
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this 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 circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**(1) SUPPLEMENTAL CIRCULAR RELATING TO
THE PROPOSED ADOPTION OF A SHARE OPTION INCENTIVE SCHEME
AND THE PROPOSED GRANT UNDER THE SCHEME**

**(2) SUPPLEMENTAL NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2014**

AND

**(3) SUPPLEMENTAL NOTICE OF THE FIRST H SHAREHOLDERS'
CLASS MEETING OF 2014**

This supplemental circular should be read together with the circular issued by the Company to the Shareholders dated 5 August 2014 (the "Circular").

The EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting (to be held at 2:00 p.m. in the above order respectively on Friday, 19 September 2014) will be held at the conference room on 7th Floor of GAC Center, Xingguo Road No. 23, Zhujiang New Town, Tianhe District, Guangzhou.

Notices convening the EGM and H Shareholders' Class Meeting were set out on pages 58 to 63 of the Circular. Supplemental notices of the EGM and H Shareholders' Class Meeting dated 3 September 2014 are set out on pages 36 to 45 of this supplemental circular.

The first form of proxy despatched with the Circular is superseded by the second form of proxy enclosed herewith. Whether or not you are able to attend the EGM and H Shareholders' Class Meeting, you are requested to complete the accompanying second form of proxy in accordance with the instructions printed thereon and return the same to the Company's H share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at least 24 hours before the time of holding of such meetings. Completion and return of the second form of proxy will not preclude you from attending and voting at the meetings should you so wish.

3 September 2014

CONTENT

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – SUMMARY OF PROPOSED PRINCIPAL TERMS OF THE SCHEME	14
APPENDIX II – SHARE OPTION INCENTIVE SCHEME PERFORMANCE APPRAISAL MEASURES	32
SUPPLEMENTAL NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2014.	36
SUPPLEMENTAL NOTICE OF THE FIRST H SHAREHOLDERS’ CLASS MEETING OF 2014.	41

DEFINITIONS

In this supplemental circular (other than those set out in the supplemental notices of the EGM and the H Shareholders' Class Meeting), the following expressions shall have the meanings set out below unless the context requires otherwise:

“A Share”	domestic listed shares of par value of RMB1.00 each in the ordinary capital of the Company
“A Shareholders' Class Meeting”	the 2014 first class meeting for holders of A Shares of the Company to be held at the conference room on 7th Floor of GAC Center, Xingguo Road No. 23, Zhujiang New Town, Tianhe District, Guangzhou at 2:00 p.m. immediately following the EGM, on Friday, 19 September 2014
“Administrative Measures”	the Administrative Measures on Share Option Incentives of Listed Companies (Trial) (Zheng Jian Gong Si Zi [2005] No. 151) (《上市公司股權激勵管理辦法(試行)》(證監公司字[2005]151號))
“Appraisal Measures”	Share Option Incentive Scheme Performance Appraisal Measures of Guangzhou Automobile Group Co., Ltd.
“Articles of Association”	the Articles of Association of Guangzhou Automobile Group Co., Ltd.
“Board”	the board of directors of the Company
“Company”	Guangzhou Automobile Group Co., Ltd.
“Company Law”	the Company Law of the People's Republic of China
“Conditions of Exercise”	conditions to be fulfilled for a Participant to exercise a Share Option according to the Scheme
“Conditions of Grant”	conditions to be fulfilled for a Participant to be granted with a Share Option according to the Scheme
“CSRC”	China Securities Regulatory Commission
“Date of Grant”	the date on which a Share Option is granted to a Participant by the Company
“EGM”	the first extraordinary general meeting of 2014 of the Company to be held at the conference room on 7th floor of GAC Center, Xingguo Road No. 23, Zhujiang New Town, Tianhe District, Guangzhou at 2:00 p.m., on Friday, 19 September 2014

DEFINITIONS

“Exercise”	the action of a Participant acquiring Subject Shares in accordance with the price and conditions determined under the Scheme
“Exercise Date”	the date on which a Participant is entitled to Exercise, which must be a trading day
“Exercise Price”	the price determined under the Scheme for a Participant to acquire shares of the Company
“Guangdong SASAC”	the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province
“H Shareholders’ Class Meeting”	the 2014 first class meeting for holders of H shares of the Company to be held at the conference room on 7th Floor of GAC Center, Xingguo Road No. 23, Zhujiang New Town, Tianhe District, Guangzhou at 2:00 p.m. immediately following the EGM and the A Shareholders’ Class Meeting on Friday, 19 September 2014
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Participant(s)”	directors, senior management of the Company to be granted with Share Options under the Scheme and such other employees as the Board may deem appropriate to be motivated by this way, excluding independent non-executive directors, supervisors and major shareholders or controller of the Company who hold more than 5% of the shares or their spouse, immediate or close relatives
“PRC”	People’s Republic of China which, for the purpose of this supplemental circular, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervisory and Administration Commission
“Scheme”	the Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd.
“Securities Law”	the Securities Law of the People’s Republic of China

DEFINITIONS

“Share Option(s)”, “Option(s)”	the right to be granted to a Participant by the Company to acquire certain number of shares of the Company at a pre-determined price and conditions in a particular period of time
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Class Meetings”	the A Shareholders’ Class Meeting and H Shareholders’ Class Meeting
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Share(s)”	the shares of the Company that a Participant is entitled to acquire under the Scheme, i.e. A Shares
“Trial Measures”	Trial Measures on Implementation of Share Incentive Schemes by State Controlled Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) (《國有控股上市公司(境內)實施股權激勵試行辦法》(國資發分配[2006]175號))
“Validity Period”	the period from the Date of Grant to the date on which Share Options expire
“Vesting Period”	the period from the Date of Grant to the Exercise Date of Share Options

LETTER FROM THE BOARD



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:

Zhang Fangyou (*Chairman*)
Zeng Qinghong (*Vice Chairman*)
Yuan Zhongrong (*Vice Chairman*)
Lu Sa

Registered office:

23/F, Chengyue Building
448-458 Dong Feng Zhong Road
Yuexiu District
Guangzhou
the PRC

Non-executive Directors:

Liu Huilian
Wei Xiaoqin
Li Pingyi
Li Tun
Ding Hongxiang

Principal place of business in Hong Kong:

Room 808
Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Independent non-executive Directors:

Fu Yuwu
Lan Hailin
Li Fangjin
Leung Lincheong
Wang Susheng

3 September 2014

To the Shareholders

Dear Sir or Madam,

**(1) SUPPLEMENTAL CIRCULAR RELATING TO
THE PROPOSED ADOPTION OF A SHARE OPTION INCENTIVE SCHEME
AND THE PROPOSED GRANT UNDER THE SCHEME**

**(2) SUPPLEMENTAL NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2014
AND**

**(3) SUPPLEMENTAL NOTICE OF THE FIRST H SHAREHOLDERS'
CLASS MEETING OF 2014**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 11 July 2014 in relation to proposed adoption of the Scheme, and the circular of the Company and the notices of the EGM and H Shareholders' Class Meeting dated 5 August 2014.

LETTER FROM THE BOARD

According to Article 69 of the Articles of Association, Shareholders individually or jointly holding 3% or more of the shares of the Company are entitled to propose extraordinary motions in writing to the convener ten days before the convening of the general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. On 2 September 2014, the Company received from Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a Shareholder aggregately holding 3,705,129,384 issued shares of the Company, representing 57.58% of the total issued shares of the Company, a Letter in relation to the Additional Resolutions proposed at the First Extraordinary General Meeting of 2014, First A Shareholders' Class Meeting of 2014 and First H Shareholders' Class Meeting of 2014 of Guangzhou Automobile Group Co., Ltd.. As the Board has considered and approved the Resolution in relation to the A Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd (Amended Draft) and its Summary, and the Resolution in relation to the Share Option Incentive Scheme Performance Appraisal Measures of Guangzhou Automobile Group Co., Ltd. and the Resolution to Authorise the Board to Deal with the Matters relating to the Scheme of the Company, it proposed to consider the above three resolutions as extraordinary motions to be resolved at the EGM and the Shareholders' Class Meetings. The above extraordinary motions were in compliance with the requirements under the relevant laws and regulations and the Articles of Association.

The purpose of this supplemental circular is to provide you with information regarding the proposed adoption the Scheme and the proposed grant under the Scheme as well as the supplemental notices of EGM and the H Shareholders' Class Meeting, and to seek your approval of the special resolutions relating to the aforesaid matters to be proposed at the EGM and the H Shareholders' Class Meeting.

II. PROPOSED ADOPTION OF THE SCHEME

The purpose of the Scheme is to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilise the enthusiasm of the directors, senior management and other core businesses, technical and management key personnel of the Company, and bond the interests of Shareholders, the Company and individual operators together effectively, making all parties to attend to the long-term development of the Company. The Scheme is made on the premise of fully protecting the interests of Shareholders and on the principle of income equivalent to contribution, and in compliance with the relevant requirements under the Company Law, the Securities Law, Notice of the State Council on Approving and Forwarding the Opinions of CSRC on Improving the Quality of Listed Companies (Guo Fa [2005] No. 34), the joint announcement of five ministries, including CSRC, on Guidance in relation to the Administration of the Share-trading Reform of Listed Companies, the Trial Measures and Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by the State-Owned Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) issued by the SASAC; the Administrative Measures and Memorandum Nos. 1-3 on Issues concerning Equity Incentives issued by CSRC, combined with the existing management systems of the Company, including the remuneration mechanism and performance appraisal system.

