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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) DISCLOSEABLE TRANSACTION RELATING TO THE DISPOSAL OF A 48% INTEREST IN THE EQUITY OF THE JV;**
II) VERY SUBSTANTIAL ACQUISITION RELATING TO THE PROPOSED ACQUISITION OF AN APPROXIMATELY 23% INTEREST IN THE ENLARGED ISSUED SHARE CAPITAL OF MANGANESE BRONZE HOLDINGS PLC;
AND
III) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Financial adviser to Geely Automobile Holdings Limited



CIMB-GK Securities (HK) Limited

References are made to the announcement and the circular of the Company dated 13 November 2006 and 1 December 2006, respectively, in relation to the formation of the JV and the entering into of the Master Agreement and the announcement of the Company dated 23 January 2007 in relation to the entering into of the Supplemental Agreement.

The Board is pleased to announce that on 22 March 2007, the Company and Manganese Bronze entered into the Additional Supplemental Agreement to the Master Agreement, pursuant to which both parties agreed to extend the deadline for the satisfaction of the conditions to the Master Agreement, namely (a) to establish the JV under the laws of the PRC; (b) to obtain Independent Shareholder's approval on the JV Agreement; and (c) to enter and to cause their respective affiliates, which are parties to the relevant documents, to enter into the Equity Transfer Agreement, the Amended and Restated JV Agreement, the Shareholders' Agreement and the Other Project Documents and the implementation thereof by Manganese Bronze has been approved by its shareholders in a general meeting held in compliance with relevant rules and regulations of the London Stock Exchange, to on or before 31 March 2007.

The JV Agreement was approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 20 December 2006 and the JV was duly established under the laws of the PRC on 7 March 2007. Manganese Bronze's shareholders approved the entering into of the Equity Transfer Agreement, the Amended and Restated JV Agreement, the Shareholders' Agreement and the Other Project Documents by Manganese Bronze on 10 January 2007. On 22 March 2007, the Company and Manganese Bronze entered into the Equity Transfer Agreement and the Shareholders' Agreement, and caused their respective affiliates which are parties to the relevant documents to enter into the Amended and Restated JV Agreement and the Other Project Documents. As at the date of this announcement, all conditions set out in the Master Agreement have been fulfilled.

Pursuant to the Equity Transfer Agreement, the Company will transfer a 48.0% interest in the equity of the JV to Manganese Bronze. Manganese Bronze will satisfy the consideration by issuing 5.7 million new MB Shares to Linkstate, representing approximately 23% of Manganese Bronze's enlarged issued ordinary share capital. The Company will at the same time transfer a 51% interest in the equity of the JV to Luck Empire, an indirect wholly-owned subsidiary of the Company.

Upon completion of the Transfers, the JV will be held as to 51% by Luck Empire, 48% by Manganese Bronze and 1% by Shanghai Maple respectively and will change its name to that of the Shanghai LTI JV. The Shanghai LTI JV will continue to be accounted for as a subsidiary of the Company.

The transactions contemplated under the Equity Transfer Agreement constitute a very substantial acquisition of Manganese Bronze's interests by the Company and a discloseable disposal of the Company's interest in the JV under the Listing Rules. The Equity Transfer Agreement is therefore subject to the approval of the Shareholders of the Company at the EGM. As Manganese Bronze is an independent third party prior to the entering into of the Equity Transfer Agreement and has no interest in the Shares and no Shareholder has a material interest in the Equity Transfer Agreement which is different from the other Shareholders, no Shareholder of the Company is required to abstain from voting in the proposed ordinary resolution to approve the Equity Transfer Agreement at the EGM.

Shanghai Maple is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Shanghai Maple is beneficially owned by Mr. Li and his associates. Accordingly, the Amended and Restated JV Agreement constitutes a connected transaction for the Company 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, 52.33% interest in the issued share capital of the Company) and their associates will abstain from voting for the resolution to approve the Amended and Restated JV Agreement to be put forward at the EGM.

Upon completion of the Equity Transfer Agreement, Manganese Bronze will have an interest in 48% of the Shanghai LTI JV and will become a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Contract Manufacturing Agreement; the Land and Facilities Contract; the Supply and Purchase Agreement for Parts and Components; and the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly will constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Proper Glory and Geely Group (both wholly-owned by Mr. Li, and holding in aggregate, 52.33% interest in the issued share capital of the Company) and their associates will abstain from voting for the resolutions to approve the Contract Manufacturing Agreement; the Land and Facilities Contract; the Supply and Purchase Agreement for Parts and Components; the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the Annual Caps in relation to the Non-Exempt Continuing Connected Transactions 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 Amended and Restated JV Agreement, the Contract Manufacturing Agreement, the Land and Facilities Contract, the Supply and Purchase Agreement for Parts and Components, the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the Annual Caps in relation to the Non-Exempt Continuing Connected Transactions. Quam Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Agreements, a letter from the Independent Board Committee and the opinion from Quam Capital, together with a notice convening the EGM to approve i) the Equity Transfer Agreement; ii) the Amended and Restated JV Agreement; iii) the Contract Manufacturing Agreement; iv) the Land and Facilities Contract; v) the Supply and Purchase Agreement for Parts and Components; and vi) the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable.

References are made to the announcement and the circular of the Company dated 13 November 2006 and 1 December 2006, respectively in relation to the formation of the JV and entering into of the Master Agreement and the announcement of the Company dated 23 January 2007 in relation to the entering into of the Supplemental Agreement.

The Board is pleased to announce that on 22 March 2007, the Company and Manganese Bronze entered into the Additional Supplemental Agreement to the Master Agreement, pursuant to which both parties agreed to extend the deadline for the satisfaction of the conditions to the Master Agreement, namely (a) to establish the JV under the laws of the PRC; (b) to obtain Independent Shareholders' approval on the JV Agreement; and (c) to enter and to cause their respective affiliates, which are parties to the relevant documents, to enter into the Equity Transfer Agreement, the Amended and Restated JV Agreement, the Shareholders' Agreement and the Other Project Documents and the implementation thereof by Manganese Bronze has been approved by its shareholders in a general meeting held in compliance with relevant rules and regulations of the London Stock Exchange, to on or before 31 March 2007.

The JV Agreement was approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 20 December 2006 and the JV was properly established under the laws of the PRC on 7 March 2007. Manganese Bronze's shareholders approved the entering into of the Equity Transfer Agreement, the Amended and Restated JV Agreement, the Shareholders' Agreement and the Other Project Documents by Manganese Bronze on 10 January 2007. On 22 March 2007, the Company and Manganese Bronze entered into the Equity Transfer Agreement and the Shareholders' Agreement, and have caused their respective affiliates which are parties to the relevant document to enter into the Amended and Restated JV Agreement and the Other Project Documents. As at the date of this announcement, all conditions set out in the Master Agreement have been fulfilled.

