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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)

MAJOR AND CONNECTED TRANSACTION

AND

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement issued by the Company dated 13 July 2007 in relation to the entering into of the Agreements, the proposed increase in authorized share capital and the application for the Whitewash Waiver. Reference is also made to the announcement issued by the Company dated 2 August 2007 in relation to the delay in dispatch of a circular in respect of the Restructuring.

On 17 September 2007, the Company entered into the Other Project Documents with Geely Holding, Beijing Geely University and Zhejiang Economic Management College respectively in relation to the sales of CKDs and Sedan Tool Kits; purchases of CBUs, automobile parts and components and provision of process manufacturing services; provision of education programs; provision of the Guarantees and lease of the Properties.

Each of Geely Holding, Beijing Geely University and Zhejiang Economic Management College is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that (i) Geely Holding is wholly-owned by Mr. Li and his associates; (ii) Beijing Geely University is beneficially owned as to 85% by Mr. Li and his associates; and (iii) Zhejiang Economic Management College is beneficially wholly-owned by Mr. Li and his associates. The transactions contemplated under the Other Project Documents will, upon Completion, constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules. In addition, the provision of the Guarantees contemplated under the Loan Guarantee Agreement constitutes a major and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements (by way of poll) as set out in Chapter 14A of the Listing Rules.

Proper Glory and Geely Group (both wholly-owned by Mr. Li, and holding in aggregate 48.07% in the issued share capital of the Company) and their respective associates and parties acting in concert with any of them will abstain from voting for the resolutions to approve the Other Project Documents and the Guarantees to be put forward at the EGM.

An Independent Board Committee will be formed to advise the Independent Shareholders in respect of the terms of the Other Project Documents and the annual caps in relation to the continuing connected transactions contemplated under the Other Project Documents. Quam Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

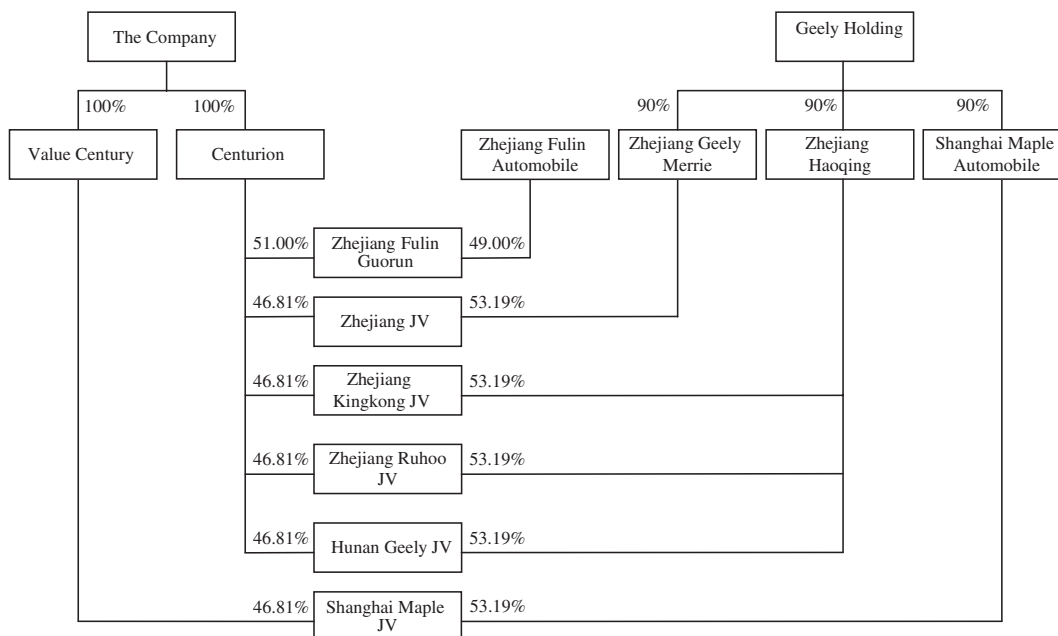
A circular containing, among other things, (i) further details of the Other Project Documents and the continuing connected transactions contemplated under the Other Project Documents; (ii) a letter of advice from Quam Capital to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of the EGM will be dispatched to the Shareholders at a date no later than 31 October 2007.

Reference is made to the announcement issued by the Company dated 13 July 2007 in relation to the entering into of the Agreements, the proposed increase in authorized share capital and the application for the Whitewash Waiver. Reference is also made to the announcement issued by the Company dated 2 August 2007 in relation to the delay in dispatch of a circular in respect of the Restructuring.