LETTER FROM THE BOARD

The implementation of the Scheme is subject to approval of Guangdong SASAC, no-objection filing with CSRC and approval of the Shareholders at the EGM and the Shareholders' Class Meetings.

The Company hereby announces that on 11 July 2014, the Board passed a resolution in relation to the proposed adoption of the Scheme and the proposed grant thereunder by the Company, and resolved that it will be proposed at the EGM and the Shareholders' Class Meetings for consideration by the Shareholders, and if think fit, to approve the proposed adoption of the Scheme and the proposed grant thereunder by way of special resolutions. The Scheme shall become effective upon approval of Guangdong SASAC, no-objection filing with CSRC and approval of the Shareholders at the general meetings of the Company. Before convening the general meetings for approval of the Scheme, the Company may make certain amendments to the draft Scheme and the proposed grant thereunder upon requests of the PRC and/or Hong Kong regulatory authorities.

The summary of the principal terms of the Scheme are set out in Appendix I to this supplemental circular.

III. PROPOSAL OF GRANT

1. Method of share option incentive, source of Subject Shares and number of Share Options proposed to be granted under the Scheme

The Scheme is a share option scheme. Share Option represents the right to be granted to a Participant by the Company to acquire certain number of shares of the Company at a pre-determined price and conditions in a particular period of time. The source of the underlying shares shall be the ordinary A Shares to be issued by the Company to the Participants.

64,350,000 Share Options are proposed to be granted to Participants under the Scheme, representing approximately 1.00% of the Company's total number of 6,435,020,097 shares as at the date of the announcement of the summary of the draft Scheme, i.e. 11 July 2014. The total number of Participants under the Scheme is 627, including directors, senior management and other core businesses, technical and management key personnel of the Company who are under employment at the time of the implementation of the Scheme. The aforesaid Participants do not include independent directors, supervisors and major Shareholders or controllers of the Company who hold 5% or more of the shares or their spouse, immediate or close relatives. The details of the proposal of grant under the Scheme, including the information on Participants, the numbers of A Shares and Exercise Price in relation to the Share Options proposed to be granted to Participants, are set out in Appendix I to this supplemental circular.

LETTER FROM THE BOARD

2. *Schedule of the Scheme*

(1) *Validity Period*

The whole Scheme shall be effective for 10 years, and in principle, certain number of Share Options will be granted to Participants every two years. The Scheme shall be effective for 5 years from the Date of Grant of the Share Options.

(2) *Vesting Period*

It represents the period from the grant of the Share Options to the Exercise Date of the Share Options. The Vesting Period of the Share Options granted to Participants is 24 months.

(3) *Exercise Date*

After the approval of the Scheme, Share Options granted thereunder are exercisable after expiry of 24-month period from each respective Date of Grant. The Exercise Date must be a trading day and must not fall within any of the following periods:

1. the period commencing from 30 days prior to the publication of periodic reports of the Company and ending on the second trading day after the report is published; or in the event of delay in publishing the reports due to special reasons, the period commencing from 30 days prior to the original date of publication;
2. the period commencing from 10 days prior to the publication of the Company's announcement of forecasts of the results and preliminary results and ending on the second trading day after the results are published;
3. the period commencing from the time at which a major transaction or major event is subject to decision, and ending on the second trading day after such transaction or event is announced;
4. the period commencing from the occurrence date of any material event that may affect share price, and ending on the second trading day after such event is announced.

If the Conditions of Exercise required by the Scheme are fulfilled within the Exercise Date, Participants shall exercise their Share Options in stages within the 36 months after expiry of 24-month period from the Date of Grant.

LETTER FROM THE BOARD

The Exercise period of the Share Options and the Exercise arrangements in each stage are as follows:

Exercise arrangements	Duration	Exercise Proportion
First Exercise	Commencing from the first trading day after expiry of the 24-month period from the Date of Grant and ending on the last trading day of the 36-month period from the Date of Grant	1/3
Second Exercise	Commencing from the first trading day after expiry of the 36-month period from the Date of Grant and ending on the last trading day of the 48-month period from the Date of Grant	1/3
Third Exercise	Commencing from the first trading day after expiry of the 48-month period from the Date of Grant and ending on the last trading day of the 60-month period from the Date of Grant	1/3

The Participants shall complete the Exercise of Share Options during the Validity Period. If the Conditions of Exercise are not fulfilled, the Share Options for that period shall not be exercised. If the Conditions of Exercise are fulfilled but not all of the relevant Share Options for that period have been exercised, such portion of the Share Options shall be cancelled by the Company.

Details of the Conditions of Grant, Conditions of Exercise and other procedures and arrangements under the Scheme are set out in Appendix I to this supplemental circular.

IV. SHARE OPTION INCENTIVE SCHEME PERFORMANCE APPRAISAL MEASURES

According to the Scheme, the exercise of Share Options by Participants shall be conditional upon that the Participants have passed the appraisal implemented pursuant to the Appraisal Measures. Details of the Appraisal Measures are set out in Appendix II to this supplemental circular.

V. CONDITIONS FOR THE SCHEME TO BECOME EFFECTIVE

The Scheme shall become effective upon approval of Guangdong SASAC, no-objection filing with CSRC and approval of the Shareholders at the EGM and the Shareholders' Class Meetings.

LETTER FROM THE BOARD

As at 1 September 2014, the Scheme has been approved by Guangdong SASAC, and reported to CSRC for filing and no objection has been received. The Scheme will become effective immediately upon approval of the Shareholders at the EGM and the Shareholders' Class Meetings. The grant of Share Options will not become valid until fulfillment of the conditions as required in the Scheme.

VI. ACCOUNTING TREATMENT OF THE SCHEME

I. Calculation of the fair value of Share Options

Enterprise Accounting Standard No. 11 – Share-based Payments and Enterprise Accounting Standard No. 22 – Financial Instruments: Recognition and Measurement were issued by Ministry of Finance of the PRC on 15 February 2006, and were implemented among listed companies since 1 January 2007. According to the relevant requirements regarding the recognition of fair value under Enterprise Accounting Standard No. 22 – Financial Instruments: Recognition and Measurement, calculation of the fair value of Share Options shall choose appropriate valuation model. The Company uses Black-Scholes Model to calculate the fair value of Share Options. Black-Scholes Model was used in the preliminary calculation of the fair value of 64.35 million Share Options to be granted (official calculation will be conducted at the time of grant): the value of Share Options of the Company is RMB1.3213 per Share Option, and the aggregate value of Share Options to be granted is RMB85.03 million.

Date of Grant (assumed)	:	11 July 2014
Closing price on Date of Grant (assumed)	:	RMB7.70 per share
Exercise Price	:	RMB7.70 per share
Risk-free interest (<i>Note 1</i>)	:	3.39%
Expected life	:	4 years
Expected volatility (<i>Note 2</i>)	:	17.79%
Expected dividend (<i>Note 3</i>)	:	1.2467%

Notes:

1. The risk-free interest rate is based on the four-year average of the yield to maturity of the national bond rate.
2. The volatility rate is based on that of the Shanghai Composite Index in the four years from 11 July 2010 to 11 July 2014.
3. The expected dividend is calculated based on the average of the historical cash dividends ratio per share of the Company.

LETTER FROM THE BOARD

4. The calculation results of the value of the Share Options are subject to a number of assumptions of the parameters used herein and the limitation of the model adopted, therefore the estimate value of the Share Options may be subjective and uncertain.

II. Amortisation method of Share Option expenses

According to the relevant requirements of Enterprise Accounting Standard No. 11 – Share-based Payments, the Company will update the amount of Share Options exercisable on each balance sheet date during the Vesting Period, such update shall be based on subsequent information such as the latest available number of Participants who are entitled to Exercise and the completion status of performance targets. Services received during the period will be charged to relevant costs or fees and capital reserve based on the fair value on the Date of Grant.

Assuming the Date of Grant is 1 October 2014, the amortisation of incentive costs from 2014 to 2018 will be as follows:

Unit: RMB

Value of Share Options	Number of Share Options	Cost of Share Options	2014	2015	2016	2017	2018
<i>(RMB)</i>	<i>(ten thousands)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>
1.3213	6,435	8,503	768	3,070	2,716	1,417	532

The costs of Share Options incurred under the Scheme will be recorded as expenses in the recurring profits and losses. Based on current situations, the Company estimates that, regardless of the stimulation effects of the Scheme on the performance of the Company, amortisation of the costs of the Scheme will have effect on net profits of each year during the Validity Period to a limited extent. In view of the positive effect of the Scheme on the development of the Company, including the fact that the enthusiasm of management will be mobilised, operation efficiency will be improved and costs of agents will be reduced, improvements of performance of the Company brought by the Scheme are much more than the costs increase incurred.

VII. IMPLICATIONS UNDER HONG KONG LISTING RULES

The Scheme constitutes a share option scheme pursuant to Chapter 17 of the Hong Kong Listing Rules.

