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**吉利汽車控股有限公司**  
**GEELY AUTOMOBILE HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 175)**

- (I) VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS RELATING TO THE PROPOSED ACQUISITION OF INTERESTS IN THE REGISTERED CAPITAL OF THE ASSOCIATED COMPANIES AND ZHEJIANG FULIN GUORUN;**
- (II) PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL;**
- (III) APPLICATION FOR WHITEWASH WAIVER; AND**
- (IV) RESUMPTION OF TRADING**

**Financial adviser to Geely Automobile Holdings Limited**



**CIMB-GK Securities (HK) Limited**

**THE ASSOCIATED COMPANIES' AGREEMENTS**

The Board is pleased to announce that on 13 July 2007, the Group entered into i) the Associated Companies' Agreements with various connected persons in relation to the proposed restructuring of the Company to acquire 44.19% of the remaining interests in each of the Associated Companies from its respective controlling shareholder and its associates at the total consideration of RMB1,554.12 million (equivalent to approximately HK\$1,610.84) million to be satisfied fully by the issue of 1,288,672,000 Aggregate Consideration Shares at HK\$1.25 per Share.

**WHITEWASH WAIVER**

As at the date of this announcement, Proper Glory and its concert parties own approximately 48.86% of the existing issued ordinary share capital of the Company. Upon Completion, the interests of Proper Glory and its concert parties will increase to approximately 59.15% of the issued ordinary share capital of the Company as enlarged by the issue of Aggregate Consideration Shares. Accordingly, upon Completion, Proper Glory and its concert parties will be obliged to make an unconditional mandatory general offer for all the issued shares of the Company not already owned or agreed to be acquired by Proper Glory and parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

Proper Glory has made an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, will be subject to the approval of the Independent Shareholders by way of poll at the EGM. Proper Glory, its associates and its concert parties who are involved in, or interested in, the Restructuring are required to abstain from voting under the Takeovers Code. **If the Whitewash Waiver is not granted, the Agreements will lapse and the Restructuring will not proceed.**

### **ZHEJIANG FULIN GUORUN EQUITY TRANSFER AGREEMENT**

On 13 July 2007, Centurion, a wholly-owned subsidiary of the Company, and Zhejiang Fulin Automobile entered into the Zhejiang Fulin Guorun Equity Transfer Agreement pursuant to which Centurion agreed to acquire the remaining 49% interest in the registered capital of Zhejiang Fulin Guorun from Zhejiang Fulin Automobile for a total consideration of RMB22.48 million (equivalent to approximately HK\$23.30 million), which is payable in cash by primarily applying the dividends to be distributed from Zhejiang Fulin Guorun.

### **OTHER PROJECT DOCUMENTS**

The Associated Companies and Zhejiang Fulin Guorun will also enter into the Other Project Documents with companies under the control of Mr. Li and his associates to govern certain sale and purchase of sedan related components and products, warranties and financial assistances upon Completion. The transactions contemplated under the Other Project Documents will constitute continuing connected transactions of the Company and will be subject to the requirements of reporting, announcement and the approval from the Independent Shareholders (by way of poll) as set out in Chapter 14A of the Listing Rules. Further announcements will be made in accordance with the Listing Rules as soon as possible and details of the Other Project Documents and continuing connected transactions will be included in the circular containing, among other things, further details of the Agreements and the Whitewash Waiver.

### **INCREASE IN AUTHORIZED CAPITAL**

The Company proposes to increase its authorized share capital from HK\$160,000,000 to HK\$240,000,000 by the addition thereto of 4,000,000,000 Shares of HK\$0.02 each.

### **GENERAL**

Each of Zhejiang Geely Merrie, Shanghai Maple Automobile, Zhejiang Haoqing and Zhejiang Fulin Automobile is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that each of Zhejiang Geely Merrie, Shanghai Maple Automobile and Zhejiang Haoqing is beneficially owned by Mr. Li and his associates and Zhejiang Fulin Automobile is a substantial shareholder of Zhejiang Fulin Guorun holding 49% interest in the registered capital of Zhejiang Fulin Guorun. According to Rule 14.08 of the Listing Rules, the entering into of the Agreements constitutes very substantial acquisitions and connected transactions of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the requirements of reporting, announcement, and the approval by the Independent Shareholders (by way of poll) as set out in Chapter 14A of the Listing Rules.

Proper Glory and Geely Group (both wholly-owned by Mr. Li, and holding in aggregate, 48.86% in the issued share capital of the Company), their respective associates and parties acting in concert with any of them will abstain from voting for the resolutions to approve the Agreements and the Whitewash Waiver to be put forward at the EGM.

An Independent Board Committee will be appointed to advise the Independent Shareholders in respect of the terms of the Agreements and the Whitewash Waiver. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made as soon as the independent financial adviser is appointed.

A circular containing, among other things, (i) further details of the Agreements, the continuing connected transactions contemplated under the Other Project Documents, the proposed increase in authorized share capital of the Company and the Whitewash Waiver; (ii) accountants' report of the Associated Companies and Zhejiang Fulin Guorun; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (v) the notice of the EGM will be despatched to the Shareholders as soon as practicable.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 11 July 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 July 2007.

**As the Restructuring is subject to a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

The Board is pleased to announce that on 13 July 2007, the Group entered into i) the Associated Companies' Agreements with various connected persons in relation to the proposed restructuring of the Company to acquire 44.19% of the remaining interests in each of the Associated Companies from its respective controlling shareholder and its associates at the total consideration of RMB1,554.12 (equivalent to approximately HK\$1,610.84) million to be satisfied fully by the issue of 1,288,672,000 Aggregate Consideration Shares at HK\$1.25 per Share; and ii) the Zhejiang Fulin Guorun Equity Transfer Agreement to acquire the remaining 49% interest in Zhejiang Fulin Guorun from Zhejiang Fulin Automobile at the consideration of RMB22.48 million (equivalent to approximately HK\$23.30 million) to be fully satisfied in cash by primarily applying the dividends to be distributed from Zhejiang Fulin Guorun.

