreement is as follows:

Date:	:	22 March 2011
Parties:	:	The Company (as acquirer) GC (as target company)
Consideration	:	The Company will issue A Shares (having the same voting right as the Company's H Shares) at the Exchange Ratio to the GC Target Shareholders who elect to receive in whole or in part the A Shares, and CNMIC (when there are GC Target Shareholders holding more than 190,467,173 GC Shares accept the Cash Alternative and elect not to receive the A Shares, in whole or in part) as consideration in exchange for the GC Shares held by them. The Exchange Ratio has been determined as 1.6 A Shares for one GC Share. The Proposed Merger will be accompanied by the Cash Alternative to the GC Target Shareholders at the price of RMB12.65 per GC Share, subject to the Proposed Merger becoming unconditional. As at the date of the Merger Agreement, a total of 369,818,687 GC Shares are held by the Target GC Shareholders. Mitsubishi has undertaken to elect to accept the Cash Alternative in respect of the 75,997,852 GC Shares held by it and the cash consideration of RMB961,372,827.80 for such GC Shares will be paid by the Company. Since Mitsubishi has undertaken to elect to accept the Cash Alternative, the maximum number of A Shares to be issued by the Company pursuant to the terms of the Merger Agreement will be 470,113,336.
Conditions Precedent:	:	The Merger Agreement is conditional upon: (i) the approval of the Proposed Merger by way of a special resolution by the Shareholders (other than CNMIC) attending and voting at the EGM having been obtained;

(ii) the approval of the Proposed Merger by way of a special resolution by the independent shareholders of GC attending and voting at such shareholders' meeting of GC having been obtained;

(iii) all requisite consents and approvals having been obtained from the relevant governmental and regulatory authorities in the PRC for the Proposed Merger and related matters (including but not limited to, the CSRC, the relevant state-owned assets supervision and administration department and related ministry of commerce);

(iv) the representations, warranties and undertakings of the parties to the Merger Agreement being true and accurate in all material aspects as at the date of the Merger Agreement and the date of fulfilment of all conditions precedent to the Merger Agreement;

(v) the absence of laws, regulations, government or regulatory orders or court judgments restricting, prohibiting or cancelling the Proposed Merger.

Completion	:	Completion shall take place on the later date of (i) the Company having completed the registration with the AIC in relation to the Proposed Merger, and (ii) GC having completed the deregistration with the AIC.
Profit Distribution	:	The Company and GC have agreed that, unless the Proposed Merger is terminated, during the year 2011 and prior to the delisting of GC on the Shanghai Stock Exchange, save for the profit distribution for the year 2010 announced by the Company and GC on or prior to the date of the Merger Agreement and approved by the shareholders at the respective general meeting of the Company and GC, no profit distribution in any form would be announced or carried out by the Company and GC.

5. The Exchange Ratio

The Exchange Ratio is determined based on the followings:

(i) the purchase price of the GC Shares of RMB14.55 per share under the Merger Agreement, representing a premium of approximately 15% over the Average Trading Price per GC Share of RMB12.65 of the 20 trading days prior to 21 March 2011, being the reference date on which the Exchange Ratio is determined; and

(ii) the issue price of the new A Shares of RMB9.09 per share, which is determined based on factors including the valuation of the A-share listed companies comparable to the Company, the potential growth of the Group and the pricing of the H Shares.

Accordingly, the Exchange Ratio was determined to be 1.6:1 whereby the GC Target Shareholders will exchange its one GC Share for 1.6 A Shares to be issued by the Company.

The Exchange Ratio and the premium was determined based on arm's length negotiations by the Directors, having made due and reasonable inquiries and taking into account various principal considerations and factors.

6. The Cash Alternative

The Proposed Merger will be accompanied by the Cash Alternative provided by the Company and CNMIC to the GC Target Shareholders at the price of RMB12.65 per GC Share, subject to the Proposed Merger becoming unconditional. If the GC Target Shareholders accept the Cash Alternative and elect not to receive the A Shares, in whole or in part, the Cash Alternative Providers will pay RMB12.65 per GC Share in cash to such GC Target Shareholders in whole or in part in return for the GC Shares held by such holders. The GC Target Shareholders would not be entitled to exercise the Cash Alternative in respect of the GC Shares which are subject to encumbrances or legal restrictions.