The Exercise Price of Share Options to be granted to Participants under the Scheme is RMB7.7 per A Share, being the higher of the following:

1. the closing price of the Subject Shares of the Company on the last trading day immediately preceding the date of the announcement (i.e. 10 July 2014) in relation to the draft Scheme, being RMB7.7 per share;

LETTER FROM THE BOARD

2. the average of the closing prices of the Subject Shares of the Company for the last 30 trading days immediately preceding the date of the announcement in relation to the draft Scheme, being RMB7.48 per share.

According to the requirements of Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules, the exercise price shall be at least the higher of the following: (i) the closing price of the securities as quoted in the daily quotations sheet of the Hong Kong Stock Exchange on the date of grant; and (ii) the average closing price of the securities as quoted in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant.

However, since, among others, the Share Options proposed to be granted involve A Shares only, and the determination of the Exercise Price is in accordance with relevant laws and regulations of the PRC, therefore, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Note 1 of Rule 17.03(9) of the Hong Kong Listing Rules. For details of the determination of the Exercise Price, please refer to the paragraph headed “Exercise Price of Share Options and determination method under the Scheme” in Appendix I to this supplemental circular.

VIII. EGM AND H SHAREHOLDERS’ CLASS MEETING

The supplemental notices of the EGM and H Shareholders’ Class Meeting are set out on pages 36 to 40 and pages 41 to 45 of this supplemental circular respectively to consider, inter alia, the special resolutions relating to the proposed adoption of the Scheme and proposed grant under the Scheme.

The EGM and H Shareholders’ Class Meeting will be held at the conference room on 7th Floor of GAC Center, Xingguo Road No. 23, Zhujiang New Town, Tianhe District, Guangzhou at 2:00 p.m. (to be convened in the order of the EGM, A Shareholders’ Class Meeting and H Shareholders’ Class Meeting) on Friday, 19 September 2014. The second form of proxy for use at the EGM and the H Shareholders’ Class Meeting are enclosed with this supplemental circular. Pursuant to the Hong Kong Listing Rules, the Participants and his associates shall abstain from voting on the resolutions in relation to the grant of Share Options under the Scheme at the EGM and Class Meetings. To the best of the Directors’ knowledge, information and belief, no Shareholders have material interest in such resolutions and are required to abstain from voting at the above meetings.

In order to determine the list of Shareholders who are entitled to attend the EGM and the H Shareholders’ Class Meeting, the Company’s register of Shareholders are closed from Wednesday, 20 August 2014 to Friday, 19 September 2014, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the meetings, all transfer documents accompanied by relevant share certificates must be lodged with the Company’s Share Registrar by 4:30 p.m. on Tuesday, 19 August 2014 to register the transfer of shares.

The Articles of Association require that the Shareholders who intend to attend any general meeting of the Company shall send a written reply to the Company 20 days before the date of the meeting. In the case the written replies received from the Shareholders

LETTER FROM THE BOARD

indicate that those intending to attend the general meeting represent holders of not more than one half of the total number of Shares with voting rights, the Company shall within 5 days inform its Shareholders again by public notice the proposed matters for consideration at the general meeting and the date and venue of the general meeting. The general meeting may be convened after such notice has been published. In view of the above requirements in respect of the EGM and the H Shareholders' Class Meeting convened by the supplemental notices of the EGM and the H Shareholders' Class Meeting, whether or not you intend to attend such meeting(s), you have been requested to complete and return the reply slip(s) enclosed with the circular of the Company dated 5 August 2014 by post, by telegraph or by fax to the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (fax no. (852) 2810 8185), on or before Saturday, 30 August 2014.

Whether or not you intend to attend the EGM and the H Shareholders' Class Meeting, you are requested to complete and return the second forms of proxy to the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon, not less than 24 hours before the time fixed for holding the meeting(s). Completion and return of the forms of proxy will not preclude you from attending and voting at the meeting(s) in person should you so wish.

IX. VOTING BY WAY OF POLL

In accordance with the requirement of Rule 13.39(4) of the Hong Kong 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, votes for all the resolutions at the EGM and Shareholders' Class Meetings 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 Hong Kong Listing Rules.

X. RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the proposed adoption of the Scheme and the proposed grant under the Scheme is 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 resolutions as set out in the supplemental notices of the EGM and the H Shareholders' Class Meeting.

XI. ADDITIONAL INFORMATION

A copy of the Scheme is available for inspection at the office of Woo, Kwan, Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours from the date hereof up to and including Friday, 19 September 2014, being the date of the EGM and the Class Meetings.

LETTER FROM THE BOARD

XII. RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 any statement contained herein or this supplemental circular misleading.

By order of the Board
Guangzhou Automobile Group Co., Ltd.
Zhang Fangyou
Chairman

The Company hereby announces the principal content of the proposed Scheme and the proposed grant thereunder, details of which are set out below:

1. Purpose of the Scheme

The purpose of the Scheme is to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilise the enthusiasm of the directors, senior management and other core businesses, technical and management key personnel of the Company, and bond the interests of Shareholders, the Company and individual operators together effectively, making all parties to attend to the long-term development of the Company. The Scheme is made on the premise of fully protecting the interests of Shareholders and on the principle of income equivalent to contribution, and in compliance with the relevant requirements under the Company Law, the Securities Law, Notice of the State Council on Approving and Forwarding the Opinions of CSRC on Improving the Quality of Listed Companies (Guo Fa [2005] No. 34), the joint announcement of five ministries, including CSRC, on Guidance in relation to the Administration of the Share-trading Reform of Listed Companies, the Trial Measures and Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by the State-Owned Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171) issued by the SASAC; the Administrative Measures and Memorandum Nos. 1-3 on Issues concerning Equity Incentives issued by CSRC, combined with the existing management systems of the Company, including the remuneration mechanism and performance appraisal system.

2. Method of share option incentive and source of shares

The Scheme is a share option scheme. Share Option represents the right to be granted to a Participant by the listed company to acquire certain number of shares of the Company at a pre-determined price and conditions in a particular period of time. The source of the underlying shares shall be the ordinary A Shares to be issued by the Company to the Participants.

3. Number of Share Options proposed to be granted under the Scheme

64,350,000 Share Options are proposed to be granted to Participants under the Scheme, representing approximately 1.00% of the Company's total number of 6,435,020,000 shares as at the date of the announcement of the summary of the draft Scheme.

4. Scope and allocation of Participants of the Scheme

The total number of Participants under the Scheme is 627, including directors, senior management and other core businesses, technical and management key personnel of the Company who are under employment at the time of the implementation of the Scheme. The aforesaid Participants do not include independent directors, supervisors and major Shareholders or controllers of the Company who hold more than 5% of the shares or their spouse, immediate or close relatives. The allocation of Share Options to be granted to Participants is set out below:

Name	Position	Number of Share Options to be granted <i>(ten thousands)</i>	Percentage of the total number of Share Options to be granted <i>(%)</i>	Percentage of the current total share capital <i>(%)</i>
Zhang Fangyou	chairman of the Company, secretary of the Party committee	95.00	1.48	0.01
Zeng Qinghong	vice chairman, general manager of the Company	90.00	1.40	0.01
Yuan Zhongrong	vice chairman of the Company	81.00	1.26	0.01
Liu Huilian	director of the Company, chairman of the Labour Union	76.00	1.18	0.01
Lu Sa	executive director, deputy general manager, company secretary, secretary to the Board of the Company	76.00	1.18	0.01
Wei Xiaoqin	director of the Company, deputy secretary of the Party committee	76.00	1.18	0.01
Li Tun	director of the Company	76.00	1.18	0.01
Feng Xingya	standing deputy general manager of the Company	76.00	1.18	0.01
Zhang Qingsong	deputy general manager of the Company	74.00	1.15	0.01
Li Shao	deputy general manager of the Company	74.00	1.15	0.01

Name	Position	Number of Share Options to be granted (ten thousands)	Percentage of the total number of Share Options to be granted (%)	Percentage of the current total share capital (%)
Wang Dan	deputy general manager, chief financial officer of the Company	74.00	1.15	0.01
Jiang Ping	deputy general manager of the Company	74.00	1.15	0.01
Yao Yiming	deputy general manager of the Company	74.00	1.15	0.01
Qu Yong Jian	deputy general manager of the Company	74.00	1.15	0.01
Middle level and other core businesses, technical and management key personnel (total 613 people)		5,345.00	83.06	0.83
Total		<u>6,435.00</u>	<u>100</u>	<u>1.00</u>

Notes:

1. The actual gains of Exercise under the Scheme shall not exceed 40% of the total remuneration level (including gains of Share Option incentives) of Participants in principle. All Participants undertake that, if the price of shares is so high during the Validity Period that it causes the actual gains of Share Option incentives exceeding the aforesaid proportion, the excess portion shall belong to the Company.
2. The Participants of the Scheme do not take part in two or more than two share option incentive schemes. Major Shareholders or controllers who hold 5% or more of the shares or their spouse, immediate or close relatives do not take part in the Scheme.
3. The aggregate number of Share Options to be granted to any of the above Participants under the Scheme and held throughout the Validity Period does not exceed 1% of the total share capital of the Company prior to the general meeting of the Company to be convened for approving the Scheme.

5. Exercise Price of Share Options and determination method under the Scheme

The Exercise Price of Share Options to be granted to Participants is the higher of the following:

1. the closing price of the Subject Shares of the Company on the last trading day immediately preceding the date of the announcement in relation to the draft Scheme;
2. the average of the closing prices of the Subject Shares of the Company for the last 30 trading days immediately preceding the date of the announcement in relation to the draft Scheme.

