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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)**

**CONNECTED TRANSACTION  
DEEMED DISPOSAL OF EQUITY INTEREST  
IN CHENQI TECHNOLOGY LIMITED**

**THE DEEMED DISPOSAL**

The Target Company proposes the Capital Injection by way of the issue of Warrants to the Series B Subscribers. On 30 July 2023, among the Subscription Agreements entered into with each of the Series B Subscribers, the Target Company entered into a Subscription Agreement with GAIG, pursuant to which GAIG agreed to subscribe in cash for a Warrant, upon exercise of which 9,684,625 Series B Preferred Shares will be issued to GAIG, at a total exercise price of approximately RMB294.8 million (equivalent to approximately HK\$324 million).

As at the date of this announcement, the Group indirectly holds approximately 23.60% equity interest in the Target Company. Upon completion of the Capital Injection, GAIG's direct equity interest in the Target Company will increase from approximately 11.64% to approximately 15.31%, and the Company's indirect equity interest in the Target Company will be diluted from approximately 23.60% to approximately 19.89% accordingly.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, GAIG is the controlling shareholder of the Company and therefore a connected person of the Company. The Target Company is an associate of GAIG and hence is also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Company's non-participation in the Capital Injection and GAIG's participation in the Capital Injection, which will result in the deemed disposal of the Company's equity interest in the Target Company, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) are more than 0.1% but all of them are less than 5%, according to Rule 14A.76(2)(a) of the Listing

Rules, such transaction is subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE CAPITAL INJECTION**

The Target Company proposes the Capital Injection by way of the issue of Warrants to the Series B Subscribers. Upon the exercise of all the Warrants in full, 27,669,969 Series B Preferred Shares will be issued by the Target Company to the Series B Subscribers at a total consideration of RMB842.274 million (i.e. at approximately RMB30.44 for each Series B Preferred Share).

On 30 July 2023, among the Subscription Agreements entered into with each of the Series B Subscribers, the Target Company entered into a Subscription Agreement with GAIG, pursuant to which GAIG agreed to subscribe in cash for a Warrant, upon exercise of which 9,684,625 Series B Preferred Shares will be issued to GAIG, at a total exercise price of approximately RMB294.8 million. Completion shall take place upon the satisfaction of or waiver by (as the case may be) the Target Company of all the conditions precedent to completion under the Subscription Agreement.

For the avoidance of doubt, the respective Subscription Agreements entered into between the Target Company as issuer and each of the Other Series B Investors as subscriber is on substantially the same terms as those of the Subscription Agreement entered into between the Target Company and GAIG, with the same subscription price per Series B Preferred Share, except for the number of Warrants (and (when exercised in full) the number of Series B Preferred Shares) to be issued to each of the Other Series B Investors, and the total exercise price of such Other Series B Investor.

The total exercise price of the Warrants and the price of each Series B Preferred Share were determined after arm's length negotiation between the Target Company and the Series B Subscribers with reference to other market comparables as well as the valuation of the Target Company as per the appraisal by an independent valuer as at 31 July 2022 using market approach.

The shareholding structures of the Target Company (1) as at the date of this announcement and immediately prior to the signing of the Subscription Agreements and (2) immediately after the completion of the Capital Injection (assuming that all Warrants are exercised in full and there is no other change in the shareholding of the Target Company prior to the completion of the Capital Injection) are set out below:

	As at the date of this announcement and immediately prior to the signing of the Subscription Agreements		Immediately after the completion of the Capital Injection (assuming that all Warrants are exercised in full and there is no other change in the shareholding of the Target Company prior to the completion of the Capital Injection)	
Shareholders	<i>Number of shares (on a fully-diluted and as-converted basis)</i>	<i>Percentage of shareholding</i>	<i>Number of shares (on a fully-diluted and as-converted basis)</i>	<i>Percentage of shareholding</i>
China Lounge Investments (a wholly-owned subsidiary of the Company)	35,000,000	23.60%	35,000,000	19.89%
GAIG	17,258,940	11.64%	26,943,565	15.31%
Other existing shareholders of the Target Company	96,015,595	64.76%	96,015,595	54.57%
Other Series B Investors	—	—	17,985,344	10.22%
<b>Total</b>	148,274,535	100%	175,944,504	100%