## THE ASSOCIATED COMPANIES' AGREEMENTS DATED 13 JULY 2007

<b>Associated Companies' Agreements</b>	<b>Parties</b>	<b>Assets to be transferred</b>	<b>Consideration</b>
i) Zhejiang JV Equity Transfer Agreement	1) Centurion 2) Zhejiang Geely Merrie	Zhejiang Geely Merrie will transfer a 44.19% interest in the registered capital of the Zhejiang JV to Centurion.	The consideration of RMB936.33 million (equivalent to approximately HK\$970.51 million) for the Zhejiang JV Transfer was determined after arm's length negotiation between Centurion and Zhejiang Geely Merrie with reference to the 44.19% attributable interest in the unaudited net asset value of Zhejiang JV as at 30 June 2007. The consideration for the Zhejiang JV Transfer will be fully satisfied by the issue of the Zhejiang JV Consideration Shares, representing approximately 15.17% of the existing issued share capital of the Company and approximately 12.12% of the issued share capital of the Company as enlarged by the issue of the Aggregate Consideration Shares.
ii) Shanghai Maple JV Equity Transfer Agreement	1) Value Century 2) Shanghai Maple Automobile	Shanghai Maple Automobile will transfer a 44.19 % interest in the registered capital of the Shanghai Maple JV to Value Century.	The consideration of RMB354.53 million (equivalent to approximately HK\$367.47 million) for the Shanghai Maple JV Transfer was determined after arm's length negotiation between Value Century and Shanghai Maple Automobile with reference to the 44.19% attributable interest in the unaudited net asset value of Shanghai Maple JV as at 30 June 2007. The consideration for the Shanghai Maple JV Transfer will be fully satisfied by the issue of the Shanghai Maple JV Consideration Shares, representing approximately 5.75% of the existing issued share capital of the Company and approximately 4.59% of the issued share capital of the Company as enlarged by the issue of the Aggregate Consideration Shares.

<b>Associated Companies' Agreements</b>	<b>Parties</b>	<b>Assets to be transferred</b>	<b>Consideration</b>
iii) Zhejiang Kingkong JV Equity Transfer Agreement	1) Centurion 2) Zhejiang Haoqing	Zhejiang Haoqing will transfer a 44.19 % interest in the registered capital of the Zhejiang Kingkong JV to Centurion.	The consideration of RMB155.84 million (equivalent to approximately HK\$161.52 million) for the Zhejiang Kingkong JV Transfer was determined after arm's length negotiation between Centurion and Zhejiang Haoqing with reference to the 44.19% attributable interest in the unaudited net asset value of Zhejiang Kingkong JV as at 30 June 2007. The consideration for the Zhejiang Kingkong JV Transfer will be fully satisfied by the issue of the Zhejiang Kingkong JV Consideration Shares, representing approximately 2.53% of the existing issued share capital of the Company and approximately 2.02% of the issued share capital of the Company as enlarged by the issue of the Aggregate Consideration Shares.
iv) Zhejiang Ruhoo JV Equity Transfer Agreement	1) Centurion 2) Zhejiang Haoqing	Zhejiang Haoqing will transfer a 44.19 % interest in the registered capital of the Zhejiang Ruhoo JV to Centurion.	The consideration of RMB90.21 million (equivalent to approximately HK\$93.50 million) for the Zhejiang Ruhoo JV Transfer was determined after arm's length negotiation between Centurion and Zhejiang Haoqing with reference to the 44.19% attributable interest in the unaudited net asset value of Zhejiang Ruhoo JV as at 30 June 2007. The consideration for the Zhejiang Ruhoo JV Transfer will be fully satisfied by the issue of the Zhejiang Ruhoo JV Consideration Shares, representing approximately 1.46% of the existing issued share capital of the Company and approximately 1.17% of the issued share capital of the Company as enlarged by the issue of the Aggregate Consideration Shares.

<b>Associated Companies' Agreements</b>	<b>Parties</b>	<b>Assets to be transferred</b>	<b>Consideration</b>
v) Hunan Geely JV Equity Transfer Agreement	1) Centurion 2) Zhejiang Haoqing	Zhejiang Haoqing will transfer a 44.19 % interest in the registered capital of the Hunan Geely JV to Centurion.	The consideration of RMB17.21 million (equivalent to approximately HK\$17.84 million) for the Hunan Geely JV Transfer was determined after arm's length negotiation between Centurion and Zhejiang Haoqing with reference to the 44.19% attributable interest in the unaudited net asset value of Hunan Geely JV as at 30 June 2007. The consideration for the Hunan Geely JV Transfer will be fully satisfied by the issue of the Hunan Geely JV Consideration Shares, representing approximately 0.28% of the existing issued share capital of the Company and approximately 0.22% of the issued share capital of the Company as enlarged by the issue of the Aggregate Consideration Shares.

### **Aggregate Consideration Shares**

The issue price of the Aggregate Consideration Shares of HK\$1.25 per Share, was determined after arm's length negotiations between the parties to the Associated Companies' Agreements with reference to the average closing price of the Shares as quoted on the Stock Exchange for the last 20 trading days ended on 11 July 2007, the date of suspension of trading in the Shares on the Stock Exchange pending the release of this announcement:

- (i) a discount of approximately 6.72% to the closing price of the Shares of HK\$1.34 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.38% to the closing price of the Shares of HK\$1.46 per Share as quoted on the Stock Exchange on 11 July 2007, the date of suspension of trading in the Shares on the Stock Exchange pending the release of this announcement;
- (iii) a discount of approximately 5.30% to the average closing price of the Shares of approximately HK\$1.32 per Share as quoted on the Stock Exchange for the last five trading days ended on 11 July 2007, the date of suspension of trading in the Shares on the Stock Exchange pending the release of this announcement;

- (iv) a discount of approximately 1.57% to the average closing price of the Shares of approximately HK\$1.27 per Share as quoted on the Stock Exchange for the last 10 trading days ended on 11 July 2007, the date of suspension of trading in the Shares on the Stock Exchange pending the release of this announcement;
- (v) equal to the average closing price of the Shares of approximately HK\$1.25 per Share as quoted on the Stock Exchange for the last 20 trading days ended on 11 July 2007, the date of suspension of trading in the Shares on the Stock Exchange pending the release of this announcement; and
- (vi) a premium of approximately 400.00% over the audited consolidated net asset value per share of HK\$0.25 as at 31 December 2006.

The Aggregate Consideration Shares represent approximately 25.19% of the existing issued share capital of the Company and approximately 20.12% of the issued share capital of the Company as enlarged by the issue of Aggregate Consideration Shares. The Aggregate Consideration Shares will be issued under the specific mandate proposed to be obtained at the EGM. An application will be made to the Stock Exchange for the listing of and permission to deal in the Aggregate Consideration Shares.

The Aggregate Consideration Shares will rank pari passu in all respects with the Shares in issue upon allotment and issue of the Aggregate Consideration Shares on the date of Completion.