6. Schedule of the Scheme***I. Validity Period under the Scheme***

The whole Scheme shall be effective for 10 years, and in principle, certain number of Share Options will be granted to Participants every two years. The Scheme shall be effective for 5 years from the Date of Grant of the Share Options.

II. Date of Grant under the Scheme

Subject to the approval of Guangdong SASAC, no objection filing with CSRC, and the approval at the general meeting of the Company and within 30 days from the date of fulfillment of the Conditions of Grant, the Board shall determine the Date of Grant and grant Share Options to the Participants and complete the relevant procedures, including the registration and announcement. The Date of Grant must be a trading day and must not fall within any of the following periods:

1. the period commencing from 30 days prior to the publication of periodic reports and ending on the second trading day after such reports are published, or in the event of delay in publishing the reports due to special reasons, the period commencing from 30 days from the original date of publication;
2. the period commencing from 10 days prior to the publication of the Company's announcement on the forecasts of the results and the preliminary results and ending on the second trading days after such results are published;
3. the period commencing from the time at which a major transaction or major event is subject to decision, and ending on the second trading day after such transaction or event is announced;
4. the period commencing from the occurrence date of any material event that may affect share price, and ending on the second trading day after such event is announced.

III. Vesting Period under the Scheme

It represents the period from the grant of the Share Options to the Exercise Date of the Share Options. The Vesting Period of the Share Options granted to Participants is 24 months.

IV. Exercise Date under the Scheme

After the approval of the Scheme, Share Options granted thereunder are exercisable after expiry of 24-month period from each respective Date of Grant. The Exercise Date must be a trading day and must not fall within any of the following periods:

1. the period commencing from 30 days prior to the publication of periodic reports of the Company and ending on the second trading day after the report is published; or in the event of delay in publishing the reports due to special reasons, the period commencing from 30 days prior to the original date of publication;
2. the period commencing from 10 days prior to the publication of the Company's announcement of forecasts of the results and preliminary results and ending on the second trading day after the results are published;
3. the period commencing from the time at which a major transaction or major event is subject to decision, and ending on the second trading day after such transaction or event is announced;
4. the period commencing from the occurrence date of any material event that may affect share price, and ending on the second trading day after such event is announced.

If the Conditions of Exercise required by the Scheme are fulfilled within the Exercise Date, Participants shall exercise their Share Options in stages within the 36 months after expiry of 24-month period from the Date of Grant.

The Exercise period of the Share Options and the Exercise arrangements in each stage are as follows:

Exercise arrangements	Duration	Exercise Proportion
First Exercise	Commencing from the first trading day after expiry of the 24-month period from the Date of Grant and ending on the last trading day of the 36-month period from the Date of Grant	1/3
Second Exercise	Commencing from the first trading day after expiry of the 36-month period from the Date of Grant and ending on the last trading day of the 48-month period from the Date of Grant	1/3
Third Exercise	Commencing from the first trading day after expiry of the 48-month period from the Date of Grant and ending on the last trading day of the 60-month period from the Date of Grant	1/3

The Participants shall complete the Exercise of Share Options during the Validity Period. If the Conditions of Exercise are not fulfilled, the Share Options for that period shall not be Exercised. If the Conditions of Exercise are fulfilled but not all of the relevant Share Options for that period have been Exercised, such portion of the Share Options shall be cancelled by the Company.

V. Lock-up period under the Scheme

Lock-up period presents the period during which no shares issued to Participants upon Exercise shall be sold. Lock-up period under the Scheme is set in accordance with the relevant laws, regulations and regulatory documents such as the Company Law and the Securities Law and the Articles of Association, and detailed requirements are set out below:

1. Where the Participant is a director or senior management of the Company, the number of shares that may be transferred by the Participant per year during his term of office must not exceed 25% of the total number of shares of the Company held by him; and the Participant shall not transfer the shares of the Company held by him within 6 months after his resignation. With 12 months after 6 months from the date of announcement of his resignation, the number of shares of the Company sold by him through on-market transactions on the SSE shall not exceed 50% of all shares of the Company held by him.

2. Where the Participant is a director or senior management of the Company, all gains from the sale of shares of the Company within 6 months of acquisition or from the acquisition of shares within 6 months of sale by the Participant shall be accounted to the Company and the Board will collect all such gains.
3. If, during the Validity Period, there is any amendment to the relevant requirements regarding the transfer of shares held by a director and senior management of the Company under the relevant laws, regulations and regulatory documents such as the Company Law and the Securities Law and the Articles of Association, the amended relevant laws, regulations and regulatory documents such as the Company Law and the Securities Law and Articles of Association shall apply to the transfer of shares of the Company held by such Participants.
4. Share Options of not less than 20% of the total Share Options granted to a director or senior management can only be exercised after such Participant has reached a pass grade or above in the performance appraisal for his term of office. If the term of office of a Participant who is a director or senior management has not ended upon expiry of the relevant Validity Period of the Scheme, the Conditions of Exercise shall be determined with reference to his appraisal results of the year during which the relevant Validity Period expires, and Exercise shall be conducted within the Validity Period.

7. Conditions of Grant and Conditions of Exercise under the Scheme

The following conditions must be simultaneously fulfilled by Participants before Share Options are granted:

1. None of the following circumstances has occurred to the Company:
 - (1) issue of the Company's financial and accounting report for the most recent accounting year in which a certified public accountant gives a qualified opinion or indicates the inability to give an opinion;
 - (2) the imposition of administrative penalties by CSRC during the past year due to material non-compliance of laws and regulations; and
 - (3) any other circumstances as determined by CSRC.
2. None of the following circumstances has occurred to the Participant:
 - (1) being publicly censured or declared as an ineligible candidate by SSE in the last three years;
 - (2) being imposed with administrative penalties by CSRC during the last three years due to material non-compliance of laws and regulations;

- (3) being prohibited from acting as a director, supervisor or senior management of a company pursuant to the Company Law; or
 - (4) any other circumstances determined by the Board as material non-compliance of relevant requirements of the Company.
3. Appraisal requirements of the Company/Participants:

- I. Net profit growth (net of non-recurring profits and losses) for the year 2013 shall be no less than 150% as compared to 2012; percentage of main businesses shall be no less than 96%; and the aforesaid indicators shall be no less than the average performance level (or 50th percentile of the peer benchmark companies) of the same industry.

Note: A shares and Hong Kong listed companies (excluding ST companies) with similar main businesses as the Company will be selected as sample companies according to the classification standard stipulated by CSRC. During the process of annual appraisal, if there is any material change to the main businesses of sample companies or any sample which deviates to a large extent, the Board may remove or change such sample during annual appraisal.

- II. The Participants must pass the appraisal pursuant to the Appraisal Measures.

In addition to the fulfillment of the said condition, the Participants who intend to Exercise the granted Share Options shall fulfill the following conditions simultaneously prior to the Exercise:

1. None of the following circumstances has occurred to the Company:
 - (1) issue of the Company's financial and accounting report for the most recent accounting year in which a certified public accountant gives a qualified opinion or indicates the inability to give an opinion;
 - (2) the imposition of administrative penalties by CSRC during the past year due to material non-compliance of laws and regulations; or
 - (3) any other circumstances as determined by CSRC.
2. None of the following circumstances has occurred to the Participant:
 - (1) being publicly censured or declared as an ineligible candidate by SSE in the last three years;
 - (2) being imposed with administrative penalties by CSRC during the last three years due to material non-compliance of laws and regulations;

- (3) being prohibited from acting as a director, supervisor or senior management of a company pursuant to the Company Law; or
- (4) any other circumstances determined by the Board as material non-compliance of relevant requirements of the Company.

III. Appraisal requirements of the Company/Participants

1. During the Vesting Period, net profits attributable to Shareholders and net profits (net of non-recurring profits and losses) attributable to Shareholders for each year shall be no less than the average level of the three accounting years preceding the Date of Grant and must not be negative.
2. Appraisal will be made to the financial performance targets of the Company for the accounting year in which the Exercise Date falls, and the target of achieving the financial performance targets of the Company shall be treated as Conditions of Grant of that year. Indicators of financial performance targets primarily include: return on equity, net profit growth rate, percentage of main businesses and cash dividends percentage.

Financial performance targets of each year are set out below:

Exercise period	Performance targets
First Exercise period	Net profit growth for year 2015 shall be no less than 13% as compared to the compound growth rate of 2013; return on net assets shall be no less than 8%; percentage of main businesses shall be no less than 96%; and the above three indicators shall be no less than the 75th percentile of the peer benchmark companies of the same industry; cash dividend percentage of the Company for year 2015 shall be no less than 25%.
Second Exercise period	Net profit growth for year 2016 shall be no less than 13% as compared to the compound growth rate of 2013; return on net assets shall be no less than 8.5%; percentage of main businesses shall be no less than 96%; and the above three indicators shall be no less than the 75th percentile of the peer benchmark companies of the same industry; cash dividend percentage of the Company for year 2016 shall be no less than 25%.

Exercise period	Performance targets
Third Exercise period	Net profit growth for year 2017 shall be no less than 14% as compared to the compound growth rate of 2013; return on net assets shall be no less than 9%; percentage of main businesses shall be no less than 96%; and the above three indicators shall be no less than the 75th percentile of the peer benchmark companies of the same industry; cash dividend percentage of the Company for year 2017 shall be no less than 25%.