EQUITY TRANSFER AGREEMENT

Date: 22 March 2007

Parties: (1) The Company
(2) Manganese Bronze

Manganese Bronze, whose shares are listed on the London Stock Exchange, is a third party independent of the Company and the connected persons of the Company prior to the completion of the Equity Transfer Agreement.

Asset to be transferred: The Company will transfer a 48.0% interest in the registered capital of the JV to Manganese Bronze.

Consideration: To be satisfied by the issue of 5.7 million new MB Shares, representing approximately 23% of Manganese Bronze's enlarged issued ordinary share capital, by Manganese Bronze to Linkstate. Such shares have a market value of approximately GBP29.24 million (equivalent to approximately HK\$446.53 million), based on the closing price of the MB Shares on 8 November 2006, the date prior to the trading suspension of the Shares for the Company pending the release of the announcement of the Company dated 13 November 2006 in relation to the formation of the JV and the entering into of the Master Agreement.

The consideration was determined based on arm's length negotiations between the Company and Manganese Bronze with reference to the share price of Manganese Bronze at the time of negotiation of the Equity Transfer Agreement and the shareholding structure of Manganese Bronze upon completion of the Transfers.

At the same time of the execution of the Equity Transfer Agreement, the Company will also assign its remaining 51% interest in the JV to Luck Empire, an indirect wholly-owned subsidiary of the Company.

Conditions precedent

The submission of the Equity Transfer Agreement to the PRC approval authority for approval of the Transfers is conditional upon, among other things, the following conditions precedent, as set out in the Equity Transfer Agreement, being satisfied within 90 days (or such later date as may be agreed by the parties) of the date of the Equity Transfer Agreement:

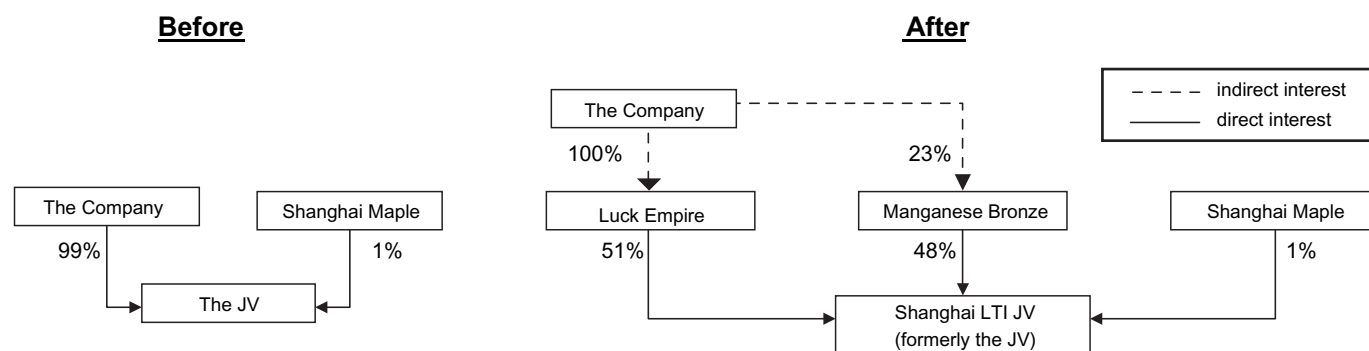
- (a) The Company and Shanghai Maple have each made capital contributions in cash and in full to its subscription to the registered capital of the JV and such capital contributions by the Company and Shanghai Maple have been verified by an independent accountant registered in the PRC;
- (b) the shareholders of Manganese Bronze approving the relevant transactions relating to the Transfers;
- (c) Luck Empire, Manganese Bronze and Shanghai Maple have executed the Amended and Restated JV Agreement; and
- (d) the Shareholders of the Company approving the Equity Transfer Agreement at the EGM.

The parties will apply to the PRC approval authorities for approval of the Transfers, if the business license of the Shanghai LTI JV is not obtained within 120 days (or such later date the parties may agree) of the date of the Equity Transfer Agreement, the Equity Transfer Agreement will lapse and all the obligations and liabilities of the parties to the Equity Transfer Agreement will cease and terminate.

As at the date of this announcement, conditions (b) and (c) set out above have been fulfilled. The Transfers shall be deemed completed on the date the business license of the Shanghai LTI JV has been issued by the relevant PRC authorities and Manganese Bronze shall issue the MB Consideration Shares to Linkstate within 10 Business Days thereof.

Upon the issue of the MB Consideration Shares by Manganese Bronze to Linkstate, the Company will become the single largest shareholder of Manganese Bronze. As at the date of this announcement, the Company intends to hold its interest in Manganese Bronze as a long-term investment and Manganese Bronze will be accounted for as an associated company of the Company.

Shareholding structure of the JV before and after completion of the Equity Transfer Agreement:



Upon completion of the transfer of the Company’s 48% interest in the equity of the JV to Manganese Bronze and the transfer of a 51% interest in the equity of the JV to Luck Empire, the JV will be held as to 51% by Luck Empire, as to 48% by Manganese Bronze and as to 1% by Shanghai Maple respectively. The JV will also change its name to that of the Shanghai LTI JV. It would also continue to be accounted for as a subsidiary of the Company.

AMENDED AND RESTATED JV AGREEMENT

Date: 22 March 2007

Parties: (1) Luck Empire
(2) Shanghai Maple
(3) Manganese Bronze

Proposed terms: *Change of name*
The aforesaid parties agreed to change the name of the JV to Shanghai LTI Automobile Components Company Limited (上海英倫帝華汽車部件國際有限公司).

Scope of business
To engage in the manufacturing, sales, and distribution of automobile parts, components and sub-assemblies; design, research and development in relation to the above and provision of aftersales services.

Scale of production
Estimated annual production of 10,000 units of the Products needed for the final assembly by Shanghai Maple (who under the PRC laws will hold the relevant approved automobile products catalogue) of 10,000 units of LTI TX Series Products and an additional capacity of 30,000 units of the Products for three saloon car models within the first three years of operation of Shanghai LTI JV.

Term
50 years.

Preemptive rights
No party may sell, assign, pledge or otherwise dispose of all or any part of its equity interest in the registered capital of the Shanghai LTI JV unless each other party has consented in writing to such sale, assignment, pledge or disposition.

Board composition
The board of the Shanghai LTI JV will comprise 5 members. Luck Empire will have the right to nominate 2 members (including the Chairman), Manganese Bronze will have the right to nominate 2 members (including the Vice Chairman) and Shanghai Maple will have the right to nominate 1 member to the board of the Shanghai LTI JV. The quorum for board meeting of the Shanghai LTI JV will be two thirds or more of the then total number of directors and must consist of directors nominated by both Luck Empire and Manganese Bronze.

