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GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Island with limited liability)

(Stock Code: 175)

PROGRESS ANNOUNCEMENT POSSIBLE ACQUISITION OF ALL THE SHARES IN THE CONTROLLING SHAREHOLDER BY GEELY GROUP LIMITED

Reference is made to the announcement of the Company dated 11 January 2005 (the “**First Announcement**”) regarding the Possible Acquisition. Terms used herein shall have the same meanings as defined in the First Announcement.

The Company has updated with Proper Glory, the controlling shareholder of the Company, and has been advised by Proper Glory that further to the publication of the First Announcement, although negotiations are still continuing between the shareholders of Proper Glory and Geely Group, the material terms of the Possible Acquisition have yet to be agreed upon, and thus no definite timetable has been fixed for the Possible Acquisition.

As the Possible Acquisition 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 any significant progress of the Possible Acquisition 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.

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, 7 February 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.