### **Conditions precedent in general**

Completion of each of the Associated Companies' Agreements is conditional upon satisfaction of the following conditions precedent:

- (a) irrevocable and unconditional approvals from the relevant PRC government authority responsible for the examination and approval in relation to (i) the Transfers, and (ii) the new articles of association of each of the Associated Companies;
- (b) approval to the change in the shareholding structure of the Associated Companies from the Administration of Industry and Commerce governing the Associated Companies;
- (c) each of the Associated Companies has obtained the Certificate of Approval for Establishment of Enterprises with Foreign Investment in relation to the Group's 91% interest in the registered capital of each of the Associated Companies;
- (d) new business license for each of the Associated Companies has been obtained;
- (e) approval from the relevant PRC government authority in relation to the issue of Aggregate Consideration Shares for the Transfers, if necessary;
- (f) consents and approvals from any relevant governments authority and other relevant third parties (e.g. bank) in connection with the transactions contemplated by the Transfers, if necessary;

- (g) the entering into of each of the Associated Companies' Agreements and the Whitewash Waiver have been approved by the Independent Shareholders in the EGM;
- (h) the Listing Committee of the Stock Exchange having agreed to grant the listing of, and permission to deal in, the Aggregate Consideration Shares;
- (i) the Executive granting to Proper Glory and parties acting in concert with it the Whitewash Waiver; and
- (j) warranties by parties to the Associated Companies' Agreements as set forth in the Associated Companies' Agreements remaining true and accurate in all material respects have been provided.

Conditions (g) and (i) cannot be waived by parties to the Associated Companies' Agreements. The Group reserves the right to waive condition (j). If the above conditions have not been fulfilled or waived on or before 31 December 2007 (or such later date as the parties may agree in writing), the Associated Companies' Agreements will lapse and all the obligations and liabilities of the parties to the Associated Companies' Agreements will cease and terminate.

#### **ZHEJIANG FULIN GUORUN EQUITY TRANSFER AGREEMENT DATED 13 JULY 2007**

- Parties** : (1) Centurion  
(2) Zhejiang Fulin Automobile
- Assets to be transferred** : Zhejiang Fulin Automobile will transfer a 49% interest in the registered capital of Zhejiang Fulin Guorun to Centurion.
- Consideration** : The consideration of RMB22.48 million (equivalent to approximately HK\$23.30 million) for the Zhejiang Fulin Guorun Transfer was determined after arm's length negotiation between Centurion and Zhejiang Fulin Automobile taking into consideration 49% of the attributable interest in the unaudited net asset value of Zhejiang Fulin Guorun as at 30 June 2007. The consideration for the Zhejiang Fulin Guorun Transfer will be fully satisfied in cash at Completion by primarily applying the dividends to be distributed from Zhejiang Fulin Guorun.

#### **Conditions precedent**

Completion of the Zhejiang Fulin Guorun Equity Transfer Agreement is conditional upon satisfaction of the following conditions precedent:

- (a) irrevocable and unconditional approvals from the relevant PRC government authority responsible for the examination and approval in relation to (i) the Zhejiang Fulin Guorun Transfer, and (ii) the new articles of association of Zhejiang Fulin Guorun;



- (b) approval to the change in the shareholding structure of Zhejiang Fulin Guorun from the Administration of Industry and Commerce governing the Zhejiang Fulin Guorun;
- (c) Zhejiang Fulin Guorun has obtained the Certificate of Approval for Establishment of Enterprises with Foreign Investment in relation to the Group's wholly-owned interest in the registered capital of Zhejiang Fulin Guorun;
- (d) new business license for the Zhejiang Fulin Guorun has been granted;
- (e) consents and approvals from any relevant governments authority and other relevant third parties (e.g. bank) in connection with the transactions contemplated by the Zhejiang Fulin Guorun Transfer, if necessary;
- (f) the entering into of Zhejiang Fulin Guorun Equity Transfer Agreement and the Whitewash Waiver have been approved by the Independent Shareholders in the EGM;
- (g) the Executive granting to Proper Glory and parties acting in concert with it the Whitewash Waiver; and
- (h) warranties by parties to the Zhejiang Fulin Guorun Equity Transfer Agreement as set forth in the Zhejiang Fulin Guorun Equity Transfer Agreement remaining true and accurate in all material respects have been provided.

Conditions (f) and (g) cannot be waived by parties to the Zhejiang Fulin Guorun Equity Transfer Agreement. The Group reserves the right to waive condition (h). If the above conditions have not been fulfilled or waived on or before 31 December 2007 (or such later date as the parties may agree in writing), the Zhejiang Fulin Guorun Equity Transfer Agreement will lapse and all the obligations and liabilities of the parties to the Zhejiang Fulin Guorun Equity Transfer Agreement will cease and terminate.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after the issue of the Aggregate Consideration Shares (assuming there are no other changes in the issued share capital of the Company from the date of this announcement to the date of Completion):

Holder of Shares	As at the date of this announcement		Immediately after the issue of the Aggregate Consideration Shares but before conversion of the Convertible Bonds and exercise of the Share Options		Immediately after the issue of the Aggregate Consideration Shares and assuming full conversion of the Convertible Bonds and exercise of the Share Options	
	Number of Shares	(%)	Number of Shares	(%)	Number of Shares	(%)
Proper Glory (notes 3 & 4)	2,500,000,000	48.86	3,788,672,000	59.15	3,788,672,000	53.13
Geely Group (notes 3 & 4)	87,000	0.002	87,000	0.001	87,000	0.001
<b>Proper Glory and parties acting in concert with it</b>	<b>2,500,087,000</b>	<b>48.86</b>	<b>3,788,759,000</b>	<b>59.15</b>	<b>3,788,759,000</b>	<b>53.13</b>
Ang Siu Lun, Lawrence, executive Director (note 2)	2,270,000	0.04	2,270,000	0.04	45,000,000	0.63
Other Directors excluding Ang Siu Lun, Lawrence and Mr. Li (note 2)	–	–	–	–	138,270,000 (note 2)	1.94
<i>Public Shareholders:</i>						
Holders of the Convertible Bonds (note 1)	–	–	–	–	445,647,727	6.25
Other public Shareholders	2,614,340,090	51.10	2,614,340,090	40.81	2,713,360,090 (note 2)	38.05
<b>Total public Shareholders</b>	<b>2,614,340,090</b>	<b>51.10</b>	<b>2,614,340,090</b>	<b>40.81</b>	<b>3,159,007,817 (note 2)</b>	<b>44.30</b>
<b>Total</b>	<b><u>5,116,697,090</u></b>	<b><u>100.00</u></b>	<b><u>6,405,369,090</u></b>	<b><u>100.00</u></b>	<b><u>7,131,036,817</u></b>	<b><u>100.00</u></b>