Profit distribution

After recovering prior years' losses, paying taxes in accordance with the PRC law and making contributions to the Shanghai LTI JV's reserve fund, employee bonus and welfare fund and enterprise development fund, all of the remaining earnings of the Shanghai LTI JV shall be distributed to the aforesaid parties by way of a dividend unless the board of the Shanghai LTI JV decides otherwise. Any dividend declared by the board of the Shanghai LTI JV shall be distributed to the aforesaid parties in proportion to each of the aforesaid party's equity interest in the registered capital of the Shanghai LTI JV at the time of distribution.

Non-Compete

Neither party may during the term of the Amended and Restated JV Agreement and three years thereafter, directly or indirectly design, develop, produce, or assemble in the PRC products similar to the LTI TX Series Products for use in Asia, or market or sell in Asia products similar to the LTI TX Series Products manufactured in the PRC other than as expressly provided in the Amended and Restated JV Agreement.

Each party shall not establish, acquire, operate or maintain a manufacturing plant in the PRC for products similar to the Products nor design, develop, produce, assemble, market or sell the Products in the PRC.

Upon full operation of the Shanghai LTI JV, the Shanghai LTI JV is intended to be the only production facility for the LTI TX Series Products outside of the United Kingdom. Manganese Bronze undertakes with Luck Empire and Shanghai Maple that Manganese Bronze will not manufacture or licence or procure others to manufacture the LTI TX Series Products elsewhere in China or in other part of the world unless the Shanghai LTI JV is unable to manufacture the LTI TX Series Products meeting the specification, price, or quality or delivery terms that Manganese Bronze specifies or would be able to manufacture or obtain elsewhere.

Purchase of the Shanghai LTI JV as a going concern

In the event that either Manganese Bronze, Luck Empire or Shanghai Maple is the subject of proceedings for liquidation or dissolution or ceasing to carry on business or the Shanghai LTI JV is subject to early termination, the non-breaching party may elect to purchase the Shanghai LTI JV as a going concern at fair market value in accordance with the procedures set out in the Amended and Restated JV Agreement.

Conditions precedent

The Amended and Restated JV Agreement will become effective upon the approval by the Shanghai Foreign Investment Commission or its local delegate and their respective successors of this agreement and the amended and restated articles of association of Shanghai LTI JV.

SHAREHOLDERS' AGREEMENT

Date: 22 March 2007

Parties: (1) Manganese Bronze
(2) The Company

Proposed terms: *Sale restrictions for the MB Consideration Shares*

Following the issue of the MB Consideration Shares, without the prior written consent of the board of directors of Manganese Bronze, neither the Company nor Linkstate shall sell, transfer or otherwise dispose of

- i) all or any interest in any of the MB Consideration Shares for a period of two years from the date of the Shareholders' Agreement;
- ii) any interest in more than 25% of the MB Consideration Shares between the second and fifth anniversaries of the date of the Shareholders' Agreement;
- iii) any interest in more than a further 25% of the MB Consideration Shares in addition to condition (ii) above in the period between the fifth and tenth anniversaries of the date of the Shareholders' Agreement; and

- iv) any interest in any of the MB Consideration Shares to any company or other person which is determined in good faith by the board of directors of Manganese Bronze to be a competitor of Manganese Bronze.

Takeover restrictions

Following the Transfers, the Company and its Affiliates undertakes with Manganese Bronze:

- i) not, directly or indirectly, to make, assist or cooperate with others in making an offer for all or part of the issued ordinary share capital of Manganese Bronze unless the Company has given a notification to the board of Manganese Bronze four weeks in advance. However, the Company and its Affiliates may increase its shareholding in Manganese Bronze to 29.9% without prior approval of the board of Manganese Bronze but shall notify the board of Manganese Bronze in accordance with listing rules of the London Stock Exchange; and
- ii) not to accept any offer for the MB Consideration Shares which would confer control on a third party, except where such bid or offer is recommended by the board of directors of Manganese Bronze.

As at the date of this announcement, the Company does not have any intention to increase its proposed interest in Manganese Bronze.

Right of Manganese Bronze

If during the period of 10 years from the date of the Shareholders' Agreement, the Amended and Restated JV Agreement or the Equity Transfer Agreement terminates as a result of either i) the loss, termination, suspension or non-renewal of any licence required by the Shanghai LTI JV in the PRC or otherwise by operation of any PRC law or ii) the Amended and Restated JV Agreement has been terminated by reason of any breach thereof by the Company or by reason of any legally binding order granted, made or issued in the PRC, the Company hereby grants to Manganese Bronze the right in such circumstances by written notice to purchase the MB Consideration Shares from the Company for a total aggregate sum of GBP1, which represents the nominal value to reverse their respective shareholdings in each other to the original position before entering into of the Equity Transfer Agreement.

If such right is exercised by Manganese Bronze, the Company or its Affiliates shall be entitled to acquire the entire shareholding of Manganese Bronze in the Shanghai LTI JV for GBP1, which represents the nominal value to reverse their respective shareholdings in each other to the original position before entering into of the Equity Transfer Agreement.

Conditions precedent

The rights and obligations of the parties under the Shareholders' Agreement are in all respects conditional upon and subject to i) the completion of the Transfers; ii) the appointment of 2 non-executive directors nominated by the Company or its Affiliate to the board of Manganese Bronze, provided the Company or its Affiliate holds in excess of 20% of Manganese Bronze's issued ordinary shares; and iii) the allotment and issue of MB Consideration Shares to Linkstate pursuant to the Equity Transfer Agreement.

In the event that the conditions precedent have not been fulfilled within 120 days (or such other time period mutually agreed by the parties) of the date of the Shareholders' Agreement, the Shareholders' Agreement shall automatically terminate.

OTHER PROJECT DOCUMENTS

On 22 March 2007, the relevant parties, namely Shanghai LTI JV, Shanghai Maple JV, Shanghai Maple and LTI, entered into the following Other Project Documents to facilitate the operation of the Shanghai LTI JV:

1. Land and Facilities Contract to govern the leasing arrangements of the Site, the manufacturing plant and equipment located on the Site;
2. Contract Manufacturing Agreement to govern the supply of the Components by Shanghai Maple JV to the Shanghai LTI JV;
3. Supply and Purchase Agreement for Parts and Components to govern the supply of parts and components by the Shanghai LTI JV to LTI;

4. Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly to govern the purchase of automobile parts, components and sub-assembly by Shanghai Maple from the Shanghai LTI JV;
5. Trademark Licence Agreement (Shanghai LTI JV) to govern the license of LTI's trademarks to the Shanghai LTI JV on a royalty-free basis;
6. Trademark Licence Agreement (Shanghai Maple) to govern the license of LTI's trademarks to Shanghai Maple on a royalty-free basis;
7. Technology and IPR License Agreement (Shanghai LTI JV) to govern the grant by LTI to the Shanghai LTI JV a non-assignable licence to use the brand names, technology and other rights needed to manufacture the automobile parts, components and sub-assemblies for use in various models of London taxi or for manufacturing the London taxi models to be manufactured in the PRC;
8. Technology and IPR License Agreement (Shanghai Maple) to govern the grant by LTI to Shanghai Maple a non-assignable licence to use the brand names, technology and other rights needed for manufacturing the London taxi models to be manufactured in the PRC; and
9. Distribution and Sales Agreement for Outside of Asia to govern the appointment of LTI as the exclusive world-wide distributor for London taxi manufactured by Shanghai Maple for all territories of the world outside Asia.