The above mentioned “return on net assets” represents: the weighted average return on net assets attributable to the Shareholders (net of non-recurring profits and losses); In the event of refinancing by the Company, net assets for the year of financing is calculated after deducting the proceeds of financing.

“Net profits growth rate” represents the growth rate of the net profits attributable to the Shareholders (net of non-recurring profits and losses).

The costs of Share Options incurred under the Scheme will be recorded as expenses in the recurring profits and losses. If the results of the Company do not meet the said conditions, the number of relevant Share Options of all Participants during the relevant Exercise period shall be cancelled by the Company.

- Appraisal of the Participants will be conducted annually according to the existing appraisal system of the Company which adopts a 9-point scale, i.e. 1 is the lowest and 9 is the highest. Appraisal results (S) are determined based on personal performance appraisal. Participants apply for Exercise according to corresponding exercise percentage. Where the appraisal results fall within “1-3, not qualified”, all Share Options unexercised of this period or in the future will be cancelled pursuant to the relevant requirements of the Scheme.

Appraisal results (S)	$9 \geq S \geq 8$	$7.75 \geq S \geq 6.5$	$6.25 \geq S \geq 5.25$	$5 \geq S \geq 4$	$1 \geq S \geq 3$
Standard	Excellent	Good	Qualified	Basically qualified	Not qualified
Exercise percentage	100%			60%	0%

8. Accounting treatment of the Scheme***I. Calculation of the fair value of Share Options***

Enterprise Accounting Standard No. 11 – Share-based Payments and Enterprise Accounting Standard No. 22 – Financial Instruments: Recognition and Measurement were issued by Ministry of Finance on 15 February 2006, and were implemented among listed companies since 1 January 2007. According to the relevant requirements regarding the recognition of fair value under Enterprise Accounting Standard No. 22 – Financial Instruments: Recognition and Measurement, calculation of the fair value of Share Options shall choose appropriate valuation model. The Company uses Black-Scholes Model to calculate the fair value of Share Options. Black-Scholes Model was used in the preliminary calculation of the fair value of 64.35 million Share Options granted (official calculation will be conducted at the time of grant): the value of Share Options of the Company is RMB1.3213 per Share Option, and the aggregate value of Share Options granted is RMB85.03 million.

II. Amortisation method of Share Option expenses

According to the relevant requirements of Enterprise Accounting Standard No. 11-Share-based Payments, the Company will update the amount of Share Options exercisable on each balance sheet date during Vesting Period, such update shall be based on subsequent information such as the latest available number of Participants who are entitled to Exercise and the completion status of performance targets. Services received during the period will be charged to relevant costs or fees and capital reserve based on the fair value on the Date of Grant.

Assuming the Date of Grant is 1 October 2014, the amortisation of incentive costs from 2014 to 2018 will be as follows:

Unit: RMB

Value of Share Options	Number of Share Options	Cost of Share Options	2014	2015	2016	2017	2018
<i>(RMB)</i>	<i>(ten thousands)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>
1.3213	6,435	8,503	768	3,070	2,716	1,417	532

The costs of Share Options incurred under the Scheme will be recorded as expenses in the recurring profits and losses. Based on current situations, the Company estimates that, regardless of the stimulation effects of the Scheme on the performance of the Company, amortisation of the costs of the Scheme will have effect on net profits of each year during the Validity Period to a limited extent. In view of the positive effect of the Scheme on the development of the Company, including the fact that the

enthusiasm of management will be mobilised, operation efficiency will be improved and costs of agents will be reduced, improvements of performance of the Company brought by the Scheme are much more than the costs increase incurred.

9. Adjustment method and procedures of the number and price of the Share Options under the Scheme

In the event of capitalisation issue, bonus issue, sub-division, rights issue or consolidation of shares of the Company prior to any Exercise, the number of Share Options shall be adjusted accordingly in the following manner:

(1) Capitalisation issue, bonus issue and sub-division of shares

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of Share Options before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of shares (i.e. the number of increased shares per share upon capitalisation issue, bonus issue or subdivision of Shares); Q represents the adjusted number of Share Options.

(2) Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) / (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of Share Options before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the subscription price of the rights issue; n represents the basis of the rights issue (i.e. the number of shares to be issued under the rights issue in proportion to the total share capital of the Company before the rights issue); Q represents the adjusted amount of Share Options.

(3) Consolidation of shares

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Share Options before the adjustment; n represents the ratio of consolidation of shares (i.e. one share of the Company shall be consolidated into n shares); Q represents the adjusted number of Share Options.

(4) New issue of shares

In the event of any new issue of shares of the Company, no adjustment shall be made to the number of Share Options.

In the event of any dividend distribution, capitalisation issue, bonus issue, sub-division, rights issue or consolidation of shares of the Company prior to any Exercise, Exercise Price shall be adjusted accordingly in the following manner:

(1) *Capitalisation issue, bonus issue and sub-division of shares*

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the Exercise Price before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of shares; P represents the adjusted Exercise Price.

(2) *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) / [P_1 \times (1 + n)]$$

Where: P_0 represents the Exercise Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the subscription price of the rights issue; n represents the basis of the rights issue (i.e. the number of shares to be issued under the rights issue in proportion to the total share capital of the Company before the rights issue); P represents the adjusted Exercise Price.

(3) *Consolidation of shares*

$$P = P_0 \div n$$

Where: P_0 represents the Exercise Price before the adjustment; n represents the ratio of consolidation of shares; P represents the adjusted Exercise Price.

(4) *Declaration of dividend*

$$P = P_0 - V$$

Where: P_0 represents the Exercise Price before the adjustment; V represents the dividend rate per share; P represents the adjusted Exercise Price. After the adjustment, P shall be larger than 1.

(5) *New issue of shares*

In the event of any new issue of shares of the Company, no adjustment shall be made to the Exercise Price.

The general meeting of the Company will authorise the Board to make adjustments to the Exercise Price and number of Share Options upon occurrence of any of the said circumstances. The Company shall engage a legal adviser to advise the Board whether such adjustment is in compliance with the requirements under the Administrative Measures, the Articles of Association and the Scheme.

10. Procedures of grant by the Company and Exercise by the Participant

- I. Upon no-objection filing with CSRC, the Scheme will be submitted to the general meeting of the Company for review and approval. During the voting process of the Scheme at the general meeting of the Company, independent directors shall collect proxy voting rights regarding the Scheme from all Shareholders, and the Company will provide the choice of voting on site or via internet.
- II. Upon review and approval at the general meeting of the Company, the Company will grant Share Options to Participants in a specific period subject to the fulfillment of appraisal requirements of the Scheme. Date of Grant must be a trading day and shall comply with relevant requirements.
- III. Grant procedures of Share Options and Exercise procedures of the Participants
 1. *Grant procedures of Share Options*
 - (1) Upon review and approval at the general meeting of the Company, the Board will be authorised to transact specific issues concerning the grant of Share Options.
 - (2) The Board shall determine the Date of Grant of the Scheme and confirm the relevant issues concerning the grant, including whether the Conditions of Grant stipulated under the Scheme have been fulfilled by the Company/Participants. The supervisory committee of the Company shall check if the list of Participants is consistent with the Participants stipulated under the Scheme whom have been approved at the general meeting of the Company.
 - (3) The Participant shall complete registration and other procedures pursuant to the relevant requirements of CSRC, SSE and Depository and Clearing Corporation Limited.
 2. *Exercise procedures of the Participants*
 - (1) Holders of Share Options shall confirm the number and price of Share Options by delivering Application for Exercise and relevant subscription money to the Company on the Exercise Date. Application for Exercise shall contain the number and price of Share Options and the trading information of the holders of Shares Options.
 - (2) Upon verification of each application made by holders of Share Options, the Company will issue shares to Participants based on the number of Options they have applied for.

11. Respective rights and obligations of the Company and Participants***I. Rights and obligations of the Company***

1. The Company is entitled to require Participants to work for the Company according to the requirements of his position. Where a Participant is incompetent for his current position or fails the appraisal, the unexercised Share Options held by such Participant may be cancelled in accordance with the requirements of Administrative Measures issued by CSRC, Trial Measures issued by SASAC and the Scheme, subject to the approval of the Board;
2. Where a Participant seriously damaged the interests or reputation of the Company as a result of violating laws or professional ethics, divulging confidential information of the Company, neglecting his duty or malfeasance, the unexercised Share Options held by such Participant may be cancelled, subject to the approval of the Board;
3. The Company withholds individual income tax and other taxes payable by Participants according to the requirements of relevant national tax laws and rules;
4. The Company will not provide loans and financial support in other forms, including providing guarantee for loans, for Participants to obtain relevant Share Options under the Scheme;
5. The Company shall actively support the Participants who have fulfilled the Conditions of Exercise to exercise in accordance with the relevant requirements including those of the Scheme, CSRC, SSE, Depository and Clearing Corporation Limited. However, the Company disclaims any liability for any loss of Participants arising from the incapability to Exercise as he desires as a result of CSRC, SSE and Depository and Clearing Corporation Limited;
6. Other relevant rights and obligations required by laws and rules.