*Notes:*

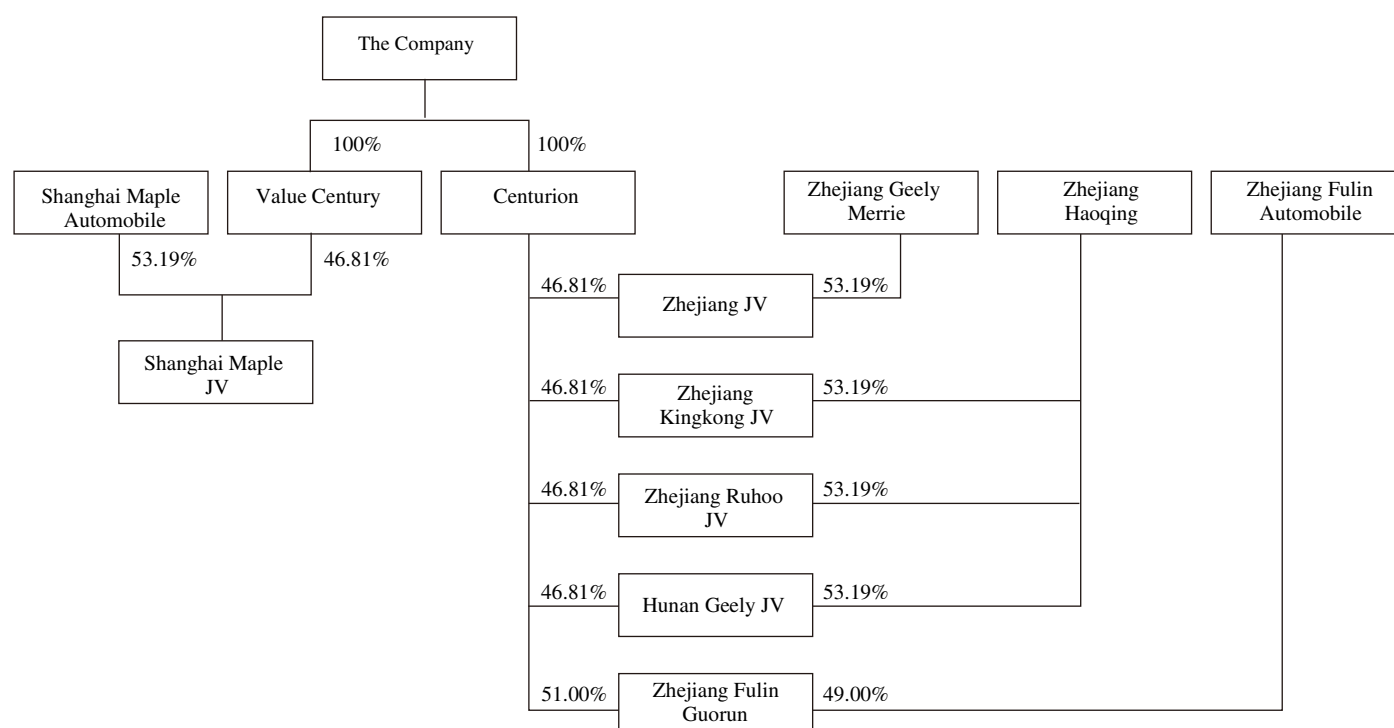
1. As at the date of this announcement, there are outstanding convertible bonds (the “Convertible Bonds”) with a principal amount of HK\$392.17 million convertible into approximately 445,647,727 new Shares upon exercise in full at the adjusted conversion price of HK\$0.88 per Share at any time from the date of this announcement up to the close of business on 10 March 2011.
2. As at the date of this announcement, the Company has outstanding share options (the “Share Options”) granted under its share option scheme entitling the holders thereof to subscribe for an aggregate of 280,020,000 Shares at a subscription price ranging from HK\$0.70 to HK\$0.95 per Share with the expiry of the exercise period ranging from 22 February 2009 to 27 November 2011. Of these Share Options, 181,000,000 Share Options are held by the Directors and the remaining number of Share Options are held by public Shareholders. Details of the Share Options will be disclosed in the circular in relation to the Restructuring to be despatched to the Shareholders.
3. Proper Glory is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Geely Group. Geely Group is a private company incorporated in the British Virgin Islands and is wholly-owned by Mr. Li.
4. To the best knowledge of the Directors having made all reasonable enquiries, Proper Glory and its concert parties do not have any interests in the Convertible Bonds and Share Options as at the date of this announcement.

**Save for the Convertible Bonds and the Share Options, the Company does not have any warrants, options, derivatives, convertible securities or other securities in issue as at the date of this announcement.**

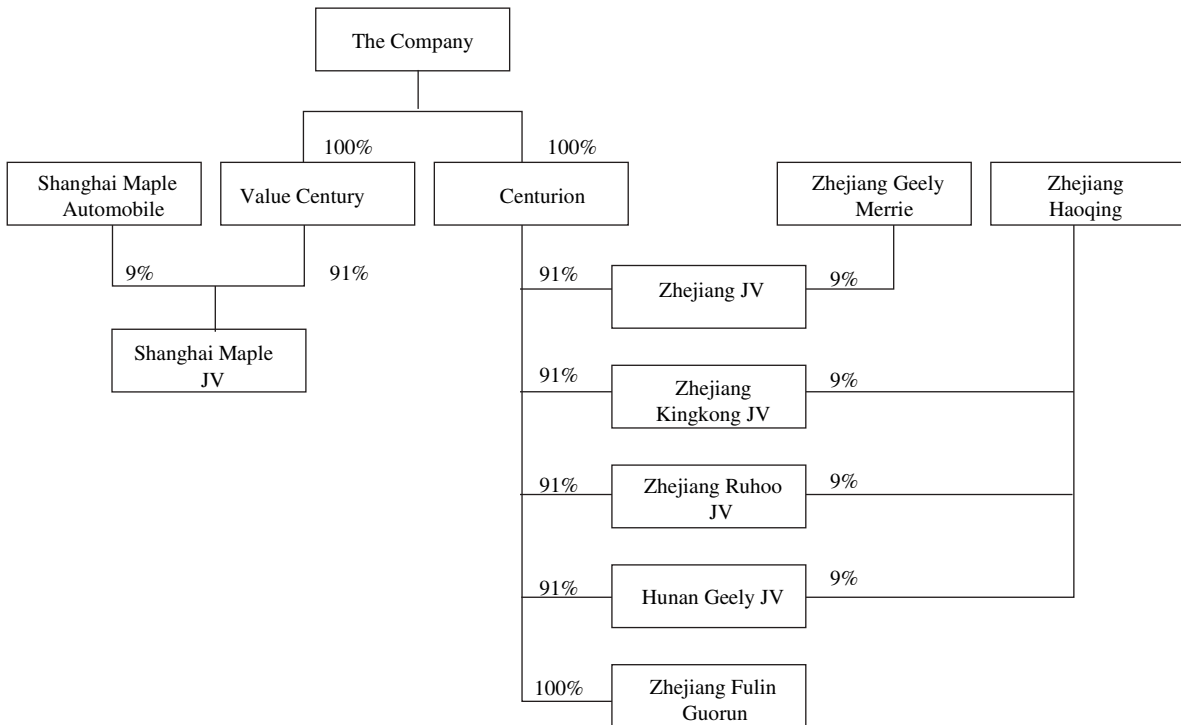
**SHAREHOLDING STRUCTURES OF THE ASSOCIATED COMPANIES AND ZHEJIANG FULIN GUORUN BEFORE AND AFTER COMPLETION**

