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GUANGZHOU AUTOMOBILE GROUP CO., LTD.

廣州汽車集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2238)

**POSSIBLE CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED INVESTMENT IN AN ASSOCIATED COMPANY BY
CONTROLLING SHAREHOLDER**

NON-COMPETITION UNDERTAKING

Reference is made to the Non-competition Undertaking entered into by GAIG, the controlling shareholder of the Company, on 17 May 2010, pursuant to which GAIG undertook that it should not, and should procure that its subsidiaries (other than the Group) should not, directly or indirectly, whether on its own or jointly with any other person or company, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes with the automobile manufacturing, automobile parts and components manufacturing, automobile related marketing and customer services, automobile trade and logistics and other related business carried on by the Group in the PRC and Hong Kong.

Details of the Non-competition Undertaking were set out in the section headed "Relationship with the Controlling Shareholder" in the Company's listing document dated 18 June 2010.

PROPOSED INVESTMENT IN THE TARGET COMPANY BY CONTROLLING SHAREHOLDER

As at the date of this announcement, the Group indirectly holds 35% equity interest in the Target Company. The Target Company is considering a financing plan for an amount of approximately RMB1 billion.

On 25 October 2021, the Board received a written notice from GAIG issued in accordance with the Non-competition Undertaking stating that it is interested in participating in the financing of the Target Company. Since the Target Company is principally engaged in mobile transportation business, GAIG's participation in the Capital Injection will involve its direct or indirect investment in the restricted business under the Non-competition Undertaking. In light that the mobile transportation

market still needs time for cultivation and growth, and at the same time, the Target Company needs external financing at different stages of its development in order to achieve synergy of resources and sustainable and stable development, the Board (including all the independent non-executive Directors) believes that participation in the Capital Injection would not be in the interests of the Company and the shareholders of the Company as a whole, and therefore resolves to give up the Capital Injection and consent to GAIG's participation in the Capital Injection.

GAIG will subsequently enter into a subscription agreement with the Target Company and other potential investors, pursuant to which GAIG will agree to contribute RMB350 million in cash to the Target Company, and the number of shares to be subscribed for shall be determined proportionally based on the total actual financing amount.

Upon completion of the Capital Injection, the 35% equity interest held by the Company in the Target Company will be diluted correspondingly (the specific percentage will depend on the total actual financing amount and the amount of capital contributed by other investors). Upon completion of the Capital Injection, the Target Company will remain as an associated company of the Group, and the composition of the board of directors of the Target Company will remain unchanged with three out of the seven members of the board of directors appointed by the Group.

The Directors (including the independent non-executive Directors) believe that, since the mobile transportation market still needs time for cultivation and growth, and at the same time, the Target Company needs external financing at different stages of its development in order to achieve synergy of resources and sustainable and stable development, the Group's non-participation in the Capital Injection and consent to the Capital Injection by GAIG into the Target Company is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the Cayman Islands with limited liability in April 2019 and is principally engaged in mobile transportation business. In June 2019, "ON TIME" (如祺出行), a mobile transportation platform established by the Target Company, was officially launched in Guangzhou, with an aim to gradually achieve the business vision of "creating a panoramic ecosystem of intelligent networking and shared mobility" with the Guangdong-Hong Kong-Macao Greater Bay Area as the core region. At present, its operation services have commenced in Guangzhou, Foshan, Zhuhai, Shenzhen, Dongguan and other cities in the PRC. As at the date of this announcement, the Company indirectly holds 35% equity interest in the Target Company.

LISTING RULES IMPLICATIONS

GAIG is the controlling shareholder of the Company and therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Company's non-participation in the Capital Injection and the transfer of such opportunity to GAIG, which will result in the reduction of the Company's equity interest in the Target Company, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Upon the execution of a capital injection

agreement by GAIG, the Company may be subject to the relevant disclosure requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, GAIG has not entered into any binding contract in respect of the Capital Injection. The Company will make further announcement as and when appropriate and as required by the Listing Rules.

Since Mr. Zeng Qinghong (an executive Director), Mr. Feng Xingya (an executive Director), Mr. Chen Xiaomu (a non-executive Director) and Mr. Chen Maoshan (a non-executive Director) are also directors of GAIG, they have abstained from voting on the resolutions of the relevant matter at the meeting of the Board. Save as disclosed above, none of the Directors has material interests in the relevant matter and is required to abstain from voting at the relevant meeting of the Board.

GENERAL INFORMATION

The principal businesses of the Group include the research and development and the manufacturing of vehicles and motorcycles, automobile parts and components, commercial services, financial services, and mobile transportation services, which form a complete closed-loop automobile industry chain. As at the date of this announcement, GAIG holds approximately 53.10% equity interest in the Company and is the controlling shareholder of the Company.

GAIG, through the Company, is mainly engaged in investment in the research and development, manufacturing and marketing of automobile, motorcycle and components, automobile service trade and other relevant industries; investment in automobile finance and other financial sectors; and investment in self-owned land development projects and related real estate projects and property management. The ultimate beneficial owner of the GAIG is the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government.

DEFINITIONS

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

“associated company”	entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entity
“Board”	the board of Directors of the Company
“Capital Injection”	the injection of capital of RMB350 million into the Target Company
“Company”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the issued H shares of which are listed on the Stock Exchange

“connected person”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated in October 2000 under PRC law and the controlling shareholder of the Company
“Group”	the Company, its subsidiaries and their respective jointly-controlled entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-competition Undertaking”	the non-competition undertaking entered into by GAIG on 17 May 2010
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chenqi Technology Limited, a company incorporated in the Cayman Islands with limited liability in April 2019, which is held as to 35% by the Company as at the date of this announcement and is an associated company of the Company
“%”	per cent

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

Guangzhou, the PRC, 29 October 2021

As at the date of this announcement, the executive directors of the Company are ZENG Qinghong and FENG Xingya, the non-executive directors of the Company are CHEN Xiaomu, CHEN Maoshan, DING Hongxiang, GUAN Dayuan and LIU Zhijun, and the independent non-executive directors of the Company are ZHAO Fuquan, XIAO Shengfang, WONG Hakkun and SONG Tiebo.