II. Rights and obligations of the Participant

1. The Participant shall comply with the requirements of his position stipulated by the Company, and he shall work diligently and responsibly, strictly observe professional ethics, and make contribution to the development of the Company.
2. The Participant can decide whether to exercise Share Options, as well as the number of Share Options to be Exercised within the exercisable limit granted to him.

3. Source of capital of Exercise stipulated under the Scheme shall be self-financed by the Participant.
4. Share Options granted to the Participants shall not be transferred or used as guarantee or repayment of debts.
5. Any gains of the Participant generated from the Scheme are subject to individual income tax and other taxes according to national tax laws.
6. Other relevant rights and obligations required by laws and rules.

12. Handling of special changes in relation to the Company/Participant

I. The Scheme shall be terminated immediately upon occurrence of any of the following to the Company:

1. situations such as the consolidation or demerger of the Company;
2. issue of the financial and accounting report for the most recent accounting year in which a certified public accountant gives a qualified opinion or indicates the inability to give an opinion;
3. the imposition of administrative penalties by CSRC during the past year due to material non-compliance of laws and regulations;
4. change of control of the Company;
5. any other circumstances as determined by CSRC.

In such event, all Share Options granted but not yet exercised by Participants shall be cancelled by the Company.

II. Change of personal circumstances of the Participant

1. Upon occurrence of any of the following to the Participant, all of his Share Options which have not yet been exercised shall be cancelled:
 - (1) serious neglect of duty or malfeasance;
 - (2) violating relevant laws, regulations of the State or the requirements under the Articles of Association, thus causing serious economic losses to the Company;

- (3) where the Company has sufficient evidence to prove the Participant, during his tenure, is involved in bribery, corruption, theft, divulging operational and technological secrets of the Company and other illegal or unethical activities which damage the interests and reputation of the Company, thereby causing loss to the Company;
 - (4) where the Participant is resigned or dismissed due to personal reasons;
 - (5) where the Participant shall take criminal responsibility due to criminal behavior;
 - (6) where the Participant is prohibited from holding shares or Share Options of the Company by relevant laws and regulations.
2. Upon occurrence of any of the following to the Participant, his Share Options prior to the Exercise period shall be cancelled, and Share Options within the Exercise period and having complied with the Conditions of Grant shall remain in force:
 - (1) where the Participant reaches the retirement age required by the State or the Company and therefore terminates his service;
 - (2) where the labour relation or employment relation between the Participant and the Company is terminated due to death (including declaration of death) or incapacity of the Participant which is not arising out of and in the course of his employment, the Participant or his legal heir/legatee shall not be entitled to other rights under the Scheme after Exercise in accordance with the requirements under this clause;
 - (3) where the labour relation or employment relation between the Participant and the Company is terminated due to death (including declaration of death) or incapacity of the Participant which is arising out of and in the course of his employment, the Participant or his legal heir/legatee shall be entitled to reasonable compensation by the Company after Exercise in accordance with the requirements under this clause. Such compensation shall be based on the value of Share Options of the Participant which have been cancelled by the Company;
 - (4) where the Participant terminates his service in the Company due to job reallocation;
 - (5) where the Company decides not to renew the service contract entered into with the Participant upon its expiry, and the Participant has no record of violating relevant laws and regulative regulations of the State or requirements under the Articles of Association.

3. Change of position

Where the position of a Participant is changed within the Company or its subsidiaries, the Share Options granted to him shall remain unchanged; however, in respect of the Share Options within the Vesting Period, reasonable adjustments shall be made to the relevant personal performance appraisal requirements; the number of Share Options to be exercised after the change of position shall be determined on the basis of the comprehensive performance appraisal, which is combined with the personal performance appraisal of the original position and the new position.

4. Handling methods of other circumstances not stated above shall be determined by the remuneration and appraisal committee of the Board.

Guangzhou Automobile Group Co., Ltd.
Share Option Incentive Scheme Performance Appraisal Measures

In order to ensure the smooth implementation of the Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd. (hereinafter referred to as the “Company”), further refine the corporate governance structure of Company, develop a good and balanced value distribution system, motivate the directors, senior management, technical and management key personnel of Company to work diligently so as to guarantee the steady improvement of the Company’s performance and the realisation of the Company’s development strategy and business objectives, these measures are hereby formulated according to the relevant requirements of the PRC and the actual circumstances of Company.

I. PURPOSE OF APPRAISAL

The purpose of the appraisal is to further refine the corporate governance structure of Company, establish and improve incentive mechanism, ensure the smooth implementation of Share Option Incentive Scheme and maximise the benefits of Share Option Incentive Scheme so as to ensure the realisation of Company’s development strategy and business objectives.

II. PRINCIPLES OF APPRAISAL

The principles of appraisal must be just, open and fair and strictly in compliance with these measures and the performance target of the appraisees so as to realise the linkage between the Share Option Incentive Scheme and the work performance and contribution of the Participants, which in turn help improve the management performance and maximise the interests of Company and all its Shareholders.

III. SCOPE OF APPRAISAL

These measures shall apply to all Participants as determined under the Share Option Incentive Scheme, including but not limited to the directors, senior management, key personnel of Company and other personnel as considered by the Board who have made special contribution to the Company.

IV. APPRAISAL INSTITUTION

The remuneration and appraisal committee of Company’s Board shall be responsible for organising and carrying out the appraisal of the Participant(s) such as directors or members of senior management.

V. TARGETS AND STANDARD OF PERFORMANCE APPRAISAL

1. Performance target at the Company's level

During the Vesting Period, net profits attributable to shareholders and net profits (net of non-recurring profits and losses) attributable to shareholders for each year shall be no less than the average level of the three accounting years preceding the Date of Grant and must not be negative. In the event that the performance appraisal during the Vesting Period failed to reach the standards, the implementation of the share option incentive scheme shall be terminated.

The performance appraisal indicators during the Exercise Period are set as shown in the following table:

Exercise period	Performance target
First Exercise period	The compound growth rate of net profit growth for year 2015 shall be no less than 13% as compared to 2013; return on net assets shall be no less than 8%; percentage of main businesses shall be no less than 96%; and the above three indicators shall be no less than the 75th percentile of the peer benchmark companies of the same industry; cash dividend percentage of the Company for year 2015 shall be no less than 25%.
Second Exercise period	The compound growth rate of net profit growth for year 2016 shall be no less than 13% as compared to 2013; return on net assets shall be no less than 8.5%; percentage of main businesses shall be no less than 96%; and the above three indicators shall be no less than the 75th percentile of the peer benchmark companies of the same industry; cash dividend percentage of the Company for year 2016 shall be no less than 25%.
Third Exercise period	The compound growth rate of net profit growth for year 2017 shall be no less than 14% as compared to 2013; return on net assets shall be no less than 9%; percentage of main businesses shall be no less than 96%; and the above three indicators shall be no less than the 75th percentile of the peer benchmark companies of the same industry; cash dividend percentage of the Company for year 2017 shall be no less than 25%.

The above mentioned "return on net assets" represents: the weighted average return on net assets (net of non-recurring profits and losses). In the event of refinancing by the Company, net assets for the year of financing is calculated after deducting the proceeds of financing. "Net profits growth rate" represents the growth

rate of the net profits (net of non-recurring profits and losses). The cost of the share options incurred shall be included in the administrative cost of the Company and recorded as expenses in the recurring profits and losses.

If the results of the appraisal for the previous financial year are not qualified, all exercisable share options for the current year of the Participants shall not be exercised and become invalid.

2. Appraisal of the Participants will be conducted annually according to the existing appraisal system of the Company which adopts a 9-point scale, i.e. 1 is the lowest and 9 is the highest. Appraisal results (S) are determined based on personal performance appraisal. Participants apply for Exercise according to corresponding exercise percentage. Where the appraisal results fall within “1-3, not qualified”, all Share Options unexercised of this period or in the future will be cancelled pursuant to the relevant requirements of the Scheme.

Appraisal results (S)	$9 \geq S \geq 8$	$7.75 \geq S \geq 6.5$	$6.25 \geq S \geq 5.25$	$5 \geq S \geq 4$	$1 \geq S \geq 3$
Standard	Excellent	Good	Qualified	Basically qualified	Not qualified
Exercise percentage	100%			60%	0%

VI. DURATION AND FREQUENCY OF APPRAISAL

1. Duration of appraisal

The preceding accounting year when the Participants have been granted or exercise the share options.

2. Frequency of appraisal

The appraisal shall be conducted once a year during the validity period of the Share Option Incentive Scheme.

VII. PROCEDURES OF APPRAISAL

After collecting appraisal results of the Participants of the Share Option Incentive Scheme, the Company’s human resources department shall submit them to the office of the board of directors for summarising, and it shall also be responsible for the specific appraisal work under the guidance of the remuneration and appraisal committee of the board of directors. It shall preserve the appraisal results and based on which a performance appraisal report shall be formulated and submitted to the remuneration and appraisal committee of the Board.

VIII. Management of Appraisal Results**1. Feedback on appraisal results and complaint**

The appraisee shall have the right to be informed of his/her appraisal results. The direct supervisor of the employee shall inform the appraisee of the appraisal results within 15 working days from completion of the appraisal.

In the event that appraisee has objection to the appraisal results, he/she can communicate with corresponding appraisal department to resolve it. If such resolution fails, the appraisee can lodge a complaint with the remuneration and appraisal committee, and the remuneration and appraisal committee shall conduct verification within 10 working days and determine the final appraisal result or level.

