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GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Island with limited liability)

(Stock Code: 175)

ANNOUNCEMENT

Reference is made to the press article reported in the Hong Kong Daily News today relating to a possible takeover by Geely Group of the controlling interest in the Company. In accordance with Rule 13.09 of the Listing Rules and Rule 3.7 of the Hong Kong Code on Takeovers and Mergers, the Company wishes to inform the public of the Possible Acquisition. **As the Possible Acquisition and hence the Possible Offer may or may not take place, shareholders of the Company and public investors are advised to exercise extreme caution when dealing in the shares of the Company.**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 10:00 a.m. on 11 January 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 12 January 2005.

Reference is made to the press article (the “**Article**”) reported in the Hong Kong Daily News today relating to a possible takeover by Geely Group Limited (“**Geely Group**”) for all the shares in Geely Automobile Holdings Limited (the “**Company**”).

The Company has clarified with and has been informed by Proper Glory Holdings Inc. (“**Proper Glory**”), the controlling shareholder of the Company, this morning that the shareholders of Proper Glory, namely, Mr. He Xuechu (the chairman and an executive director of the Company), Fortune Door Investment Limited (wholly owned by Mr. Ku Wai Kwan, an executive director of the Company) and Venture Link Assets Limited (wholly owned by Mr. Zhou Teng, an executive director of the Company) are in discussion with Geely Group, a 32% shareholder of Proper Glory, regarding a possible acquisition by Geely Group of all the shares in Proper Glory that it does not already own from them (the “**Possible Acquisition**”). Mr. He Xuechu, Fortune Door Investment Limited and Venture Link Assets Limited are interested in 32%, 28% and 8% of the issued share capital of Proper Glory, respectively.

As Proper Glory is interested in approximately 60.7% of the issued share capital of the Company, the Possible Acquisition, if effected, would result in Geely Group becoming the sole shareholder of Proper Glory and thus trigger the obligation to make a general cash offer by Geely Group (the “**Possible Offer**”) for all the shares in the Company not already beneficially owned by it or parties acting in concert with it.

The Company has been advised by Proper Glory that as the material terms of the Possible Acquisition have yet to be agreed upon and no timetable has been fixed for the Possible Acquisition. Therefore, both Proper Glory and the Company do not consider that the Possible Offer is imminent. In response to the Article, the Company has further clarified with Geely Group that even if the Possible Acquisition and the Possible Offer were to take place, Geely Group has no intention to privatize the Company.

As the Possible Acquisition and hence the Possible Offer may or may not take place, shareholders of the Company and public investors are advised to exercise extreme caution when dealing in the shares of the Company.

The directors of the Company will keep the market informed by way of announcement as and when they have been notified of the progress of the Possible Acquisition and the Possible Offer in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 10:00 a.m. on 11 January 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 12 January 2005.

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

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

Hong Kong, 11 January 2005

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to Proper Glory) and confirm, having made all reasonable inquiries, 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.

The directors of Proper Glory jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, 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.

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