A. The transactions contemplated under the following Other Project Documents will constitute non-exempt continuing connected transactions of the Company and be subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules:

(1) Land and Facilities Contract

Parties: (1) Shanghai Maple JV (as lessor)
(2) Shanghai LTI JV (as lessee)

Term: 20 years

Subject Matter:

Pursuant to the Land and Facilities Contract, Shanghai Maple JV agrees to lease the land and buildings and equipment located on the Site to the Shanghai LTI JV for a term of 20 years with automatic renewal each year thereafter. Shanghai Maple JV will invest approximately RMB500 million (equivalent to approximately HK\$504.40 million) to construct certain building and purchase certain equipment, including painting shop equipment (the "Equipment") costing approximately RMB100 million (equivalent to approximately HK\$100.88 million) and certain buildings (the "Buildings") costing approximately RMB400 million (equivalent to approximately HK\$403.52 million) (the Equipment and the Buildings together, the "Facilities") to be located on the Site.

Pricing policy:

The rent for the Site (inclusive of all land use fees, if any) for each year shall be RMB3 per square meter, amounting to approximately RMB1.3 million per annum, payable by Shanghai LTI JV to Shanghai Maple JV to be proportionally adjusted based on the actual size of the Site in use. The rent for the Site shall be payable by the Shanghai LTI JV in twelve equal monthly installments on the first business day of each and every calendar month, in advance.

The rent for the Facilities shall be based on the annual linear depreciation of the value of Shanghai Maple JV's total investment in the Facilities (depreciated over twenty years for the Buildings and over eight years for the Equipment). Assuming an estimated investment value of no more than RMB400,000,000 in the Buildings and no more than RMB100,000,000 in the Equipment, the total rent for the Facilities shall not be more than RMB32,000,000 per year, payable by Shanghai LTI JV proportionately based on its percentage proportion of use (as measured by production amount at the premises) of the Facilities as compared to Shanghai Maple JV during that year. The use of Facilities by the parties shall be subject to independent audit and the parties shall further ascertain the precise amount of rent in relation to the Facilities payable by Shanghai LTI JV every year. The rent for the Facilities shall be payable by the Shanghai LTI JV on a yearly basis.

Annual caps:

The table below sets out the proposed annual caps for the rental payable by the Shanghai LTI JV to Shanghai Maple JV pursuant to the Land and Facilities Contract for the three years ending 31 December 2009:

	Year ending 31 December		
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Rental payable by the Shanghai LTI JV	17,000	33,000	33,000
	(equivalent to approximately HK\$17.15 million)	(equivalent to approximately HK\$33.29 million)	(equivalent to approximately HK\$33.29 million)

The proposed annual caps for the rental payable by the Shanghai LTI JV to Shanghai Maple JV for the three years ending 31 December 2009 have been determined by the Directors with reference to the rental charge by Shanghai Maple JV for the Site and the Facilities and the estimated percentage portion of use of the Facilities by the Shanghai LTI JV in the three years ending 31 December 2009. The Directors are of the opinion that terms of the Land and Facilities Contract are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(2) **Contract Manufacturing Agreement**

Parties: (1) Shanghai Maple JV (as supplier)
(2) Shanghai LTI JV (as buyer)

Term: 50 years

Subject Matter:

Pursuant to the Contract Manufacturing Agreement, Shanghai Maple JV will license the use of its press machines and related facilities required for the production of the Components to Shanghai LTI JV and will manufacture the Components for the Shanghai LTI JV. The Shanghai LTI JV agrees to grant to Shanghai Maple JV a non-exclusive, royalty-free licence to use the Tools in the PRC to manufacture the Components, and the Shanghai Maple JV agrees to manufacture for and supply to the Shanghai LTI JV the Components in accordance with the product specification set out in the Contract Manufacturing Agreement.

Pricing basis:

Pursuant to the Contract Manufacturing Agreement, the Components to be manufactured by the Shanghai Maple JV shall be sold to the Shanghai LTI JV at a price of cost plus 3%. Cost shall include fixed cost based on pro-rata production volume and the cost calculations shall be audited by the Shanghai Maple JV annually and mutually agreed between Shanghai LTI JV and Shanghai Maple JV. The consideration to Shanghai Maple JV under the Contract Manufacturing Agreement was determined by the parties on an arm's length basis. Every three years, the board of the Shanghai LTI JV will formally evaluate whether it would be necessary or appropriate to initiate discussions with the Shanghai Maple JV in relation to the pricing basis to ensure fairness to the Shanghai LTI JV by making reference to the prevailing fair market price at the time of the evaluation. The first of these evaluations shall commence on the third anniversary of the commencement of production.

Product Warranties:

Shanghai Maple JV represents, warrants and agrees that all products manufactured by Shanghai Maple JV on behalf of Shanghai LTI JV will be free from defects for a period of six months after being incorporated into the Shanghai LTI JV's products. Shanghai Maple JV agrees to replace any such defective products where such defect shall have come to the attention of Shanghai LTI JV within the said six months period.

Annual caps:

The table below sets out the proposed annual caps for the purchase of the Components by the Shanghai LTI JV from the Shanghai Maple JV for the three years ending 31 December 2009:

	Year ending 31 December		
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Purchase of the Components by the Shanghai LTI JV	0 (<i>Note</i>) (equivalent to approximately HK\$0 million)	151,000 (equivalent to approximately HK\$152.33 million)	521,000 (equivalent to approximately HK\$525.58 million)

Note: As production will only commence in mid 2008, the annual cap for 2007 is zero.

The proposed annual caps for the purchase of the Components by the Shanghai LTI JV from the Shanghai Maple JV for the three years ending 31 December 2009 have been determined by the Directors with reference to the estimated labor, manufacturing and the direct material costs for the production of the Components, taking into account the number of sedans to be sold by the Shanghai LTI JV, based on the budget for the Shanghai LTI JV. The Directors have also considered the scale of operation of the Shanghai LTI JV in determining the annual caps. As the Shanghai LTI JV will be at its initial stage of operation in 2008 and mass production will only commence in mid 2008, the annual cap for 2009 is much higher than 2008. The Directors are of the opinion that terms of the Contract Manufacturing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(3) **Supply and Purchase Agreement for Parts and Components**

Parties: (1) Shanghai LTI JV (as supplier)
(2) LTI (as purchaser)

Term: 50 years

Subject Matter:

Pursuant to the Supply and Purchase Agreement for Parts and Components, the Shanghai LTI JV agrees to supply to LTI and LTI agrees to purchase from the Shanghai LTI JV automobile parts and components to be incorporated into LTI's products in accordance with product specification set out in the Supply and Purchase Agreement for Parts and Components.