As at the date of the Merger Agreement, a total of 369,818,687 GC Shares are held by Target GC Shareholders. The Cash Alternative will be made available by the Company in respect of up to 190,467,173 GC Shares and CNMIC will make available the Cash Alternative in respect of the remaining 179,351,514 GC Shares. Mitsubishi has undertaken to elect to accept the Cash Alternative in respect of the 75,997,852 GC Shares held by it and the cash consideration for such GC Shares will be paid by the Company.

The GC Shares acquired by the Company as a Cash Alternative Provider will not be exchanged for the A Shares and, together with the 151,052,703 GC Shares held by the Company as at the date of the Merger Agreement, will be cancelled upon completion of the Proposed Merger. The GC Shares acquired by CNMIC will be exchanged for A Shares at the Exchange Ratio.

On the assumption that GC Target Shareholders holding 190,467,173 GC Shares (being the maximum amount of GC Shares in respect of which the Company will make available the Cash Alternative) elect to accept the Cash Alternative, (i) 286,962,422 A Shares, representing approximately 4.46% of the enlarged issued share capital of the Company upon allotment of the A Shares, will be issued by the Company and the total issued share capital of the Company will comprise 6,435,020,097 Shares; and (ii) RMB2,409,409,738.45 will be payable by the Company as a Cash Alternative Provider.

On the assumption that no GC Target Shareholder other than Mitsubishi (holding 75,997,852 GC Shares) elects to accept the Cash Alternative, (i) 470,113,336 A Shares, representing approximately 7.10% of the enlarged issued share capital of the Company upon allotment of the A Shares, will be issued by the Company and the total issued share capital of the Company will comprise 6,618,171,011 Shares; and (ii) RMB961,372,827.80 will be payable by the Company as a Cash Alternative Provider.

7. The Additional Cash Alternative

For the protection of the GC Target Shareholders participating in the exchange of A Shares, the Proposed Merger will further be accompanied by the Additional Cash Alternative to the Participated Shareholders, pursuant to which the Participated Shareholders can transfer the A Shares held by them to CNMIC at the price of RMB9.09 per A Share, provided that the Average Trading Price of the A Shares on its first trading date falls below the issue price of the A Shares of RMB9.09. The investors who purchase A Shares after listing of the A Shares are not entitled to the Additional Cash Alternative in respect of the A Shares purchased. The Participated Shareholders would not be entitled to exercise the Additional Cash Alternative in respect of the A Shares which are subject to encumbrances or legal restrictions.

CNMIC has undertaken to the Company that upon the acceptance of the Additional Cash Alternative by the Participated Shareholders, CNMIC shall purchase the A Shares held by the Participated Shareholders at the price of RMB9.09 per A Share.

On the assumption that no GC Target Shareholder other than Mitsubishi (holding 75,997,852 GC Shares) elects to receive the Cash Alternative and all Participated Shareholders elect to accept the Additional Cash Alternative, (i) 470,113,336 A Shares, representing approximately 7.10% of the enlarged issued share capital of the Company upon listing of the A Shares, will be transferred to CNMIC at the price of RMB9.09 per A Share; and (ii) RMB4,273,330,224.24 will be payable by CNMIC.

8. Exit rights of Dissenting Shareholders of the Company

Pursuant to the Articles, the Shareholders who have voted against the Proposed Merger at the EGM would have the right to demand the acquisition of their Shares by the Company or the Assenting Shareholders at fair prices to be determined by the parties to the acquisition in accordance with the Articles. The exercise of such exit rights will be subject to the Proposed Merger becoming unconditional. Dissenting Shareholders will be required to make a clear written request at the EGM to the Company or the Assenting Shareholders to exercise such exit rights.

The Dissenting Shareholders would not be entitled to such exit rights in respect of the Shares which are subject to encumbrances or legal restrictions.

If Dissenting Shareholders elect to request the Company to acquire their Shares at fair prices, the Company will fully comply with the laws, regulations and applicable rules (including the Listing Rules) concerning the Company's repurchase of Shares. The Company will be entitled to designate any third parties to acquire the Shares to be disposed of upon the request of such Dissenting Shareholders at fair prices to be determined by the parties to the acquisition in accordance with the Articles.

9. Effect of the Proposed Merger

Upon successful implementation of the Proposed Merger, the GC Shares held by the GC Target Shareholders on a record date to be determined will be exchanged into the A Shares of the Company. All such GC Shares (together with the 151,052,703 GC Shares held by the Company) will be cancelled. As a result of and upon completion of the Proposed Merger, the assets of GC will be absorbed into and the liabilities of GC will be assumed by the Company. GC will then cease to exist.