Upon completion of the Capital Injection, assuming that all Warrants are exercised in full by the Series B Subscribers, GAIG's direct equity interest in the Target Company will increase from approximately 11.64% to approximately 15.31%, and the Company's equity interest in the Target Company will be diluted from approximately 23.60% to approximately 19.89% accordingly. The dilution of shareholding in the Target Company will not result in any profit or loss to be recorded in the Group's financial statements.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Other Series B Investors, which consist of investment funds and private companies, and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Target Company will be able to benefit from the additional capital obtained from the investment and the knowledge and experience of the Series B Subscribers. As the Series B Subscribers are institutional investors and professional strategic investors in relevant industries, they are able to provide the Target Company with knowledge and experience which will be beneficial for its future development. While the Company did not participate in the Capital Injection, the Directors (including

the independent non-executive Directors) believe that the Capital Injection would be beneficial to the Company (being one of the shareholders of the Target Company with significant shareholding) and is fair and reasonable and in the interests of the Company and its shareholders 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. The Target Company is a leading travel technology company in the PRC committed to building comprehensive and three-dimensional travel technology solutions and service systems. Its principal business segments include (i) travel services including online hailing, autonomous driving taxis and online patrol integrated taxis; (ii) technical services including artificial intelligence data and model solutions and autonomous driving maps; and (iii) ecological services.

Based on the audited consolidated financial information of the Target Company prepared in accordance with the generally accepted accounting principles in the PRC, the Target Company recorded net liabilities of approximately RMB750 million as at 31 December 2022. The key financial information of the Target Company is set out below:

	<b>For the year ended 31 December 2022 (audited) (RMB'0,000)</b>	<b>For the year ended 31 December 2021 (audited) (RMB'0,000)</b>
Net loss before taxation	(62,768.55)	(68,505.97)
Net loss after taxation	(62,768.55)	(68,505.97)

## LISTING RULES IMPLICATIONS

As at the date of this announcement, GAIG is the controlling shareholder of the Company and therefore a connected person of the Company. Since prior to the signing of the Subscription Agreements, GAIG directly holds approximately 11.64% and indirectly holds approximately 23.60% (through the Company), i.e. a total of approximately 35.24%, of the equity interest in the Target Company, the Target Company is an associate of GAIG and hence is also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Company's non-participation in the Capital Injection and GAIG's participation in the Capital Injection, which will result in the deemed disposal of the Company's equity interest in the Target Company, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) are more than 0.1% but all of them are less than 5%, according to Rule 14A.76(2)(a) of the Listing Rules, such transaction is subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of 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 had abstained from voting on the resolutions of the relevant matter at the meeting of the Board. Save as disclosed above, none of the Directors had material interests in the matter and was 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 52.56% 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:

“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Capital Injection”	the injection of capital into the Target Company by the Series B Subscribers pursuant to the Subscription Agreements
“China Lounge Investments”	China Lounge Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the 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
“Ordinary Shares”	the ordinary shares issued by the Target Company
“Other Series B Investors”	in total 14 independent investors other than GAIG who will subscribe for the Warrants to be issued by the Target Company in accordance with the terms and conditions of their respective Subscription Agreements
“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
“Series B Preferred Share(s)”	the series B preferred shares of the Target Company of par value of US\$0.0005 each
“Series B Subscribers”	GAIG and the Other Series B Investors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement(s)”	the respective agreement dated 30 July 2023 entered into between the Target Company as issuer and the relevant Series B Subscriber as subscriber for the Capital Injection
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules

“Target Company”	Chenqi Technology Limited, a company incorporated in the Cayman Islands with limited liability in April 2019, which is indirectly held as to approximately 23.60% by the Company as at the date of this announcement and immediately prior to the signing of the Subscription Agreements
“US\$”	United States dollar, the lawful currency of the United States of America
“Warrant(s)”	the respective warrant(s) to be issued by the Target Company to each of the Series B Subscribers, and in the case of GAIG, pursuant to which, when exercised in full, GAIG would be entitled to subscribe for 9,684,625 Series B Preferred Shares in accordance with the terms and conditions of the relevant Subscription Agreement
“%”	per cent

In this announcement, RMB has been converted to HK\$ at the rate of RMB0.91 = HK\$1.00 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Guangzhou, the PRC, 31 July 2023

*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.*