Pricing basis:

The parts and components to be manufactured by the Shanghai LTI JV shall be sold to LTI at a price of cost plus 3%. The consideration to the Shanghai LTI JV under the Supply and Purchase Agreement for Parts and Components was determined by the parties on an arm's length basis. Every three years, the board of the Shanghai LTI JV will formally evaluate whether it would be necessary or appropriate to initiate discussions with LTI in relation to the pricing basis to ensure fairness to the Shanghai LTI JV by making reference to the prevailing fair market price at the time of the evaluation. The first of these evaluations shall commence on the third anniversary of the commencement of production.

Product Warranties:

Shanghai LTI JV represents, warrants and agrees that all products manufactured by the Shanghai LTI JV on behalf of LTI will meet the product specification and therefore will be free from defects (excluding defects that arise from defective products specification) for a period of 36 months or 100,000 driving miles (whichever occurs first) after being incorporated into the LTI's products and delivered to the end users, and the Shanghai LTI JV agrees to replace any defective products where any defect shall have come to the attention of the LTI within the abovementioned period.

Annual Caps:

The table below sets out the proposed annual caps for the purchase of parts and components by LTI from the Shanghai LTI JV for the three years ending 31 December 2009:

	2007	Year ending 31 December	
	2008	2009	2009
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of parts and components by LTI	0 (<i>Note</i>) (equivalent to approximately HK\$0 million)	107,000 (equivalent to approximately HK\$107.94 million)	180,000 (equivalent to approximately HK\$181.58 million)

Note: As production will only commence in mid 2008, the annual cap for 2007 is zero.

The proposed annual caps for the purchase of parts and components by LTI from the Shanghai LTI JV for the three years ending 31 December 2009 have been determined by the Directors based on the projected units of parts and components to be purchased by LTI and the unit direct material cost and labour cost for the parts and components, based on the budget for the Shanghai LTI JV. The Directors have also considered the scale of operation of the Shanghai LTI JV in determining the annual caps. As the Shanghai LTI JV will be at its initial stage of operation in 2008 and mass production will only commence in mid 2008, the annual cap for 2009 is much higher than 2008. The Directors are of the opinion that terms of the Supply and Purchase Agreement for Parts and Components are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(4) **Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly**

Parties: (1) Shanghai LTI JV (as supplier)
(2) Shanghai Maple (as buyer)

Term: 50 years

Subject Matter:

Pursuant to the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly, the Shanghai LTI JV agrees to supply to the Shanghai Maple and Shanghai Maple agrees to purchase from the Shanghai LTI JV the automobile parts, components and sub-assembly to be used in the LTI TX Series Products and saloon cars in accordance with product specification set out in the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly.

Pricing basis:

Pursuant to the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly, the Shanghai LTI JV and the Shanghai Maple shall jointly determine the selling price to End Customers and End Distributor. The percentage of the selling price charged to the End Customers to be retained by Shanghai Maple shall be (a) 8% of the selling price or (b) a percentage made available to the Group in similar transactions of the aforesaid products to be entered into with independent third parties who help in the final assembly and sales distribution, whichever is lower (excluding tax). Such percentage retained by Shanghai Maple is also to cover any commission or payment Shanghai Maple may choose to pay to its dealers, distributors or sales agents. Shanghai Maple shall also retain (a) 1.5% of the selling price to the End Distributor or (b) a percentage made available to the Group in similar transactions of the aforesaid products to be entered into with independent third parties who help in the final assembly, whichever is lower (excluding tax). Such pricing basis pursuant to the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly was determined by the parties on an arm's length basis.

Product Warranties:

Shanghai LTI JV represents, warrants and agrees that all products manufactured by the Shanghai LTI JV on behalf of Shanghai Maple will meet the product specification and therefore will be free from defects (excluding defects that arise from defective products specification) for a period of (a) 36 months or 100,000 driving miles (whichever occurs first; applicable to products to be used in Shanghai Maple's products to be sold to the End Distributor only) or (b) 24 months or 60,000 driving miles (whichever occurs first; applicable to products to be used in Shanghai Maple's products to be sold in the PRC and Asia only) after being incorporated into the Shanghai Maple's products and delivered to the end users, and Shanghai LTI JV agrees to replace any defective products where any defect shall have come to the attention of Shanghai Maple within the abovementioned period.

Annual Caps:

The table below sets out the proposed annual caps for the purchase of automobile parts, components and sub-assembly by the Shanghai Maple from the Shanghai LTI JV for the three years ending 31 December 2009:

	Year ending 31 December		
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Purchase of automobile parts, components and sub-assembly by Shanghai Maple	0 (<i>Note</i>) (equivalent to approximately HK\$0 million)	480,000 (equivalent to approximately HK\$484.22 million)	2,676,000 (equivalent to approximately HK\$2,699.55 million)

Note: As production will only commence in mid 2008, the annual cap for 2007 is zero.

The proposed annual caps for the purchase of automobile parts, components and sub-assembly by the Shanghai Maple from the Shanghai LTI JV for the three years ending 31 December 2009 have been determined by the Directors with reference to the projected units of sedan to be sold and the estimated selling price per each sedan, based on the budget for the Shanghai LTI JV. The Directors have also considered the scale of operation of the Shanghai LTI JV in determining the annual caps. As the Shanghai LTI JV will be at its initial stage of operation in 2008 and mass production will only commence in mid 2008, the annual cap for 2009 is much higher than 2008. The Directors are of the opinion that terms of the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Duration in excess of three years

The Land and Facilities Contract, the Contract Manufacturing Agreement, the Supply and Purchase Agreement for Parts and Components and the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly have durations of more than three years. The Directors consider that a longer duration for these agreements will facilitate and ensure production continuity during the term of the Shanghai LTI JV, which will be beneficial to both the Company and Manganese Bronze. Pursuant to Rule 14A.35(1) of the Listing Rules, an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on why a longer period for the above agreements is required and that it is normal business practice for agreements of the relevant types to be of such durations.

B. The transactions contemplated under the following Other Project Documents will constitute continuing connected transactions of the Company but are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules:**(1) Trademark Licence Agreement (Shanghai LTI JV)**

Parties: (1) LTI (as licensor)
(2) Shanghai LTI JV (as licensee)

Term: Terminate upon termination of the Amended and Restated JV Agreement

Subject Matter:

Pursuant to the Trademark License Agreement (Shanghai LTI JV), LTI agrees to license its trademarks to the Shanghai LTI JV on a royalty-free basis to be used by the Shanghai LTI JV in connection with manufacturing the automobile parts, components and sub-assemblies.