The shareholding structures of the Associated Companies and Zhejiang Fulin Guorun as at the date of this announcement and immediately after Completion are set out below:

**As at the date of this announcement**



## Immediately after Completion



Upon Completion, each of the Associated Companies will be owned as to 91% by the Group and will be accounted for as an indirect non wholly-owned subsidiary of the Company. Zhejiang Fulin Guorun will be accounted for as an indirect wholly-owned subsidiary of the Company.

## OTHER PROJECT DOCUMENTS

The Associated Companies and Zhejiang Fulin Guorun will also enter into the Other Project Documents with companies under the control of Mr. Li and his associates to govern certain sale and purchase of sedan related components and products, warranties and financial assistances upon Completion. The transactions contemplated under the Other Project Documents will constitute continuing connected transactions of the Company and will be subject to the requirements of reporting, announcement and the approval from the Independent Shareholders (by way of poll) as set out in Chapter 14A of the Listing Rules. Further announcements will be made in accordance with the Listing Rules as soon as possible and details of the Other Project Documents and continuing connected transactions will be included in the circular containing, among other things, further details of the Agreements and the Whitewash Waiver.

## INFORMATION ON THE ASSOCIATED COMPANIES AND ZHEJIANG FULIN GUORUN

### Zhejiang JV

The Group, through a wholly-owned subsidiary, currently owns 46.81% of Zhejiang JV as an associated company. Zhejiang JV has production facilities in Ningbo, Linhai and Luqiao. The three production plants are fully-integrated plants, comprising stamping, welding, painting and assembly facilities and supporting production and testing lines for engines and gearboxes. Zhejiang JV is principally engaged in the research and development, production, marketing and sales of sedans and related components as well as the provision of related after-sales services in the PRC. As at 31 December 2006, Zhejiang JV's total assets amounted to approximately HK\$5,193 million.

The table below sets out the audited results of Zhejiang JV in accordance with the PRC Generally Accepted Accounting Principles ("PRC GAAP"), as adjusted by the Hong Kong Financial Reporting Standards ("HKFRS") adjustments for the two years ended 31 December 2006.

	Year ended 31 December	
	2005	2006
	HK\$'000	HK\$'000
Profit/(loss) before taxation	253,719	532,668
Profit/(loss) after taxation	196,735	486,708
Net asset value	1,157,557	2,332,562

Upon completion of the Zhejiang JV Transfer, Zhejiang JV will be owned as to 91% by Centurion and as to 9% by Zhejiang Geely Merrie, respectively, and will be accounted for as an indirect subsidiary of the Company.

### Shanghai Maple JV

The Group, through a wholly-owned subsidiary, currently owns 46.81% of Shanghai Maple JV as an associated company. Shanghai Maple JV has a production facility in Shanghai. The Shanghai production plant is a fully-integrated plant, comprising stamping, welding, painting and assembly facilities and supporting production and testing lines for engines and gearboxes. Shanghai Maple JV is principally engaged in the research and development, production, marketing and sales of sedans and related components as well as the provision of related after-sales services in the PRC. As at 31 December 2006, Shanghai Maple JV's total assets amounted to approximately HK\$1,542 million.

The table below sets out the audited results of Shanghai Maple JV in accordance with the PRC GAAP, as adjusted by the HKFRS adjustments for the two years ended 31 December 2006.

	<b>Year ended 31 December</b>	
	<b>2005</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	68,933	47,286
Profit/(loss) after taxation	64,815	36,058
Net asset value	524,057	842,198

Upon completion of the Shanghai Maple JV Transfer, Shanghai Maple JV will be owned as to 91% by Value Century and as to 9% by Shanghai Maple Automobile, respectively, and will be accounted for as an indirect subsidiary of the Company.

### **Zhejiang Kingkong JV**

The Group, through a wholly-owned subsidiary, currently owns 46.81% of Zhejiang Kingkong JV as an associated company. Zhejiang Kingkong JV is principally engaged in the research, production, marketing and sales of sedan related components as well as the provision of related after-sales services in the PRC. As at 31 December 2006, Zhejiang Kingkong JV's unaudited net assets value amounted to approximately HK\$235 million.

Zhejiang Kingkong JV was established on 21 December 2006. There were no profits or losses generated from Zhejiang Kingkong JV as its production has commenced in January 2007.

Upon completion of the Zhejiang Kingkong JV Transfer, Zhejiang Kingkong JV will be owned as to 91% by Centurion and as to 9% by Zhejiang Haoqing, respectively, and will be accounted for as an indirect subsidiary of the Company.

### **Zhejiang Ruhoo JV**

The Group, through a wholly-owned subsidiary, currently owns 46.81% of Zhejiang Ruhoo JV as an associated company. Zhejiang Ruhoo JV is principally engaged in research, production, marketing and sales of sedan related components as well as the provision of related after-sales services in the PRC. As at 31 December 2006, Zhejiang Ruhoo JV's unaudited net assets value amounted to approximately HK\$151 million.

Zhejiang Ruhoo JV was established on 21 December 2006. There were no substantial profits or losses generated from Zhejiang Ruhoo JV as its production has commenced in January 2007.

Upon completion of the Zhejiang Ruhoo JV Transfer, Zhejiang Ruhoo JV will be owned as to 91% by Centurion and as to 9% by Zhejiang Haoqing, respectively, and will be accounted for as an indirect subsidiary of the Company.