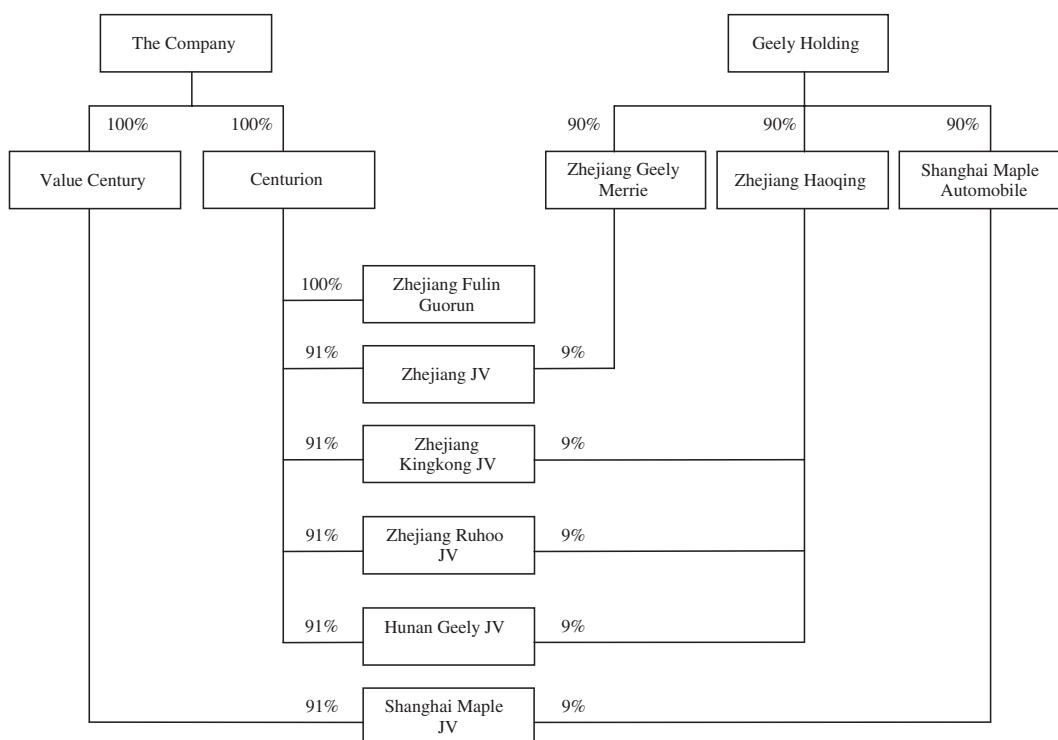
Pursuant to the Agreements, the Group proposed to acquire (i) 44.19% of the remaining interest in each of the Associated Companies from its respective controlling shareholder and its associates at the total consideration of RMB1,554.12 million (equivalent to approximately HK\$1,610.84 million) to be satisfied fully by the issue of 1,288,672,000 Aggregate Consideration Shares at HK\$1.25 per Share; and (ii) the remaining 49% interest in Zhejiang Fulin Guorun from Zhejiang Fulin Automobile at the consideration of RMB22.48 million (equivalent to approximately HK\$23.30 million) to be fully satisfied in cash by primarily applying the dividends to be distributed from Zhejiang Fulin Guorun.

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

As at the date of this announcement



Immediately after Completion



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

OTHER PROJECT DOCUMENTS

On 17 September 2007, the relevant parties, namely the Company, Geely Holding, Beijing Geely University and Zhejiang Economic Management College entered into the following Other Project Documents to facilitate the operation of the Associated Companies:

1. Services Agreement to govern (i) the sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding Group; (ii) the sales of CBUs, automobile parts and components; and provision of process manufacturing services from the Geely Holding Group to the Group;
2. Co-operation Agreement (Beijing) to govern the co-operation between the Group and Beijing Geely University pursuant to which the Group will arrange certain senior management staff and engineers of the research and development department to lecture at Beijing Geely University and also provide facilities at the Group's production plants for on-the-job training to certain students of the university;
3. Co-operation Agreement (Zhejiang) to govern the co-operation between the Group and Zhejiang Economic Management College pursuant to which the Group will arrange certain senior management staff and engineers of the research and development department to lecture at Zhejiang Economic Management College and also provide facilities at the Group's production plants for on-the-job training to certain students of the management college;
4. Loan Guarantee Agreement to govern the provision of guarantees by the Group on loans obtained or to be obtained by the Geely Holding Group on behalf of the Associated Companies in relation to the manufacture and research and development of sedans; and
5. Lease Agreement to govern the lease of the Properties from the Group to the Geely Holding Group and Zhejiang Economic Management College.