Subject to the approval of the CSRC and the Shanghai Stock Exchange, the A Shares will be listed on the Shanghai Stock Exchange. The H Shares will continue to be listed on the Hong Kong Stock Exchange. Set out below is the shareholding structure of the Company (1) as at the date of this announcement, (2) immediately after successful completion of the A Share Issue and the Proposed Merger assuming (i) an aggregate of 286,962,422 A Shares will be issued and (ii) GC Target Shareholders holding 190,467,173 GC Shares elect to receive the Cash Alternative, and (3) immediately after successful completion of the A Share Issue and the Proposed Merger assuming (i) an aggregate of 470,113,336 A Shares will be issued and (ii) no GC Target Shareholder other than Mitsubishi (holding 75,997,852 GC Shares) elects to receive the Cash Alternative.

	As at the date of this announcement		Immediately after completion of the A Share Issue and the Proposed Merger assuming GC Target Shareholders holding 190,467,173 GC Shares elect to receive the Cash Alternative and not to receive A Shares (Notes 1 & 2)		Immediately after completion of the A Share Issue and the Proposed Merger assuming no GC Target Shareholder other than Mitsubishi elects to receive the Cash Alternative	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
(1) Domestic Shares	3,934,757,457	64.00	3,934,757,457	61.14	3,934,757,457	59.46
(a) Held by GAIG	3,617,403,529	58.84	3,617,403,529	56.21	3,617,403,529	54.66
(b) Held by other holders	317,353,928	5.16	317,353,928	4.93	317,353,928	4.80
(2) A Shares	—	—	286,962,422	4.46	470,113,336	7.10
(3) H Shares	2,213,300,218	36.00	2,213,300,218	34.39	2,213,300,218	33.44
Total Number of Shares	**6,148,057,675**	**100.00**	**6,435,020,097**	**100.00**	**6,618,171,011**	**100.00**

Note 1: This column also demonstrates the shareholding structure of the Company immediately after successful completion of the A Share Issue and the Proposed Merger in the event that all GC Target Shareholders elect to receive the Cash Alternative and 179,351,514 GC Shares will be acquired by CNMIC, as all GC Shares acquired by CNMIC will be exchanged for A Shares at the Exchange Ratio.

Note 2: The total percentage does not add up to 100% due to rounding off of percentage figures to two decimal places.

GAIG, the controlling shareholder of the Company, has undertaken that, within 36 months upon listing of the A Shares on the Shanghai Stock Exchange, it will not transfer nor entrust any party to manage any of the Shares issued by the Company prior to the A Share Issue directly or indirectly held by it, and will not allow the Company to repurchase such Shares.

Each of the other Shareholders of the Domestic Shares (namely Wanxiang, CNMIC, Guangzhou Iron & Steel and Guangzhou Chime-Long) has also undertaken that, within 12 months upon listing of the A Shares on the Shanghai Stock Exchange, it will not transfer nor entrust any party to manage any of the Shares issued by the Company prior to the A Share Issue directly or indirectly held by it, and will not allow the Company to repurchase such Shares.

10. Information on GC, the Company and GAIG

GC is a joint stock company established under the laws of the PRC with limited liability, the securities of which have been listed on the Shanghai Stock Exchange (Stock Code: 600991) since 14 June 2004. GC and its subsidiaries are principally engaged in, among others, the manufacturing and sale of automobiles and auto parts.

The audited consolidated net asset value of GC and its subsidiaries as at 31 December 2010 was RMB2,429,524,942.52. The audited consolidated accounts of GC and its subsidiaries for the two years ended 31 December 2010 prepared under CASBE recorded an audited consolidated profit (before taxation and extraordinary items) of RMB41,030,944.02 and RMB173,412,173.58, respectively, and an audited consolidated profit (after taxation and extraordinary items) of RMB30,188,090.52 and RMB147,642,906.88, respectively.

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange since 30 August 2010. The Group is principally engaged in the research and development, manufacture and sale of passenger vehicles, commercial vehicles, engines and auto parts.

GAIG is a state-owned enterprise established under the laws of PRC on 18 October 2000. GAIG is principally engaged in, among others, manufacture of automobiles and the operation and management of state-owned assets.

