
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Guorun Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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國 潤 控 股 有 限 公 司
GUORUN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

PROPOSED CHANGE OF NAME

AND

**PROPOSED GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES**

A notice convening an extraordinary general meeting of Guorun Holdings Limited to be held at Room 2301, 23/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 1 March 2004 at 3:00 p.m. is set out on pages 9 to 12 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's Hong Kong branch share registrars, Standard Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from subsequently attending and voting at the extraordinary general meeting if they so wish.

6 February 2004

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RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the same meaning as ascribed in the Listing Rules
“Board”	the board of Directors
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Guorun Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“EGM Notice”	the notice of the Extraordinary General Meeting despatched to the Shareholders together with this circular
“Existing Issue Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 27 May 2003 to allot, issue and deal with Shares not exceeding 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at 27 May 2003
“Existing Repurchase Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 27 May 2003 to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at 27 May 2003
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Room 2301, 23/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 1 March 2004 at 3:00 p.m., to consider and, if appropriate, to approve the Special and Ordinary Resolutions or any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	3 February 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Extraordinary General Meeting to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of relevant resolution granting the Proposed Repurchase Mandate
“Share(s)”	share(s) of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Special and Ordinary Resolutions”	the special resolution and ordinary resolutions to be proposed and passed at the Extraordinary General Meeting as set out in the EGM Notice
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars

LETTER FROM THE BOARD



國 潤 控 股 有 限 公 司
GUORUN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. He Xuechu
Mr. Xu Xing Yao
Mr. Ku Wai Kwan
Mr. Zhou Teng
Mr. Wong Hing Kwok
Mr. Zhang Zhe
Mr. Nam Yang

Independent non-executive Directors:

Mr. Lee Cheuk Yin, Dannis
Mr. Liu Ming Hui

Registered Office:

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

*Principal place of business
in Hong Kong:*

Room 2301, 23rd Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

6 February 2004

To the Shareholders

Dear Sirs or Madams,

**PROPOSED CHANGE OF NAME
AND
PROPOSED GENERAL MANADATES TO ISSUE
AND REPURCHASE SHARES**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the Special and Ordinary Resolutions to be proposed at the Extraordinary General Meeting for (a) change of name of the Company; (b) granting to the Directors a general mandate to allot, issue and deal with Shares of up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the relevant resolution granting this mandate; (c) granting to the Directors the Proposed Repurchase Mandate; and (d) to extend the general mandate to issue Shares by adding to it the aggregate number of the issued Shares repurchased under the Proposed Repurchase Mandate.

LETTER FROM THE BOARD

PROPOSED CHANGE OF NAME

As referred to in the announcement of the Company dated 27 January 2004, it was proposed that the name of the Company be changed to “Geely Automobile Holdings Limited” and the Chinese name of the Company be changed to “吉利汽車控股有限公司”.

The Group is principally engaged in manufacturing of automobile, investment holding and information technology related business and also in the research, production, marketing and sales of sedans and related automobile component in the PRC.

The Directors consider the change of name appropriate in view of the recent investment in the PRC automobile industry by setting up a joint venture company in Zhejiang of the PRC since the name signifies the Group’s major growing operation which is expected to be a major contribution to the Group’s overall profit in the near future.

The proposed change of name is subject to the passing of a special resolution by the Shareholders at the Extraordinary General Meeting and the approval by the Registrar of Companies in the Cayman Islands. The Company will carry out the necessary filing procedures with the Registrar of Companies in Hong Kong.

The existing share certificates of the Company under the name of “Guorun Holdings Limited” shall after the proposed change of name becoming effective continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of Shares in the new name of the Company. Once the change of name has become effective, any new share certificate of the Company will be issued in the new name of the Company.

Upon the effective date of the change of name, Shareholders who desire to exchange their existing share certificates for share certificates bearing the new name of the Company may do so at no cost if effected within 30 days from such effective date. Subsequent changes will incur a fee of HK\$2.50 (or such higher amount as may from time to time be charged) for each of such certificate to be issued.

Further announcement will be made in relation to the effective date of the proposed change of name of the Company and the arrangement for exchange of share certificate.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 27 May 2003, ordinary resolutions were passed granting the Existing Issue Mandate and the Existing Repurchase Mandate to the Directors.

LETTER FROM THE BOARD

In accordance with the provisions of the Listing Rules and the terms of the Existing Issue Mandate and the Existing Repurchase Mandate, the Existing Issue Mandate and the Existing Repurchase Mandate shall lapse if, inter alia, they are revoked or varied by an ordinary resolution of the Shareholders in general meeting.