(1) Services Agreement

Parties: (1) The Company
(2) Geely Holding

Term: From the effective date of the Services Agreement to 31 December 2009

Conditions precedent:

The Services Agreement will be effective upon satisfaction of the following conditions precedent:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Services Agreement; and
- (b) completion of the Agreements.

If the above conditions have not been fulfilled or waived on or before 31 December 2007 (or such later date as the parties may agree in writing), the Services Agreement will lapse and all the obligations and liabilities of the parties to the Services Agreement will cease and terminate.

(i) *Sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding Group*

Subject matter:

Pursuant to the Services Agreement, the Group agrees to supply to the Geely Holding Group, CKDs and Sedan Tool Kits in accordance with the product specifications set out in the Services Agreement. During the course of the Services Agreement, the Geely Holding Group may request additional services other than the aforesaid services from the Group. The additional services, subject to the Group's ability in providing the requested services based on normal commercial terms to be determined by the parties to the Services Agreement on an arm's length basis and compliance with the Listing Rules, shall be related to services that might occur in the process of manufacturing of CKDs and Sedan Tool Kits for new models in the future.

Pricing basis:

Pursuant to the Services Agreement, the CKDs, depending on the specifications and models, shall be sold to the Geely Holding Group based on the selling price of the sedans to end customers less distribution costs and the PRC taxes, mainly the consumption tax. The Sedan Tool Kits to be supplied by the Group to the Geely Holding Group shall be based on the cost of the Sedan Tool Kits to the Group. Such pricing basis pursuant to the Services Agreement was determined by the parties on normal commercial terms as the Sedan Tool Kits will be sold back to the Group for distribution to the end customers.

Historical transaction amounts and annual caps:

Currently, the Associated Companies have been supplying to the Geely Holding Group the CKDs and Sedan Tool Kits. As the Company is currently only interested in 46.81% of each of the Associated Companies, the aforesaid existing arrangements between the Associated Companies and the Geely Holding Group do not constitute continuing connected transactions of the Company for the purpose of the Listing Rules. Upon Completion, the Company's interest in each of the Associated Companies will increase to 91%. Accordingly, the sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding Group contemplated under the Services Agreement will constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules.

The table below sets out the historical transactions and the proposed annual caps for the sales of CKDs and Sedan Tool Kits pursuant to the Services Agreement:

	Historical amount for the year ended 31 December 2006 (unaudited) RMB'000	Historical amount for the six months ended 30 June 2007 (unaudited) RMB'000	Estimated annual cap from the effective date of the Services Agreement to the year ending 31 December 2007 RMB'000	Estimated annual caps for the year ending 31 December	
				2008 RMB'000	2009 RMB'000
Sales of CKDs	5,566,683 (equivalent to approximately HK\$5,769.87 million)	2,955,078 (equivalent to approximately HK\$3,062.94 million)	1,683,590 (equivalent to approximately HK\$1,745.04 million)	10,275,245 (equivalent to approximately HK\$10,650.29 million)	12,707,335 (equivalent to approximately HK\$13,171.15 million)
Sales of Sedan Tool Kits	6,543 (equivalent to approximately HK\$6.78 million)	4,569 (equivalent to approximately HK\$4.74 million)	2,279 (equivalent to approximately HK\$2.36 million)	13,125 (equivalent to approximately HK\$13.60 million)	16,500 (equivalent to approximately HK\$17.10 million)
Total:	5,573,226 (equivalent to approximately HK\$5,776.65 million)	2,959,647 (equivalent to approximately HK\$3,067.67 million)	1,685,869 (equivalent to approximately HK\$1,747.40 million)	10,288,370 (equivalent to approximately HK\$10,663.90 million)	12,723,835 (equivalent to approximately HK\$13,188.26 million)

The above proposed annual caps for the purchases of CKDs by the Geely Holding Group from the Group have been determined by the Directors with reference to the historical transaction amounts; the projected units of sedan to be sold based on the sales budget of the Associated Companies; and the estimated selling price per sedan less the distribution costs and the PRC taxes, mainly the consumption tax per sedan.

The above proposed annual caps for the purchases of Sedan Tool Kits by the Geely Holding Group from the Group have been determined by the Directors with reference to the historical transaction amounts; the projected units of sedan to be sold based on the sales budget of the Associated Companies; and the estimated unit cost of Sedan Tool Kit to the Group.