## Hunan Geely JV

The Group, through a wholly-owned subsidiary, currently owns 46.81% of Hunan Geely JV as an associated company. Hunan Geely JV is principally engaged in research, production, marketing and sales of sedan related components in the PRC.

Hunan Geely JV was established on 20 April 2007. There were no profits or losses generated from Hunan Geely JV as its production is expected to commence in July 2007.

Upon completion of the Hunan Geely JV Transfer, Hunan Geely JV will be owned as to 91% by Centurion and as to 9% by Zhejiang Haoqing, respectively, and will be accounted for as an indirect subsidiary of the Company.

## Zhejiang Fulin Guorun

The Group, through a wholly-owned subsidiary, currently owns 51% of Zhejiang Fulin Guorun as a subsidiary. Zhejiang Fulin Guorun is principally engaged in the manufacturing and trading of automobile parts and components in the PRC. As at 31 December 2006, Zhejiang Fulin Guorun's total assets amounted to approximately HK\$84 million.

The table below sets out the audited results of Zhejiang Fulin Guorun in accordance with the PRC GAAP, as adjusted by the HKFRS adjustments for the two years ended 31 December 2006.

	Year ended 31 December	
	2005	2006
	HK\$'000	HK\$'000
Profit/(loss) before taxation	9,291	12,599
Profit/(loss) after taxation	9,291	11,014
Net asset value	18,594	40,352

Upon completion of the Zhejiang Fulin Guorun Transfer, Zhejiang Fulin Guorun will be wholly-owned by Centurion and accounted for as an indirect wholly-owned subsidiary of the Company.

## REASONS FOR THE RESTRUCTURING

The Group is principally engaged in the manufacture and trading of automobile parts and related automobiles in the PRC. As noted in the Company's annual report for the year ended 31 December 2006, the Group's short and medium term target will continue to seek for ways and opportunities to further rationalize its structure to transform itself into a company focusing on manufacturing and sales of automobile and automobile parts and to streamline its corporate structure, aiming at further improving its operating efficiency and enhancing the transparency of the Group. Upon Completion, Zhejiang JV, Shanghai Maple JV, Zhejiang Kingkong JV, Zhejiang Ruhoo JV and Hunan Geely JV will be accounted

for as subsidiaries of the Group and their results will be consolidated into the Group's financial statements. The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) believe that the increase in the Group's shareholdings in the Associated Companies and Zhejiang Fulin Guorun will broaden the revenue base of the Group. With the significant investment and effort spent by the Associated Companies in product development and capacity expansion over the past few years, the improved production facilities and the more comprehensive product lines and the fast developing vehicle market in the PRC, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) believe that the Group's profitability and thus its shareholders' return should continue to improve in the coming years. The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Associated Companies' Agreements and the Zhejiang Fulin Guorun Equity Transfer Agreement, all of which have been negotiated on an arm's length basis and on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders as a whole are concerned. Accordingly, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the entering into of the Associated Companies' Agreements and the Zhejiang Fulin Guorun Equity Transfer Agreement are in the interests of the Company and the Shareholders as a whole.

Following Completion, the Group will have only one remaining associated company formed with Geely Holding, Lanzhou Geely JV. As at the date of this announcement, Lanzhou Geely JV has not been established as the relevant PRC government authority responsible for the examination and approval of sino-foreign equity joint venture enterprises is still processing its approvals for the Lanzhou Geely JV Agreement. It is in the Company's intention to further acquire 44.19% interest in the registered capital of Lanzhou Geely JV from Zhejiang Geely Merrie once approvals for the Lanzhou Geely JV Agreement have been issued by the relevant PRC government authority. Further announcements will be made by the Company in this regard.

## **IMPLICATIONS OF THE TAKEOVERS CODE AND WHITEWASH WAIVER**

As at the date of this announcement, Proper Glory and its concert parties owns in aggregate approximately 48.86% of the existing issued ordinary share capital of the Company. Upon Completion but before conversion of the Convertible Bonds and exercise of the Share Options, Proper Glory and its concert parties shall be interested in 3,788,759,000 Shares, representing approximately 59.15% of the issued ordinary share capital of the Company as enlarged by the issue of the Aggregate Consideration Shares. Not only would this level of voting rights give Proper Glory and its concert parties effective control of general meetings of the Company, but it may also be possible for Proper Glory and its concert parties to increase their shareholdings without triggering any further obligation under Rule 26 of the Takeovers Code to make a general offer. As such, Proper Glory will, upon Completion, be required to make a mandatory general offer for all the issued shares of the Company not already owned or agreed to be acquired by Proper Glory and parties acting in concert with it under Rule 26.1 of the Takeovers Code unless, a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.



Proper Glory, which is wholly-owned by Geely Group, has made an application to the Executive for the granting of the Whitewash Waiver as soon as possible, which, if granted, would be subject to the approval of the Independent Shareholders at the EGM by way of a poll. If the Whitewash Waiver is granted by the Executive, Proper Glory and parties acting in concert with it would not be required to make a mandatory general offer which would otherwise be required as a result of the allotment and issue of the Aggregate Consideration Shares pursuant to the Associated Companies' Agreements. **If the Whitewash Waiver is not granted, the Agreements will lapse and the Restructuring will not proceed.**

Proper Glory has subscribed for 600 million Shares at HK\$1.06 per Share (the "Subscription") through a top-up placement as announced by the Company on 15 February 2007. An application has been made to the Executive to waive the Subscription as a disqualified transaction for the Whitewash Waiver. Notwithstanding the Subscription, neither Proper Glory nor persons acting in concert with it have acquired any voting rights or dealt for value in any Shares, convertible securities, warrants or options of the Company, or any outstanding derivatives in respect of securities in the Company during the six months immediately prior to the date of this announcement.

#### **INCREASE IN AUTHORIZED CAPITAL**

The Company proposes to increase its authorized share capital from HK\$160,000,000 to HK\$240,000,000 by the addition thereto of 4,000,000,000 Shares of HK\$0.02 each with all existing shares.

#### **FUND RAISING IN THE TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT**

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Net proceeds of approximately HK\$609 million was raised by top-up placing of 600 million Shares as referred to in the announcement of the Company dated 15 February 2007. Such amounts were applied by the Company as to approximately HK\$418.58 million to fund the capital contribution of the Shanghai Geely Maple Automobile Limited with the remaining balance as general working capital of the Group.