(2) Technology and IPR License Agreement (Shanghai LTI JV)

Parties: (1) LTI (as licensor)
(2) Shanghai LTI JV (as licensee)

Term: Terminate upon termination of the Amended and Restated JV Agreement

Subject Matter:

Pursuant to the Technology and IPR License Agreement (Shanghai LTI JV), LTI will grant to the Shanghai LTI JV a non-assignable licence to use the brand names, technology and other rights needed to manufacture the automobile parts, components and sub-assemblies for use in various models of London taxi or for manufacturing the London taxi models to be manufactured in the PRC for the duration of the Shanghai LTI JV. The Shanghai LTI JV may not sub-licence such rights to any other person save with the prior consent of LTI. No licence fee is payable under this agreement for the grant of such rights.

As these agreements involve zero consideration, each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under of the Trademark License Agreement (Shanghai LTI JV) and the Technology and IPR License Agreement (Shanghai LTI JV) is less than 0.1%. The transactions contemplated under the Trademark License Agreement (Shanghai LTI JV) and the Technology and IPR License Agreement (Shanghai LTI JV) are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

C. Other Project Documents that will not constitute continuing connected transactions of the Company:**(1) Distribution and Sales Agreement for Outside of Asia**

Parties: (1) Shanghai Maple (as supplier)
(2) LTI (as distributor)

Term: 50 years

Subject Matter:

Under the terms of the Distribution and Sales Agreement for Outside of Asia, LTI is appointed exclusive world-wide distributor for London taxis manufactured by Shanghai Maple for all territories of the world outside Asia.

Pricing basis:

Pursuant to the Distribution and Sales Agreement for Outside of Asia, the London taxi to be manufactured by the Shanghai Maple shall be sold to LTI at a price of cost plus 1.5%.

(2) **Trademark Licence Agreement (Shanghai Maple)**

Parties: (1) LTI (as licensor)
(2) Shanghai Maple (as licensee)

Term: Terminate upon termination of the Amended and Restated JV Agreement

Subject Matter:

Pursuant to the Trademark Licence Agreement (Shanghai Maple), LTI agrees to license its trademarks to Shanghai Maple on a royalty-free basis to be used by Shanghai Maple in connection with the manufacturing of the LTI TX Series Products.

(3) **Technology and IPR License Agreement (Shanghai Maple)**

Parties: (1) LTI (as licensor)
(2) Shanghai Maple (as licensee)

Term: Terminate upon termination of the Amended and Restated JV Agreement

Subject Matter:

Pursuant to the Technology and IPR License Agreement (Shanghai Maple), LTI will grant to Shanghai Maple a non-assignable licence to use the brand names, technology and other rights needed for manufacturing the London taxi models in the PRC for the duration of the Shanghai LTI JV. Shanghai Maple may not sub-licence such rights to any other person save with the prior consent of LTI. No licence fee is payable under this agreement for the grant of such rights.

INFORMATION ON MANGANESE BRONZE

Manganese Bronze was incorporated on 10 March 1899 in the England and Wales and is a company whose shares are listed on the London Stock Exchange. Manganese Bronze is principally engaged in manufacturing, sales and distribution of taxis mainly in the United Kingdom and providing finance for the purchase of taxis manufactured by the Manganese Bronze Group. United Kingdom is the core market of the Manganese Bronze Group's taxi sales business which has accounted for an average of 95% of the turnover of the Manganese Bronze Group for the two years ended 31 July 2006. As at 31 January 2007, the Manganese Bronze Group's total assets amounted to approximately GBP58.45 million (equivalent to approximately HK\$892.60 million).

The following table sets out a summary of the audited financial information prepared under International Financial Reporting Standards ("IFRS") of the Manganese Bronze Group for the two years ended 31 July 2006 and the six months ended 31 January 2007:

	For the year ended 31 July 2005 GBP'000 (audited and restated)	For the year ended 31 July 2006 GBP'000 (audited)	For the six months ended 31 January 2007 GBP'000 (audited)
Profit before taxation from continuing operations	2,503 (equivalent to approximately HK\$38.22 million)	3,756 (equivalent to approximately HK\$57.36 million)	658 (equivalent to approximately HK\$10.05 million)
Profit after taxation	2,048 (equivalent to approximately HK\$31.28 million)	2,750 (equivalent to approximately HK\$42.00 million)	657 (equivalent to approximately HK\$10.03 million)
Net asset value	19,582 (equivalent to approximately HK\$299.04 million)	21,469 (equivalent to approximately HK\$327.86 million)	21,685 (equivalent to approximately HK\$331.16 million)

As noted in an announcement of Manganese Bronze dated 4 October 2006, Manganese Bronze has been seeking a manufacturing partner in the PRC in order to develop a low cost manufacturing facility and to gain access to a country with a growing vehicle market. As advised by Manganese Bronze, the Transfers would provide an opportunity for them to access the PRC automobile market.

REASONS FOR THE TRANSFERS AND THE FORMATION OF THE SHANGHAI LTI JV

It is estimated that mass production of the Shanghai LTI JV will commence in mid 2008. As the Group is principally engaged in the manufacture and trading of automobile parts and related automobiles in the PRC, the Transfers and the establishment of the Shanghai LTI JV serve as the initial steps towards co-operation with Manganese Bronze. The Directors are of the view that the co-operation with Manganese Bronze would enable the Group to tap into Manganese Bronze's car manufacturing technology techniques and to participate in the manufacturing of London taxi. Furthermore, the co-operation with Manganese Bronze would also provide new sources of earnings to the Group from the share of profit from i) the Shanghai LTI JV upon the mass production of the Shanghai LTI JV; and ii) Manganese Bronze upon the receipt of the MB Consideration Shares from Manganese Bronze. Accordingly, the Directors consider the terms of the Equity Transfer Agreement and the Amended and Restated JV Agreement are fair and reasonable and the formation of the Shanghai LTI JV is in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Group intends to hold its interest in Manganese Bronze upon completion of the Transfers as a long-term investment and Manganese Bronze will be accounted for as an associated company of the Company.

REASONS FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Directors consider that the Non-Exempt Continuing Connected Transactions will ensure the smooth operation of the Shanghai LTI JV and the Non-Exempt Continuing Connected Transactions to be entered into in the ordinary course of businesses of the Group are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shanghai Maple JV obtained the land use rights for the Site on 15 March 2007. In the interest of time, the Directors consider that it is in the interest of the Shanghai LTI JV to enter into the Land and Facilities Contract with terms based on normal commercial terms or no less favourable terms than those quoted by independent third parties (as the case maybe) as it would be time consuming for the Shanghai LTI JV, a sino-foreign joint venture to obtain such land use rights.