- (ii) *Sales of CBUs, automobile parts and components; and provision of process manufacturing services from the Geely Holding Group to the Group*

Subject matter:

Pursuant to the Services Agreement, the Geely Holding Group agrees to sell to the Group the CBUs, automobile parts and components; and provide process manufacturing services to the Group in accordance with the product and service specifications set out in the Services Agreement.

Pricing basis:

Pursuant to the Services Agreement, the CBUs, depending on the models, shall be sold to the Group based on the selling price of the sedans to end customers less distribution costs. The automobile parts and components to be supplied by the Geely Holding Group shall be based on the sourcing cost plus the relevant service cost(s), being the actual cost(s) incurred in the procurement process by the Geely Holding Group. With regard to the process manufacturing services, the fee to be charged by the Geely Holding Group shall be based on the annual linear depreciation of the value of the imported molding equipment. Such pricing basis pursuant to the Services Agreement was determined by the parties on an arm's length basis.

Historical transaction amounts and annual caps:

Currently, the Geely Holding Group has been supplying to the Associated Companies the CBUs, automobile parts and components; and process manufacturing services. As the Group is currently only interested in 46.81% of each of the Associated Companies, the aforesaid existing arrangements between the Associated Companies and the Geely Holding Group do not constitute continuing connected transactions of the Company for the purpose of the Listing Rules. Upon Completion, the Group's interest in each of the Associated Companies will increase to 91%. Accordingly, the sales of CBUs, automobile parts and components; and provision of process manufacturing services from the Geely Holding Group to the Group contemplated under the Services Agreement will constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules.

The table below sets out the historical amounts and the proposed annual caps for the purchases of CBUs, automobile parts and components and the process manufacturing services fees pursuant to the Services Agreement:

	Historical amount for the year ended 31 December 2006 (unaudited) RMB'000	Historical amount for the six months ended 30 June 2007 (unaudited) RMB'000	Estimated annual cap from the effective date of the Services Agreement to the year ending 31 December 2007 RMB'000	Estimated annual caps for the year ending 31 December	
				2008 RMB'000	2009 RMB'000
Purchases of CBUs	5,776,639 (equivalent to approximately HK\$5,987.49 million)	3,036,700 (equivalent to approximately HK\$3,147.54 million)	1,753,740 (equivalent to approximately HK\$1,817.75 million)	10,703,380 (equivalent to approximately HK\$11,094.05 million)	13,236,807 (equivalent to approximately HK\$13,719.95 million)
Purchases of automobile parts and components	3,633,280 (equivalent to approximately HK\$3,765.89 million)	2,382,008 (equivalent to approximately HK\$2,468.95 million)	1,631,717 (equivalent to approximately HK\$1,691.27 million)	2,985,619 (equivalent to approximately HK\$3,094.59 million)	3,673,960 (equivalent to approximately HK\$3,808.06 million)
Process manufacturing services fees	45,765 (equivalent to approximately HK\$47.44 million)	25,525 (equivalent to approximately HK\$26.46 million)	13,165 (equivalent to approximately HK\$13.65 million)	121,580 (equivalent to approximately HK\$126.02 million)	194,546 (equivalent to approximately HK\$201.65 million)
Total	9,455,684 (equivalent to approximately HK\$9,800.82 million)	5,444,233 (equivalent to approximately HK\$5,642.95 million)	3,398,622 (equivalent to approximately HK\$3,522.67 million)	13,810,579 (equivalent to approximately HK\$14,314.67 million)	17,105,313 (equivalent to approximately HK\$17,729.66 million)

The above proposed annual caps for the purchases of CBUs by the Group from the Geely Holding Group have been determined by the Directors with reference to the historical transaction amounts; the projected units of sedan to be sold based on the sales budget of the Associated Companies; and the estimated selling price per sedan less distribution costs per sedan.

The proposed annual caps for the purchases of automobile parts and components by the Group from the Geely Holding Group have been determined by the Directors with reference to the historical transaction amounts, the projected units of sedan to be sold based on the sales budget of the Associated Companies and the estimated percentage of total procurement on automobile parts and components sourcing from Geely Holding Group.

The proposed annual caps for the process manufacturing services fees charged by the Geely Holding Group have been determined by the Directors with reference to the estimated cost of imported molding equipment required for process manufacturing service and the annual depreciation rate for the molding equipment which is consistent with the accounting policy of the Associated Companies.