2. Filing of appraisal results

After the appraisal, appraisal results shall be kept and filed as confidential information

IX. MISCELLANEOUS

1. The Board shall be responsible for the formulation, interpretation and modification of these measures.
2. These measures shall be implemented upon approval by the general meeting(s) of the Company and the Share Option Incentive Scheme becoming effective.

**SUPPLEMENTAL NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2014**



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 NOTICE OF 2014 FIRST EXTRAORDINARY
GENERAL MEETING**

Reference is made to the circular of Guangzhou Automobile Group Co., Ltd. (the “**Company**”) dated 5 August 2014 (the “**Circular**”) and the Notice of the First Extraordinary General Meeting of 2014 (the “**EGM**”) dated 5 August 2014 (the “**EGM Notice**”), which contain the resolutions to be tabled before the EGM for approval of the shareholders of the Company. Due to the reasons set out in the supplemental circular of the Company on the proposed adoption of A share option incentive scheme and the proposed grant under the scheme dated 3 September 2014 (the “**Supplemental Circular**”), the board of directors of the Company (the “**Board**”) will propose additional resolutions numbered 8 to 10 as set out below in this supplemental notice, details of which are set out in the Supplemental Circular. All resolutions to be proposed at the EGM are now set out in this supplemental notice as follows.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM will be held as originally scheduled at the conference room on 7th Floor of GAC Centre, Xingguo Road No. 23, Zhujiang New Town, Tianhe District, Guangzhou at 2:00 p.m. on Friday, 19 September 2014 to consider and, if thought fit, approve the following resolutions.

Expressions used in this supplemental notice shall have the same meanings as set out in the Circular and Supplemental Circular unless the context requires otherwise.

ORDINARY RESOLUTIONS

- 1 To consider and approve the resolution in relation to the amendments to the Administrative System of Proceeds of Guangzhou Automobile Group Co., Ltd.
- 2 To consider and approve the resolution in relation to the provision of guarantee to bank borrowings of Guangzhou United Exchange Park Business Investment Co., Ltd. by Guangzhou Automobile Business Group Co., Ltd.

**SUPPLEMENTAL NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2014**

SPECIAL RESOLUTIONS

- 3 To consider and approve the resolution in relation to the compliance with conditions for the issuance of A Share Convertible Bonds by the Company.
- 4 To consider and approve the resolution to the proposal of issuance of A Share Convertible Bonds by the Company:
 - 4.1 Type of bonds to be issued
 - 4.2 Issue size
 - 4.3 Term
 - 4.4 Par value and issue price
 - 4.5 Interest rate
 - 4.6 Interest payment
 - 4.7 Conversion period
 - 4.8 Ascertaining the Conversion Price
 - 4.9 Adjustments to Conversion Price and calculation formulae
 - 4.10 Downward adjustment to Conversion Price
 - 4.11 Conversion method of fractional share
 - 4.12 Terms of redemption
 - 4.13 Terms of sale back
 - 4.14 Dividend rights during the years of conversion
 - 4.15 Method of issuance and target subscribers
 - 4.16 Subscription arrangement for the existing Shareholders
 - 4.17 Matters relating to CB Holders' meetings
 - 4.18 Use of proceeds from the issuance of the A Share Convertible Bonds
 - 4.19 Guarantee

**SUPPLEMENTAL NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2014**

- 4.20 The validity period of the resolution of the issuance of the A Share Convertible Bonds and timing of the issuance
- 4.21 Authorisation to the Board or its authorised persons at the Shareholders' meeting
- 5 To consider and approve the resolution in relation to the Proposal on Feasibility of the Use of Proceeds of the Issuance of A Share Convertible Bonds towards Investment Projects of the Company.
- 6 To consider and approve the resolution in relation to the Report on the Utilisation of the Proceeds from Previous Fund-Raising Activity of the Company.
- 7 To consider and approve the resolution in relation to the amendments to the Articles of Association of Guangzhou Automobile Group Co., Ltd.
- 8 To consider and approve the resolution in relation to the A Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd (Amended Draft) and its summary.
 - 8.1 Basis and scope for confirming the Participants of the Scheme
 - 8.2 The source and number of Subject Shares of the Scheme
 - 8.3 Exact amount of Share Options granted to Participants under the Scheme
 - 8.4 The Validity Period, Date of Grant, Vesting Period, Exercise Date and lock-up period
 - 8.5 Exercise Price and Conditions of Exercise of the Share Options under the Scheme
 - 8.6 Conditions of Grant and Conditions of Exercise of the Share Options under the Scheme
 - 8.7 Adjustment method and procedures relating to the number of Share Options under the Scheme
 - 8.8 The accounting treatment and impact on business performance of the Scheme
 - 8.9 Method for implementation of the Scheme
 - 8.10 Rights and liabilities of the Company and Participants
 - 8.11 Principles regarding repurchase and cancellation of Share Options
 - 8.12 Adjustments made in the event of special changes in relation to the Company and Participant
 - 8.13 Amendments to and termination of the Scheme

**SUPPLEMENTAL NOTICE OF THE FIRST
EXTRAORDINARY GENERAL MEETING OF 2014**

8.14 Other important matters

- 9 To consider and approve the resolution in relation to the Share Option Incentive Scheme Performance Appraisal Measures of Guangzhou Automobile Group Co., Ltd..
- 10 To consider and approve the resolution to authorise the Board to deal with the matters relating to the Scheme of the Company.

By order of the Board
Guangzhou Automobile Group Co., Ltd.
Lu Sa
Company Secretary

Guangzhou, the PRC, 3 September 2014

Notes:

1. Details of the resolutions were referred to in the Circular and Supplemental Circular.
2. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Since the form of proxy sent together with the Circular (the “**First Form of Proxy**”) does not contain the additional proposed resolutions no. 8 to 10 as contained in this supplemental notice, a new form of proxy (the “**Second Form of Proxy**”) is enclosed with the Supplemental Circular. The Second Form of Proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gac.com.cn>).
4. A H Shareholder who wishes to appoint a proxy to attend and vote at the EGM but has not yet lodged the First Form of Proxy with the Company’s H Share registrar should complete and return the enclosed Second Form of Proxy to the Company’s H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.
5. A H Shareholder who has already lodged the First Form of Proxy with the Company’s H share registrar should note that:
 - i. If no Second Form of Proxy is lodged with the H Share registrar of the Company in accordance with the instructions printed thereon, the First Form of Proxy will be treated as a valid form of proxy lodged by the H Shareholder if duly completed. Apart from the resolutions referred to in the EGM Notice and the First Form of Proxy, the proxy so appointed by the H Shareholder pursuant to the First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the EGM, including the additionally proposed resolutions no. 8 to 10 as set out in this supplemental notice.
 - ii. If the Second Form of Proxy is lodged with the H Share registrar of the Company at or before 2:00 p.m. on Thursday, 18 September 2014 in accordance with the instructions printed thereon, the Second Form of Proxy, whether duly completed or not, will revoke and supersede the First Form of Proxy previously lodged by the H Shareholder. The Second Form of Proxy will be treated as a valid form of proxy if duly completed.
 - iii. If the Second Form of Proxy is lodged with the H Share registrar of the Company after 2:00 p.m. on Thursday, 18 September 2014, the Second Form of Proxy will be deemed invalid. It will not revoke the First Form of Proxy previously lodged by the H Shareholder. The First Form of Proxy will be treated as a valid form of proxy if duly completed. Apart from the resolutions referred to in the EGM Notice and the First Form of Proxy, the proxy so appointed by the H Shareholder pursuant to the

SUPPLEMENTAL NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2014

First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the EGM, including the additionally proposed resolutions no. 8 to 10 as set out in this supplemental notice.

6. Shareholders are reminded that completion and return of the First Form of Proxy and/or the Second Form of Proxy will not preclude them from attending and voting in person at the EGM or any adjournment thereof.
7. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.
8. Shareholders or their proxies shall present proofs of identities when attending the meeting.
9. The register of members of the Company are closed from Wednesday, 20 August 2014 to Friday, 19 September 2014 (both days inclusive), during which no transfer of Shares will be effected so as to ascertain the Shareholders' entitlement to attend and vote at the forthcoming EGM. In order to be eligible to attend and vote at the forthcoming EGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m. on Tuesday, 19 August 2014.
10. Shareholders who are entitled to attend the said meeting are requested to deliver the reply slip for attendance not later than 20 days before the date of the meeting. i.e. no later than Saturday, 30 August 2014 by hand, by post or by fax to the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, fax no.: (852) 2810 8185.
11. Shareholders or their proxies attending the EGM are responsible for their own transportation and accommodation expenses.
12. Pursuant to Rule 13.39(4) of the Hong Kong 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 EGM 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 Hong Kong Listing Rules.
13. This supplemental notice is despatched to the H Shareholders only. The notice of EGM to A Shareholders and the relevant reply slip and proxy form are separately published on the websites of the Company (<http://www.gagc.com.cn>) and the SSE (<http://www.sse.com.cn>).
14. The contact persons of the EGM are Li Wei and Liu Yong, and their contact numbers are 020-83151683 and 020-83150281.