The Shanghai Maple JV produces the Components in its ordinary and usual course of business for use in automobile manufacturing. The Directors consider that the purchase of the Components from the Shanghai Maple JV based on normal commercial terms or no less favourable terms than those quoted by independent third parties (as the case maybe) would streamline the manufacturing process of the Shanghai LTI JV and ensure the quality of the Components will still remain within the control of the Shanghai LTI JV.

In addition, Shanghai Maple, in its ordinary and usual course of business, performs final assembly, sale and distribution of automobile in the PRC. As Shanghai Maple holds the relevant approved automobile products catalogue which is required for the sale of automobiles in the PRC under the PRC laws, and the terms of the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly are based on normal commercial terms or no less favourable terms than those quoted by independent third parties (as the case maybe), the Directors consider that it is in the interest of the Shanghai LTI JV to supply the automobile parts, components and sub-assembly to Shanghai Maple JV for final assembly, sales and distribution.

The Directors also consider that entering into of the Supply and Purchase Agreement for Parts and Components with selling price of automobile parts and components to LTI based on normal commercial terms or no less favourable terms than those quoted by independent third parties (as the case maybe) would enhance the demand of products produced by the Shanghai LTI JV.

APPROVAL BY SHAREHOLDERS

The Equity Transfer Agreement constitutes a very substantial acquisition of Manganese Bronze's interests by the Company and a discloseable disposal of the Company's interest in the JV under the Listing Rules. The Equity Transfer Agreement is therefore subject to the approval of the Shareholders of the Company at the EGM. As Manganese Bronze is an independent third party prior to entering into of the Equity Transfer Agreement and has no interest in the Shares and no Shareholder has a material interest in the Equity Transfer Agreement which is different from the other Shareholders, no Shareholder of the Company is required to abstain from voting in the proposed ordinary resolution to approve the Equity Transfer Agreement at the EGM.

Shanghai Maple is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that Shanghai Maple is beneficially owned by Mr. Li and his associates. Accordingly, the Amended and Restated JV Agreement constitutes a connected transaction for 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, 52.33% interest in the issued share capital of the Company) and their associates will abstain from voting for the resolutions to approve the Amended and Restated JV Agreement to be put forward at the EGM.

Upon completion of the Equity Transfer Agreement, Manganese Bronze will have an interest in 48% of the Shanghai LTI JV and will become a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Contract Manufacturing Agreement; the Land and Facilities Contract; the Supply and Purchase Agreement for Parts and Components; and the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly will constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Proper Glory and Geely Group (both wholly-owned by Mr. Li, and holding in aggregate, 52.33% interest in the issued share capital of the Company) and their associates will abstain from voting for the resolutions to approve the Contract Manufacturing Agreement; the Land and Facilities Contract; the Supply and Purchase Agreement for Parts and Components; the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly; and the Annual Caps in relation to the Non-Exempt Continuing Connected Transactions 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 Amended and Restated JV Agreement, the Contract Manufacturing Agreement, the Land and Facilities Contract, the Supply and Purchase Agreement for Parts and Components and the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the Annual Caps in relation to the Non-Exempt Continuing Connected Transactions. Quam Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Agreements, a letter from the Independent Board Committee and the opinion from Quam Capital, together with a notice convening the EGM to approve i) the Equity Transfer Agreement; ii) the Amended and Restated JV Agreement; iii) the Contract Manufacturing Agreement; iv) the Land and Facilities Contract; v) the Supply and Purchase Agreement for Parts and Components; and vi) the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Affiliate”	means any person which is directly or indirectly controlled by, under common control with or controlling a party, and its officers, directors, managers, and employees; control for the purpose of this definition being taken to mean direct or indirect ownership of 50% or more of the registered capital or the voting rights of said person, or the power to appoint the majority of directors on the board, the chairman, general manager or other principal person in charge of said person
“Agreements”	collectively the Equity Transfer Agreement, the Amended and Restated JV Agreement, the Shareholders' Agreement and the Other Project Documents
“Amended and Restated JV Agreement”	the joint venture agreement to be entered into between Luck Empire, Manganese Bronze and Shanghai Maple which sets out the principal terms for the establishment of the Shanghai LTI JV
“Additional Supplemental Agreement”	the supplemental agreement to the Master Agreement dated 22 March 2007 entered into between the Company and Manganese Bronze
“Annual Caps”	The maximum aggregated annual value of the transactions contemplated under i) the Land and Facilities Contract; ii) the Contract Manufacturing Agreement; iii) the Supply and Purchase Agreement for Parts and Components; and iv) the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly
“Asia”	those countries listed on the United Nations website as being situated in the geographical areas of Eastern Asia, South-Central Asia, and South-Eastern Asia between 1995 and 2005 but specifically excluding Western Asia, Australia, New Zealand, India, Iran and Russia
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company