11. Reasons for and benefits of the A Share Issue and the Proposed Merger

To answer to the PRC national policy for the restructuring of the automobile industry, the Company has been undergoing a series of acquisitions and restructuring since the second half of 2009. GC is currently held by approximately 14.59% by Mitsubishi and approximately 29% by the Company. The PRC automobile market is now in a fast growing and rapid changing state. Upon completion of the Proposed Merger, the Company and Mitsubishi intend to establish a new joint venture to be held as to 50% by each of the Company and Mitsubishi (the "New Joint Venture") as soon as possible on the capital basis of GC. The New Joint Venture will strengthen the co-operation of the Group and Mitsubishi through the introduction of new models and technology of Mitsubishi, so as to optimize the product portfolio of the Group, and hence enhancing the competitiveness of the Group in the domestic automobile market, in particular the SUV sector and accelerate the attainment of the Company's strategic goals. After the completion of the Proposed Merger, the potential competition between GC and the Group will also be completely resolved.

The Directors consider that the terms of the Merger Agreement were arrived at after arms' length negotiations between the parties involved and the A Share Issue and the Proposed Merger were entered into in the ordinary and usual course of business of the Group. The Directors are of the view that the A Share Issue and the Proposed Merger are on normal commercial terms, which are fair and reasonable and are in the best interest of the Group and the shareholders of the Company as a whole.

Zhang Fangyou, Zeng Qinghong and Fu Shoujie, being common directors of the Company and GC, and Wang Songlin, being director nominated by CNMIC, had abstained from voting on the relevant Board resolutions approving the Proposed Merger and the Merger Agreement.

12. Listing Rules Implications

As all of the applicable percentage ratios in respect of the A Share Issue and the Proposed Merger are more than 5% but are less than 25%, the A Share Issue and the Proposed Merger, if implemented, will constitute a discloseable transaction of the Company under the Listing Rules.

Investors are cautioned that the A Share Issue is subject to (i) approval from Shareholders by way of a special resolution in the EGM as required under the PRC laws and regulations; and (ii) approvals from the CSRC and other relevant approval authorities. The Merger Agreement may or may not proceed or become unconditional or effective. There is no assurance that all the conditions precedent contained in the Merger Agreement can be satisfied. Investors and potential investors in Shares of the Company should exercise care, and they should only rely on information published by the Company, when they deal, or contemplate dealing, in the H Shares or other securities of the Company.

B. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

To accommodate the A Share Issue, the Board has proposed to make certain amendments to the Articles in compliance with all relevant and applicable PRC legal and regulatory requirements. Such amendments are proposed in accordance with laws and regulations prescribed by the relevant PRC authorities including the CSRC, stipulating provisions mandatory or recommended for inclusion in articles of association of A share listed companies.

The proposed amendments deal with matters relating to a number of areas, including, among others, (i) shares and registered capital; (ii) financial statements; and (iii) dividends or distribution.

Under the Listing Rules, listed issuers are permitted, to the extent permitted under the applicable laws and regulations and their own constitutional documents and where the listed issuers have made adequate arrangements to ascertain the wish of their shareholders, to send or otherwise make available corporate communications (as defined in the Listing Rules) to their shareholders by using electronic means and in electronic format. In view of the above, the Board proposes to amend the Articles to the extent permissible under the PRC laws, rules and regulations, by permitting the distribution of corporate communication (as defined in the Listing Rules) of the Company to the Shareholders by electronic means and in electronic format.

The proposed amended Articles, subject to Shareholders' approval by way of a special resolution at the EGM, will be adopted for use by the Company upon listing of the A Shares.

C. GENERAL

The notice of the EGM and a circular containing, among other things, further details of the A Share Issue, the Proposed Merger, the amendments to the Articles and other information as required under the Listing Rules are expected to be despatched to the Shareholders on or about 13 April 2011. If there is expected to be a delay in dispatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

E. DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"A Shares"	the ordinary shares subscribed for in RMB, which are proposed to be issued by the Company pursuant to the A Share Issue
"A Share Issue"	the proposed issue of not more than 470,113,336 A Shares by the Company to be listed on the Shanghai Stock Exchange for the implementation of the Proposed Merger
"Additional Cash Alternative"	the additional cash alternative under the Proposed Merger to the Participated Shareholders, pursuant to which the Participated Shareholders can transfer the A Shares held by them to CNMIC at the price of RMB9.09 per A Share, details of which are set out in the section headed "A. Proposed A Share Issue and the Proposed Merger — 7. The Additional Cash Alternative"
"AIC"	the State Administration for Industry and Commerce of the People's Republic of China or its relevant local counterpart
"Articles"	the articles of association of the Company, as amended from time to time
"Assenting Shareholders"	Shareholders who have participated in the EGM and voted for the Proposed Merger
"Average Trading Price"	being the total turnover divided by total transacted number
"Board"	the board of Directors of the Company
"CASBE"	China Account Standards for Business Enterprises and related implementation guidance notes

"Cash Alternative"	the cash alternative under the Proposed Merger to the GC Target Shareholders which is set at the price of RMB12.65 per GC Share, subject to certain conditions, details of which are set out in the section headed "A. Proposed A Share Issue and the Proposed Merger — 6. The Cash Alternative"
"Cash Alternative Provider(s)"	the Company and CNMIC
"Company"	Guangzhou Automobile Group Company Limited (廣州汽車集團股份有限公司) (Stock Code: 2238), a joint stock company established under the laws of the PRC with limited liability on 28 June 2005, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Company Law"	the Company Law of the People's Republic of China (as amended from time to time)
"CNMIC"	China National Machinery Industry Corporation Limited (中國機械工業集團有限公司), a company incorporated under PRC law, one of the promoters of the Company, holding 2.3622% of equity interest in the Company as at the date of this announcement
"CSRC"	China Securities Regulatory Commission
"Director(s)"	director(s) of the Company
"Dissenting Shareholders"	Shareholders who have participated in the EGM and voted against the Proposed Merger
"Domestic Shares"	ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as fully paid in RMB by PRC citizens and/or PRC incorporated entities
"EGM"	the first extraordinary general meeting of the Company of 2011, to be held to approve, inter alia, the A Share Issue and the Proposed Merger
"Exchange Ratio"	the ratio at which a number of A Shares of the Company would be exchanged for one GC Share under the Proposed Merger, being the ratio of 1.6 A Shares to one GC Share

"GAIG"	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a limited liability company established on 18 October 2000 under the laws of PRC, being the controlling shareholder of the Company holding approximately 58.84% of the issued share capital of the Company as at the date of this announcement
"GC"	GAC Changfeng Motor Co., Ltd. (廣汽長豐汽車股份有限公司), a joint stock company incorporated in the PRC on 13 November 1996, the securities of which have been listed on the Shanghai Stock Exchange (Stock Code: 600991) since 14 June 2004
"GC Board"	the board of directors of GC
"GC Shares"	ordinary shares in the capital of GC with a nominal value of RMB1.00 each which are listed on the Shanghai Stock Exchange and traded in RMB
"GC Target Shareholders"	the shareholders of GC, other than the Company
"Group"	the Company and its subsidiaries
"Guangzhou Chime-Long"	Guangzhou Chime-Long Group Company Limited (廣州長隆集團有限公司), a company incorporated under PRC law, holding 0.1181% of equity interest in the Company as at the date of this announcement
"Guangzhou Iron & Steel"	Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司), a company incorporated under PRC law, holding 0.1280% of equity interest in the Company as at the date of this announcement
"H Shares"	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mitsubishi"	Mitsubishi Motors Corporation (三菱自動車工業株式會社), a company incorporated in Japan, which holds approximately 14.59% equity interest in GC as at the date of this announcement

"Merger Agreement"	the agreement dated 22 March 2011 entered into between the Company and GC in relation to the Proposed Merger
"Participated Shareholder(s)"	the Target GC Shareholder(s) who have elected to receive in whole or in part the A Shares issued by the Company and remain as holders of A Shares at the end of the first trading day of the A Shares on the Shanghai Stock Exchange
"Proposed Merger"	the proposed merger of GC with the Company and other ancillary matters set out in this announcement
"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the People's Republic of China, the Macao Special Administrative Region of the People's Republic of China and Taiwan)
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
"Shareholder(s)"	holder(s) of the Shares
"Wanxiang"	Wanxiang Group Corporation (萬向集團公司), a company incorporated under PRC law, one of the promoters of the Company holding 2.5536% equity interest in the Company as at the date of this announcement
"%"	per cent.

By order of the Board
Guangzhou Automobile Group Company Limited
Zhang Fangyou
Chairman

Guangzhou, the PRC, 22 March 2011

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

* *for identification purposes only*