#### **APPROVAL BY SHAREHOLDERS**

The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice of the independent financial adviser) consider that the terms of the Associated Companies' Agreements and the Zhejiang Fulin Guorun Equity Transfer Agreement, all of which have been negotiated on an arm's length basis and on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Each of Zhejiang Geely Merrie, Shanghai Maple Automobile, Zhejiang Haoqing and Zhejiang Fulin Automobile is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that each of Zhejiang Geely Merrie, Shanghai Maple Automobile and Zhejiang Haoqing is beneficially owned by Mr. Li and his associates and Zhejiang Fulin Automobile is a substantial shareholder of Zhejiang Fulin Guorun holding 49% interest in the registered capital of Zhejiang Fulin Guorun. According to Rule 14.08 of the Listing Rules, the entering into of the Agreements constitutes very substantial acquisitions and connected transactions of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the requirements of reporting, announcement, and the approval by the Independent Shareholders (by way of poll) as set out in Chapter 14A of the Listing Rules.

Proper Glory and Geely Group (both wholly-owned by Mr. Li, and holding in aggregate, 48.86% in the issued share capital of the Company), their respective associates and parties acting in concert with any of them will abstain from voting for the resolutions to approve the Agreements and the Whitewash Waiver to be put forward at the EGM.

An Independent Board Committee will be appointed to advise the Independent Shareholders in respect of the terms of Agreements and the Whitewash Waiver. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made as soon as the independent financial adviser is appointed.

A circular containing, among other things, (i) further details of the Agreements, the continuing connected transactions contemplated under the Other Project Documents, the proposed increase in authorized share capital of the Company and the Whitewash Waiver; (ii) accountants' report of the Associated Companies and Zhejiang Fulin Guorun; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (v) the notice of the EGM will be despatched to the Shareholders as soon as practicable.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 11 July 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 July 2007.

**As the Restructuring is subject to a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Aggregate Consideration Shares”	collectively, (i) the Zhejiang JV Consideration Shares; (ii) the Shanghai Maple JV Consideration Shares; (iii) the Zhejiang Kingkong JV Consideration Shares; (iv) the Zhejiang Ruhoo JV Consideration Shares; and (v) the Hunan Geely JV Consideration Shares
“Agreements”	collectively, (i) Associated Companies’ Agreements; and (ii) Zhejiang Fulin Guorun Equity Transfer Agreement
“Associated Companies”	collectively, (i) the Zhejiang JV; (ii) the Shanghai Maple JV; (iii) the Zhejiang Kingkong JV; (iv) the Zhejiang Ruhoo JV; and (v) the Hunan Geely JV
“Associated Companies’ Agreements”	collectively, (i) the Zhejiang JV Equity Transfer Agreement; (ii) the Shanghai Maple JV Equity Transfer Agreement; (iii) the Zhejiang Kingkong JV Equity Transfer Agreement; (iv) the Zhejiang Ruhoo JV Equity Transfer Agreement; and (v) the Hunan Geely JV Equity Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Centurion”	Centurion Industries Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in investment holding
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Associated Companies’ Agreements and the Zhejiang Fulin Guorun Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Agreements, the continuing connected transactions contemplated under the Other Project Documents, the increase in authorized share capital of the Company and the Whitewash Waiver.

“Executive”	The Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Geely Group”	Geely Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Li
“Geely Holding”	浙江吉利控股集團有限公司(Zhejiang Geely Holding Group Company Limited), a private limited liability company incorporated in Zhejiang Province, the PRC, and is owned as to 90% by Mr. Li and as to 10% by Mr. Li Xing Xing, the son of Mr. Li, respectively
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hunan Geely JV”	湖南吉利汽車部件有限公司(Hunan Geely Automobile Components Company Limited), a sino-foreign joint venture established in the PRC with limited liability which is owned as to 53.19% by Zhejiang Haoqing and as to 46.81% by Centurion, respectively
“Hunan Geely JV Consideration Shares”	14,272,000 new Shares to be issued by the Company to Zhejiang Haoqing as consideration under the Hunan Geely JV Equity Transfer Agreement
“Hunan Geely JV Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Centurion and Zhejiang Haoqing which sets out the principal terms of the transfer of a 44.19% interest in the registered capital of Hunan Geely JV to Centurion
“Hunan Geely JV Transfer”	the transfer by Zhejiang Haoqing of a 44.19% interest in the registered capital of the Hunan Geely JV to Centurion pursuant to the Hunan Geely JV Equity Transfer Agreement
“Independent Board Committee”	the independent committee of the Board comprising only the independent non-executive Directors to be established for the purpose of advising the Independent Shareholders on the Agreements and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than those who are involved in or interested in the Agreements and the Whitewash Waiver, being Proper Glory and Geely Group, Mr. Li and their respective associates and parties acting in concert with any of them
“Lanzhou Geely JV”	蘭州吉利汽車部件有限公司(Lanzhou Geely Automobile Components Company Limited), a sino-foreign joint venture to be established in the PRC with limited liability which will be owned as to 53.19% by Zhejiang Geely Merrie and as to 46.81% by Centurion, respectively

“Lanzhou Geely JV Agreement”	the joint venture agreement dated 26 March 2007 entered into between Zhejiang Geely Merrie and Centurion which sets out the principal terms for the establishment of the Lanzhou Geely JV
“Last Trading Day”	10 July 2007, being the last full trading day immediately prior to the suspension of trading in the Shares pending the release of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Shu Fu, a Director holding 48.86% beneficial interest in the issued share capital of the Company
“Other Project Documents”	a series of agreements to be entered into between the Associated Companies and the Zhejiang Fulin Guorun with connected companies under the control of Mr. Li and his associates which relates to sale and purchase of sedan related components and products, warranties and financial assistances
“PRC”	The People’s Republic of China
“Proper Glory”	Proper Glory Holding Inc., a company incorporated in the British Virgin Islands and is wholly-owned by the Geely Group
“Restructuring”	the transactions contemplated under the Associated Companies’ Agreements and the Zhejiang Fulin Guorun Equity Transfer Agreement
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shanghai Maple Automobile”	上海華普汽車有限公司 (Shanghai Maple Automobile Company Limited), a limited liability company incorporated in the PRC and is owned as to 90.00% by Geely Holding and as to 10.00% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Company Limited) respectively, which is in turn owned by the senior management of Geely Holding. It is principally engaged in manufacturing and sales of automobile and related components, and manufacturing of air conditioning related parts