“Business Day”	a day, other than a Saturday, Sunday or public holiday, on which banks in Hong Kong, the PRC (excluding Hong Kong) and the United Kingdom are open for general business
“Circular”	a circular of the Company dated 1 December 2006 in relation to the formation of the JV and entering into of the Master Agreement
“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
“Components”	body panels, chasses, brackets, closures, and other body in white structural parts to be manufactured by the Shanghai Maple JV
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Contract Manufacturing Agreement”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between the Shanghai LTI JV and the Shanghai Maple JV as referred to under the sub-section headed “Contract Manufacturing Agreement” of the section headed “Other Project Documents” of this announcement
“Director(s)”	the director(s) of the Company
“Distribution and Sales Agreement for Outside of Asia”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between Shanghai Maple and LTI as referred to under the sub-section headed “Distribution and Sales Agreement for Outside of Asia” of the section headed “Other Project Documents” of this announcement
“End Customers”	means the end users of the LTI TX Series Products to be manufactured by Shanghai Maple and which are sold by Shanghai Maple in Asia and the end users of the saloon cars to be manufactured by the Shanghai Maple and sold in and outside of Asia excluding the United Kingdom
“End Distributor”	means LTI which shall sell the LTI TX Series Products outside Asia and sell the saloon cars in the United Kingdom
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Equity Transfer Agreement, the Amended and Restated JV Agreement, the Contract Manufacturing Agreement, the Land and Facilities Contract, the Supply and Purchase agreement for Parts and Components, the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the Annual Caps in relation to the Non-Exempt Continuing Connected Transactions
“Equity Transfer Agreement”	the agreement dated 22 March 2007 entered into between the Company and Manganese Bronze which sets out the principal terms of the transfer of a 48% equity interest in the JV to Manganese Bronze
“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 (Geely Holding Group Company Limited), a private limited liability company incorporated in Zhejiang Province, the PRC, and is owned as to 72.7% by Mr. Li and as to 27.3% by Mr. Li Xu Bing, brother of Mr. Li, respectively
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board comprising only the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the terms of the Amended and Restated JV Agreement, the Contract Manufacturing Agreement, the Land and Facilities Contract, the Supply and Purchase agreement for Parts and Components, the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the Annual Caps in relation to the Non-Exempt Continuing Connected Transactions.
“Independent Shareholders”	Shareholders other than Mr. Li and his associates
“JV”	Shanghai Geely Maple Automobile Components Company Limited (上海帝華汽車部件有限公司) a sino-foreign joint venture to be established in the PRC with limited liability which is owned as to 99.0% by the Company and as to 1.0% by Shanghai Maple, respectively
“JV Agreement”	the joint venture agreement dated 9 November 2006 entered into between the Company and Shanghai Maple which sets out the principal terms of the establishment of the JV
“Land and Facilities Contract”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between Shanghai Maple and the Shanghai LTI JV as referred to under the sub-section headed “Land and Facilities Contract” of the section headed “Other Project Documents” of this announcement
“Linkstate”	Linkstate Overseas Limited, a company incorporated in the British Virgin Islands and is wholly-owned by the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“London Stock Exchange”	London Stock Exchange plc
“Luck Empire”	Luck Empire Investment Limited, a limited liability company established under the laws of Hong Kong and is indirectly wholly-owned by the Company
“LTI”	LTI Ltd., a wholly-owned subsidiary of Manganese Bronze
“LTI TX Series Products”	the London taxi vehicle, known as TX series products
“Manganese Bronze”	Manganese Bronze Holdings Plc, a public limited liability company incorporated under the Laws of England and Wales whose shares are listed on the London Stock Exchange
“Manganese Bronze Group”	Manganese Bronze and its subsidiaries
“Master Agreement”	the master agreement dated 9 November 2006 entered into between the Company and Manganese Bronze
“MB Consideration Shares”	5.7 million new Manganese Bronze’s ordinary shares to be issued to the Company as consideration under the Equity Transfer Agreement
“MB Shares”	share(s) of nominal values of GBP0.25 each in the share capital of Manganese Bronze

“Mr. Li”	Mr. Li Shu Fu, a Director holding 52.33% beneficial interest in the issued share capital of the Company
“Non-Exempt Continuing Connected Transactions”	The transactions contemplated under i) the Land and Facilities Contract; ii) the Contract Manufacturing Agreement; iii) the Supply and Purchase Agreement for Parts and Components; and iv) the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly
“Other Project Documents”	Collectively, i) the Land and Facilities Contract; ii) the Contract Manufacturing Agreement; iii) the Supply and Purchase Agreement for Parts and Components; iv) the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly; v) the Trademark Licence Agreement (Shanghai LTI JV); vi) the Trademark Licence Agreement (Shanghai Maple); vii) the Technology and IPR License Agreement (Shanghai LTI JV); viii) the Technology and IPR License Agreement (Shanghai Maple); ix) the Distribution and Sales Agreement for Outside of Asia
“PRC”	The People’s Republic of China
“Products”	automobile parts, components and sub-assemblies for use in purpose build executive limousines and three saloon car models
“Proper Glory”	Proper Glory Holding Inc., a company incorporated in the British Virgin Islands and is wholly-owned by the Geely Group
“Quam Capital”	Quam Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Amended and Restated JV Agreement, the Contract Manufacturing Agreement, the Land and Facilities Contract, the Supply and Purchase Agreement for Parts and Components, the Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly and the Annual Caps in relation to the Non-Exempt Continuing Connected Transactions
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Shanghai LTI JV”	上海英倫帝華汽車部件國際有限公司 (Shanghai LTI Automobile Components Company Limited), formerly the JV, which will be owned as to 51.0% by Luck Empire, 48.0% by Manganese Bronze and 1.0% by Shanghai Maple respectively upon completion of the Equity Transfer Agreement and the Amended and Restated JV Agreement
“Shanghai Maple”	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 and as to 46.81% by Value Century Group Limited, a wholly-owned subsidiary of the Company, respectively. It 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
“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
“Shareholders’ Agreement”	the shareholders’ agreement dated 22 March 2007 entered into between Manganese Bronze and the Company which sets out the principal terms to give effect to the provisions of the Amended and Restated JV Agreement and also give effect to the other provisions in relation to the transfer of 48.0% equity interest of the JV from the Company to Manganese Bronze
“Site”	certain parcel of land located at Fengjing Industry Park, Jinshan District, Shanghai, PRC and consisting of 440,000 sq. m. in area
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 23 January 2007 entered into between the Company and Manganese Bronze which sets out the licensing of technologies and intellectual property rights under the scope of the Other Project Documents
“Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between the Shanghai LTI JV and Shanghai Maple as referred to under the sub-section headed “Supply and Purchase Agreement for Automobile Parts, Components and Sub-Assembly” of the section headed “Other Project Documents” of this announcement
“Supply and Purchase Agreement for Parts and Components”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between the Shanghai LTI JV and LTI as referred to under the sub-section headed “Supply and Purchase Agreement for Parts and Components” of the section headed “Other Project Documents” of this announcement
“Technology and IPR License Agreement (Shanghai LTI JV)”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between LTI and the Shanghai LTI JV as referred to under the sub-section headed “Technology and IPR License Agreement (Shanghai LTI JV)” of the section headed “Other Project Documents” of this announcement
“Technology and IPR License Agreement (Shanghai Maple)”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between LTI and Shanghai Maple as referred to under the sub-section headed “Technology and IPR License Agreement (Shanghai Maple)” of the section headed “Other Project Documents” of this announcement
“Trademark Licence Agreement (Shanghai LTI JV)”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between LTI and the Shanghai LTI JV as referred to under the sub-section headed “Trademark Licence Agreement (Shanghai LTI JV)” of the section headed “Other Project Documents” of this announcement

“Trademark Licence Agreement (Shanghai Maple)”	the agreement, being one of the Other Project Documents, dated 22 March 2007 entered into between the Shanghai Maple and LTI as referred to under the sub-section headed “Trademark Licence Agreement (Shanghai Maple)” of the section headed “Other Project Documents” of this announcement
“Transfers”	the transfer by the Company of a 48.0% interest in the equity of the JV to Manganese Bronze and a 51% interest in the equity of the JV to Luck Empire
“Tools”	Shanghai LTI JV’s tools to be utilized by the Shanghai Maple JV to produce the Components and which will at all times remain under the ownership of the Shanghai LTI JV
“United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“GBP”	British pound sterling, the lawful currency of the United Kingdom
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meters
“%”	per cent.

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

$$\begin{aligned} \text{GBP1} &= \text{HK\$15.2712} \\ \text{RMB1} &= \text{HK\$1.0088} \end{aligned}$$

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, 22 March 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 are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.

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