As at the date of this supplemental notice, the executive directors of the Company are ZHANG Fangyou, ZENG Qinghong, YUAN Zhongrong and LU Sa, the non-executive directors of the Company are LIU Huilian, WEI Xiaoqin, LI Tun, LI Pingyi and DING Hongxiang and the independent non-executive directors of the Company are FU Yuwu, LAN Hailin, LI Fangjin, LEUNG Lincheong and WANG Susheng.

**SUPPLEMENTAL NOTICE OF THE FIRST
H SHAREHOLDERS' CLASS MEETING OF 2014**



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 NOTICE OF 2014 FIRST CLASS MEETING FOR
HOLDERS OF H SHARES**

Reference is made to the circular of Guangzhou Automobile Group Co., Ltd. (the “**Company**”) dated 5 August 2014 (the “**Circular**”) and the Notice of the First Class Meeting for Holders of H Shares of 2014 (the “**H Shareholders' Class Meeting**”) dated 5 August 2014 (the “**H Shareholders' Class Meeting Notice**”), which contain the resolutions to be tabled before the H Shareholders' Class Meeting for approval of the shareholders of the Company. Due to the reasons set out in the supplemental circular of the Company on the proposed adoption of A share option incentive scheme and the proposed grant under the scheme dated 3 September 2014 (the “**Supplemental Circular**”), the board of directors of the Company (the “**Board**”) will propose additional resolutions numbered 2 to 4 as set out below in this supplemental notice, details of which are set out in the Supplemental Circular. All resolutions to be proposed at the H Shareholders' Class Meeting are now set out in this supplemental notice as follows.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the H Shareholders' Class Meeting will be held as originally scheduled at the conference room on 7th Floor of GAC Center, Xingguo Road No. 23, Zhujiang New Town, Tianhe District, Guangzhou at 2:00 p.m. on Friday, 19 September 2014 (to be convened in the order of the 2014 first extraordinary general meeting, 2014 first class meeting for holders of A shares and H Shareholders' Class Meeting) to consider and, if thought fit, approve the following resolutions.

Expressions used in this supplemental notice shall have the same meanings as set out in the Circular and Supplemental Circular unless the context requires otherwise.

SPECIAL RESOLUTIONS

- 1 To consider and approve the resolution in relation to the compliance with conditions for the issuance of A Share Convertible Bonds by the Company.
 - 1.1 Type of bonds to be issued
 - 1.2 Issue size
 - 1.3 Term
 - 1.4 Par value and issue price

**SUPPLEMENTAL NOTICE OF THE FIRST
H SHAREHOLDERS' CLASS MEETING OF 2014**

- 1.5 Interest rate
- 1.6 Interest payment
- 1.7 Conversion period
- 1.8 Ascertaining the Conversion Price
- 1.9 Adjustments to Conversion Price and calculation formulae
- 1.10 Downward adjustment to Conversion Price
- 1.11 Conversion method of fractional share
- 1.12 Terms of redemption
- 1.13 Terms of sale back
- 1.14 Dividend rights during the years of conversion
- 1.15 Method of issuance and target subscribers
- 1.16 Subscription arrangement for the existing Shareholders
- 1.17 Matters relating to CB Holders' meetings
- 1.18 Use of proceeds from the issuance of the A Share Convertible Bonds
- 1.19 Guarantee
- 1.20 The validity period of the resolution of the issuance of the A Share Convertible Bonds and timing of the issuance
- 1.21 Authorisation to the Board or its authorised persons at the Shareholders' meeting
- 2 To consider and approve the resolution in relation to the A Share Option Incentive Scheme of Guangzhou Automobile Group Co., Ltd. (Amended Draft) and its summary.
 - 2.1 Basis and scope for confirming the Participants of the Scheme
 - 2.2 The source and number of Subject Shares of the Scheme
 - 2.3 Exact amount of Share Options granted to Participants under the Scheme
 - 2.4 The Validity Period, Date of Grant, Vesting Period, Exercise Date and lock-up period

**SUPPLEMENTAL NOTICE OF THE FIRST
H SHAREHOLDERS' CLASS MEETING OF 2014**

- 2.5 Exercise Price and Conditions of Exercise of the Share Options under the Scheme
- 2.6 Conditions of Grant and Conditions of Exercise of the Share Options under the Scheme
- 2.7 Adjustment method and procedures relating to the number of Share Options under the Scheme
- 2.8 The accounting treatment and impact on business performance of the Scheme
- 2.9 Method for implementation of the Scheme
- 2.10 Rights and liabilities of the Company and Participants
- 2.11 Principles regarding repurchase and cancellation of Share Options
- 2.12 Adjustments made in the event of special changes in relation to the Company and Participant
- 2.13 Amendments to and termination of the Scheme
- 2.14 Other important matters
- 3 To consider and approve the resolution in relation to the Share Option Incentive Scheme Performance Appraisal Measures of Guangzhou Automobile Group Co., Ltd..
- 4 To consider and approve the resolution to authorise the Board to deal with the matters relating to the Scheme of the Company.

By order of the Board
Guangzhou Automobile Group Co., Ltd.
Lu Sa
Company Secretary

Guangzhou, the PRC, 3 September 2014

Notes:

- 1. Details of the resolutions were referred to in the Circular and Supplemental Circular.
- 2. Any H Shareholder entitled to attend and vote at the H Shareholders' Class Meeting is entitled to appoint one or more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- 3. Since the form of proxy sent together with the Circular (the "**First Form of Proxy**") does not contain the additional proposed resolutions no. 2 to 4 as contained in this supplemental notice, a new form of proxy (the "**Second Form of Proxy**") has been prepared and is enclosed with the Supplemental Circular. The Second Form of Proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gac.com.cn>).

SUPPLEMENTAL NOTICE OF THE FIRST H SHAREHOLDERS' CLASS MEETING OF 2014

4. A H Shareholder who wishes to appoint a proxy to attend and vote at the H Shareholders' Class Meeting but has not yet lodged the First Form of Proxy with the Company's H Share registrar should complete and return the enclosed Second Form of Proxy to the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.
5. A H Shareholder who has already lodged the First Form of Proxy with the Company's H share registrar should note that:
 - i. If no Second Form of Proxy is lodged with the H Share registrar of the Company in accordance with the instructions printed thereon, the First Form of Proxy will be treated as a valid form of proxy lodged by the H Shareholder if duly completed. Apart from the resolutions referred to in the H Shareholders' Class Meeting Notice and the First Form of Proxy, the proxy so appointed by the H Shareholder pursuant to the First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the H Shareholders' Class Meeting, including the additionally proposed resolutions no. 2 to 4 as set out in this supplemental notice.
 - ii. If the Second Form of Proxy is lodged with the H Share registrar of the Company at or before 2:00 p.m. on Thursday, 18 September 2014 in accordance with the instructions printed thereon, the Second Form of Proxy, whether duly completed or not, will revoke and supersede the First Form of Proxy previously lodged by the H Shareholder. The Second Form of Proxy will be treated as a valid form of proxy if duly completed.
 - iii. If the Second Form of Proxy is lodged with the H Share registrar of the Company after 2:00 p.m. on Thursday, 18 September 2014, the Second Form of Proxy will be deemed invalid. It will not revoke the First Form of Proxy previously lodged by the H Shareholder. The First Form of Proxy will be treated as a valid form of proxy if duly completed. Apart from the resolutions referred to in the H Shareholders' Class Meeting Notice and the First Form of Proxy, the proxy so appointed by the H Shareholder pursuant to the First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the H Shareholders' Class Meeting, including the additionally proposed resolutions no. 2 to 4 as set out in this supplemental notice.
6. H Shareholders are reminded that completion and return of the First Form of Proxy and/or the Second Form of Proxy will not preclude them from attending and voting in person at the H Shareholders' Class Meeting or any adjournment thereof.
7. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.
8. H Shareholders or their proxies shall present proofs of identities when attending the meeting.
9. The register of members of the Company are closed from Wednesday, 20 August 2014 to Friday, 19 September 2014 (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 forthcoming H Shareholders Class Meeting. In order to be eligible to attend and vote at the forthcoming H Shareholders Class Meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m. on Tuesday, 19 August 2014.
10. H Shareholders who are entitled to attend the H Shareholders Class Meeting are requested to deliver the reply slip for attendance not later than 20 days before the date of the meeting. i.e. no later than Saturday, 30 August 2014 by hand, by post or by fax to the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, fax no.: (852) 2810 8185.

**SUPPLEMENTAL NOTICE OF THE FIRST
H SHAREHOLDERS' CLASS MEETING OF 2014**

11. H Shareholders or their proxies attending the H Shareholders Class Meeting are responsible for their own transportation and accommodation expenses.
12. Pursuant to Rule 13.39(4) of the Hong Kong 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 H Shareholders Class Meeting 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 Hong Kong Listing Rules.
13. This supplemental notice is despatched to H Shareholders only.
14. The contact persons of the H Shareholders' Class Meeting are Li Wei and Liu Yong, and their contact numbers are 020-83151683 and 020-83150281.

As at the date of this supplemental notice, the executive directors of the Company are ZHANG Fangyou, ZENG Qinghong, YUAN Zhongrong and LU Sa, the non-executive directors of the Company are LIU Huilian, WEI Xiaoqin, LI Tun, LI Pingyi and DING Hongxiang and the independent non-executive directors of the Company are FU Yuwu, LAN Hailin, LI Fangjin, LEUNG Lincheong and WANG Susheng.