“Shanghai Maple JV”	上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited), a sino-foreign joint venture established in the PRC with limited liability and owned as to 53.19% by Shanghai Maple Automobile and as to 46.81% by Value Century, respectively
“Shanghai Maple JV Consideration Shares”	293,976,000 new Shares to be issued by the Company to Shanghai Maple Automobile as consideration under the Shanghai Maple JV Equity Transfer Agreement
“Shanghai Maple JV Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Value Century and Shanghai Maple Automobile which sets out the principal terms of the transfer of a 44.19% interest in the registered capital of Shanghai Maple JV to Value Century
“Shanghai Maple JV Transfer”	the transfer by Shanghai Maple Automobile of a 44.19% interest in the registered capital of the Shanghai Maple JV to Value Century pursuant to the Shanghai Maple JV Equity Transfer Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Transfers”	collectively, (i) the Zhejiang JV Transfer; (ii) the Shanghai Maple JV Transfer; (iii) the Zhejiang Kingkong JV Transfer; (iv) the Zhejiang Ruhoo JV Transfer; and (v) the Hunan Geely JV Transfer
“Value Century”	Value Century Group Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in investment holding
“Whitewash Waiver”	the waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code
“Zhejiang Fulin Automobile”	浙江福林汽車零部件有限公司 (Zhejiang Fulin Automobile Parts and Components Company Limited), a company incorporated in the PRC and is owned as to 25% by Mr. Pan Ju Lin and 75% by Mr. Chen Xiao Jie, who are independent third parties of Proper Glory and parties acting in concert with it. It is principally engaged in investment holding
“Zhejiang Fulin Guorun”	浙江福林國潤汽車零部件有限公司 (Zhejiang Fulin Guorun Automobile Parts and Components Company Limited), a company incorporated in the PRC and owned as to 51% by Centurion and 49% by Zhejiang Fulin Automobile, respectively

“Zhejiang Fulin Guorun Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Centurion and Zhejiang Fulin Automobile which sets out the principal terms of the transfer of a 49% interest in the registered capital of Zhejiang Fulin Guorun to Centurion
“Zhejiang Fulin Guorun Transfer”	the transfer by Zhejiang Fulin Automobile of a 49% interest in the registered capital of the Zhejiang Fulin Guorun to Centurion pursuant to the Zhejiang Fulin Guorun Equity Transfer Agreement
“Zhejiang Geely Merrie”	浙江吉利美日汽車有限公司 (Zhejiang Geely Merrie Automobile Company Limited), a limited liability company incorporated in the PRC and is owned as to 90.00% by Geely Holding and as to 10.00% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Company Limited) respectively, which is in turn owned by the senior management of Geely Holding. It is principally engaged in manufacturing and managing of automobile, automobile power generators and related components. It is also engaged in exporting of products it produces and importing machineries, accessories and raw materials required in its business.
“Zhejiang Haoqing”	浙江豪情汽車製造有限公司 (Zhejiang Haoqing Automobile Manufacturing Company Limited), a company incorporated in the PRC with limited liability, and is beneficially owned as to 90% by Geely Holding and as to 10% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Co. Ltd) respectively, which is in turn owned by the senior management of Geely Holding. It is principally engaged in manufacturing and distribution of Haoqing’s series models.
“Zhejiang JV”	浙江吉利汽車有限公司，前稱浙江吉利國潤汽車有限公司 (Zhejiang Geely Automobile Company Limited, formerly known as Zhejiang Geely Guorun Automobile Company Limited), a sino-foreign joint venture company incorporated in the PRC, and owned as to 53.19% by Zhejiang Geely Merrie and 46.81% by Centurion, respectively
“Zhejiang JV Consideration Shares”	776,408,000 new Shares to be issued by the Company to Zhejiang Geely Merrie as consideration under the Zhejiang JV Equity Transfer Agreement
“Zhejiang JV Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Centurion and Zhejiang Geely Merrie which sets out the principal terms of the transfer of a 44.19% interest in the registered capital of Zhejiang JV to Centurion

“Zhejiang JV Transfer”	the transfer by Zhejiang Geely Merrie of a 44.19% interest in the registered capital of the Zhejiang JV to Centurion pursuant to the Zhejiang JV Equity Transfer Agreement
“Zhejiang Kingkong JV”	浙江金剛汽車有限公司，(Zhejiang Kingkong Automobile Company Limited, a sino-foreign joint venture established in the PRC with limited liability which is owned as to 53.19% by Zhejiang Haoqing and as to 46.81% by Centurion, respectively
“Zhejiang Kingkong JV Consideration Shares”	129,216,000 new Shares to be issued by the Company to Zhejiang Haoqing as consideration under the Zhejiang Kingkong JV Equity Transfer Agreement
“Zhejiang Kingkong JV Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Centurion and Zhejiang Haoqing which sets out the principal terms of the transfer of a 44.19% interest in the registered capital of Zhejiang Kingkong JV to Centurion
“Zhejiang Kingking JV Transfer”	the transfer by Zhejiang Haoqing of a 44.19% interest in the registered capital of the Zhejiang Kingkong JV to Centurion pursuant to the Zhejiang Kingkong JV Equity Transfer Agreement
“Zhejiang Ruhoo JV”	浙江陸虎汽車有限公司 (Zhejiang Ruhoo Automobile Company Limited), a sino-foreign joint venture established in the PRC with limited liability which is owned as to 53.19% by Zhejiang Haoqing and as to 46.81% by Centurion, respectively
“Zhejiang Ruhoo JV Consideration Shares”	74,800,000 new Shares to be issued by the Company to Zhejiang Haoqing as consideration under the Zhejiang Ruhoo JV Equity Transfer Agreement
“Zhejiang Ruhoo JV Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Centurion and Zhejiang Haoqing which sets out the principal terms of the transfer of a 44.19% interest in the registered capital of Zhejiang Ruhoo JV to Centurion
“Zhejiang Ruhoo JV Transfer”	the transfer by Zhejiang Haoqing of a 44.19% interest in the registered capital of the Zhejiang Ruhoo JV to Centurion pursuant to the Zhejiang Ruhoo JV Equity Transfer Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



*Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only, into HK\$ as follows:*

$$RMB1 = HK\$1.0365$$

*No representation is made that any amount in HK\$ could have been or could be converted at the above rate or at any other rates or at all.*

*Certain English translation of Chinese names or words in this announcement are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

By order of the Board of  
**Geely Automobile Holdings Limited**  
**David C.Y. Cheung**  
Company Secretary

Hong Kong, 13 July 2007

*As at the date of this announcement, the executive directors of the Company are Mr. Li Shu Fu, Mr. Gui Sheng Yue, Mr. Xu Gang, Mr. Yang Jian, Mr. Ang Siu Lun, Lawrence, Mr. Yin Da Qing, Richard, Mr. Liu Jin Liang, Mr. Zhao Jie and Dr. Zhao Fuquan and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*