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GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Island with limited liability)

(Stock Code: 175)

CLARIFICATION ANNOUNCEMENT

This announcement relates to the press article appearing in a newspaper published on 15 June, 2004 (the "Article") regarding a proposed investment by 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Limited) ("ZGH").

The board of executive directors (the "Board") of Geely Automobile Holdings Limited (the "Company") noticed that the Article reported a proposed investment by ZGH to acquire shareholding interests in a company listed on the Shenzhen Stock Exchange in the PRC and wishes to clarify some of the contents contained in the Article.

In the meantime, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

This announcement is made in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of executive directors (the "Board") of Geely Automobile Holdings Limited (the "Company") noticed that the press article appearing in China Daily published on 15 June, 2004 (the "Article") reported a proposed investment by 浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Limited) ("ZGH") to acquire shareholding interests in 西北永新化工股份有限公司 (Northwest Yongxin Chemical Company Limited) ("Yongxin"), a company listed on the Shenzhen Stock Exchange in the PRC. The Board has made enquiry with the management of the ZGH, the joint venture partner of the Company's two joint ventures namely 浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited) and 上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited), in relation to the contents contained in the Article.

As advised by ZGH, the Article was believed to be based on an interview with Mr. Xu Gang, a senior management of ZGH. Save as being a joint venture partner to the Company, neither ZGH nor its beneficial owners is a connected person of the Company as defined under the Listing Rules. ZGH has advised the Board that preliminary negotiation was held in relation to the possible cooperation with Yongxin. As Yongxin is a manufacturer of paint and coating materials used in automobile manufacturing, such possible cooperation between Yongxin and ZGH may enhance ZGH's overall cost structure of its automobile manufacturing operations. As advised by ZGH, no formal or informal agreement in relation to the possible cooperation between Yongxin and ZGH has been entered into as at the date of this announcement. Should the possible cooperation with Yongxin involves the Company's two joint ventures namely 浙江吉利汽車有限公司 (Zhejiang Geely Automobile Company Limited) and 上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited), the Company will comply with the relevant Listing Rules and will issue an announcement as and when appropriate.

In the meantime, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By Order of the Board
Geely Automobile Holdings Limited
HE Xuechu
Chairman

As at the date of this announcement, Mr. He Xuechu, Mr. Xu Xing Yao, Mr. Ang Siu Lun, Lawrence, Mr. Zhou Teng, Mr. Ku Wai Kwan, Mr. Nan Yang, Mr. Zhang Zhe and Mr. Wong Hing Kwok are the executive directors of the Company and Mr. Lee Cheuk Yin, Dannis and Mr. Liu Ming Hui are independent non-executive directors of the Company.

Hong Kong, 15 June, 2004

“Please also refer to the published version of this announcement in The Standard”