Resolutions set out as resolutions 2(d) and 3(c) in the EGM Notice will be proposed at the Extraordinary General Meeting to revoke the Existing Issue Mandate and the Existing Repurchase Mandate. New general mandate to allot, issue and deal with Shares of up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the relevant resolution granting this mandate and the Proposed Repurchase Mandate as set out in resolutions 2(a), (b), (c) and (e) and resolutions 3(a), (b) and (d) will also be proposed at the Extraordinary General Meeting. With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant to the Proposed Repurchase Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in the Appendix to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the Extraordinary General Meeting.

RECOMMENDATION

Having considered the reasons set out herein, the Directors consider that the proposed special resolution for change of name and the proposed ordinary resolutions for (a) granting to the Directors a general mandate to allot, issue and deal with Shares of up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the relevant resolution granting this mandate; (b) granting to the Directors the Proposed Repurchase Mandate; and (c) extending the general mandate to issue Shares by adding to it the aggregate number of the issued Shares repurchased under the Proposed Repurchase Mandate are in the interests of the Company, and in particular, the Group as a whole. The Directors therefore recommend the Shareholders to vote in favour of the Special and Ordinary Resolutions.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Guorun Holdings Limited
He Xuechu
Chairman

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Extraordinary General Meeting in relation to the Proposed Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,120,264,902 Shares. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the Extraordinary General Meeting, the Company will be allowed to repurchase a maximum of 412,026,490 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

Although the Directors have no present intention to repurchase any Shares, they believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Share Repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose and in accordance with the memorandum and articles of association of the Company and the laws of the Cayman Islands.

There might be material adverse impact on the working capital or gearing position of the Company, as compared with the positions disclosed in the audited consolidated accounts of the Company as at 31 December 2002, being the date to which the latest published audited accounts of the Company were made up, in the event that the Proposed Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Proposed Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of previous twelve months before printing of this circular were as follows:

Month	Highest \$	Lowest \$
2003		
February	0.65	0.38
March	0.63	0.54
April	0.67	0.56
May	0.62	0.56
June	0.65	0.58
July	0.70	0.63
August	0.76	0.67
September	0.81	0.65
October	0.92	0.84
November	0.86	0.75
December	0.79	0.76
2004		
January	0.94	0.79
February (up to 3 February 2004)	0.86	0.83

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

6. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company under the Proposed Repurchase Mandate if such is approved by the Shareholders.

No connected persons, as defined in the Listing Rules, have notified the Company that they have any present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Proposed Repurchase Mandate is approved by the Shareholders.

7. TAKEOVER CODE

If on the exercise of the power to repurchase Shares pursuant to the Proposed Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code. As a result, a Shareholder or group of Shareholders acting in concert could, depending on the level of increase of the shareholding interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, Proper Glory Holding Inc. ("Proper Glory"), the only substantial shareholder (as defined in the Listing Rules) of the Company holding more than 10% of the issued share capital of the Company, held a total of 2,500,000,000 Shares representing approximately 60.68% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Proposed Repurchase Mandate, the shareholding of Proper Glory would be increased to approximately 67.42% of the issued share capital of the Company. The Directors are not aware of any consequences of such increase under Rule 26 of the Code. The Directors do not have the intention to repurchase Shares up to an amount which would result in Proper Glory becomes obliged to make a mandatory offer in accordance with Rule 26 of the Code.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25 per cent. (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any Shares on the Stock Exchange in the six months preceding the date of this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



國潤控股有限公司 GUORUN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Guorun Holdings Limited (“**Company**”) will be held at Room 2301, 23/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Monday, 1 March 2004 at 3:00 p.m. (or an adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions:

as Special Resolution of the Company:

1. “**THAT** the name of the Company be changed to “Geely Automobile Holdings Limited” and the Chinese name of the Company be changed to “吉利汽車控股有限公司” with immediate effect.”

as Ordinary Resolutions of the Company:

2. “**THAT:**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company (“**Shares**”) and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall be in addition to any other authorizations given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below); or
 - (ii) the exercise of any option under the share option scheme of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
or
- (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws of the Cayman Islands to be held.

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or of the requirements of any recognized regulatory body or any stock exchange in, or in any territory outside Hong Kong).”

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “**THAT:**
- (a) subject to paragraph (b) below, the exercise by the directors of Company (“**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to repurchase the shares in the capital of the Company (“**Shares**”) on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;
 - (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
 - (d) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; or
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws of the Cayman Islands to be held.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “**THAT** subject to the passing of the Resolutions 2 and 3 set out in the notice of this meeting, the general mandate granted to the directors of the Company (“**Directors**”) to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to Resolution 2 set out in the notice of this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 3 set out in the notice of this meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

By order of the Board of
GUORUN HOLDINGS LIMITED
He Xuechu
Chairman

Hong Kong, 6 February 2004

Notes:

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any Share, any one such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company’s Hong Kong branch share registrars, Standard Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.