The Group is principally engaged in the manufacturing and trading of automobile parts and related automobiles in the PRC. As noted in the Company's 2006 annual report, the Directors believe that there will be substantial growth in car demand in China in the coming decade, due to China's consistent economy growth, its rising household incomes and its low car ownership with only 1% of the population owning a sedan at present. Also, according to the figures released by the China Association of Automobile Manufacturers, total sales volume of passenger cars in China increased by 37% to 3.8 million units in 2006, surpassing most market expectations. Although fierce competition in China's sedan market remains, the Directors expect growth of China's sedan sales volume to be maintained at around 20% in the coming few years. In order to tap into the increasing demand for Geely's and Maple's sedans, the Group has proactively set up new joint ventures, like the Zhejiang Kingkong JV, the Zhejiang Ruhoo JV and the Hunan Geely JV in the past year. These new joint ventures, upon their gradual commencement of production, the upgrading and expansion of the existing production facilities of the Zhejiang JV and the Shanghai Maple JV and the presentation of the large growth potential in the export market, would enable the Group to enter into a rapid growth period in the coming few years. Accordingly, the Directors estimate the proposed annual caps amounts involved in the continuing connected transactions set out in the Services Agreement will increase significantly. In the first half of 2007, the Associated Companies continued to improve their product mix towards high-priced models through the introduction of more higher-priced models like "Vision" and the 1.8L "Power Version" of "Geely Kingkong". These two new models, coupled with other new higher-priced models to be launched in the second half of 2007, together with the gradual product penetration to the inner cities of the PRC and expansion in the export market are strategies implemented by the Group that are expected to bring significant contributions to the Group's operation for the year ending 31 December 2008. Accordingly, the Directors expect that the increase in the proposed annual caps amounts for the year ending 31 December 2008 would be relatively significant. Furthermore, the fourth quarter is a traditional high season for the automobile industry and thus justifies a relatively higher annual cap amount from the effective date of the Services Agreement to the year ending 31 December 2007.

The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Services Agreement, including its annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Product warranties:

Pursuant to the Services Agreement, the Group and the Geely Holding Group respectively represents, warrants and agrees that their products will be free from defects and any defective products shall be unconditionally replaced or repaired for the other party. Any claims associated with the defective products shall be payable by the party supplying the defective products.

(2) Co-operation Agreement (Beijing)

Parties: (1) The Company
(2) Beijing Geely University

Term: From the effective date of the Co-operation Agreement (Beijing) to 31 December 2009

Conditions precedent:

The Co-operation Agreement (Beijing) will be effective upon satisfaction of the following conditions precedent:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Co-operation Agreement (Beijing); and
- (b) completion of the Agreements.

If the above conditions have not been fulfilled or waived on or before 31 December 2007 (or such later date as the parties may agree in writing), the Co-operation Agreement (Beijing) will lapse and all the obligations and liabilities of the parties to the Co-operation Agreement (Beijing) will cease and terminate.

Subject matter:

Pursuant to the Co-operation Agreement (Beijing), the Group agrees to (i) arrange senior management staff and engineers of the research and development department to lecture at the Beijing Geely University; and (ii) provide facilities at the Group's production plants for on-the-job training to not more than 2,000 students of the Beijing Geely University per month, subject to duration of no more than four months per year.

Pricing basis:

Pursuant to the Co-operation Agreement (Beijing), the Company will arrange 50 representatives (subject to change) to conduct lectures at the Beijing Geely University. The remuneration to be received from Beijing Geely University for each senior management staff and engineer of the research and development department will be RMB720,000 per year. Such amount is determined based on a remuneration of RMB10,000 per lecture and 72 lectures per year for each senior management staff and engineer of the research and development department to be conducted at the Beijing Geely University.

In respect of the facilities for conducting on-the-job training, Beijing Geely University shall pay the Company a monthly fee of RMB950 per student. The lecture fees and on-the-job training fees received should be sufficient to cover the relevant costs to be incurred by the Group upon Completion.

Historical transaction amounts and annual caps:

Currently, the Associated Companies have been arranging certain senior management staffs and engineers of the research and development department to lecture at the Beijing Geely University and have been providing facilities at the production plants for the on-the-job training. As the Company is currently only interested in 46.81% of each of the Associated Companies, the aforesaid existing arrangements between the Associated Companies and the Beijing Geely University do not constitute continuing connected transactions of the Company for the purpose of the Listing Rules. Upon Completion, the Company's interest in each of the Associated Companies will increase to 91%. Accordingly, the proposed arrangements contemplated under the Co-operation Agreement (Beijing) will constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules.

There was no such historical transaction prior to 31 December 2006. The table below sets out the historical amounts for the six months ended 30 June 2007 and the proposed annual caps for the above services pursuant to the Co-operation Agreement (Beijing):

	Historical amount for the six months ended 30 June 2007 (unaudited) RMB'000	Estimated annual cap from the effective date of the Co-operation Agreement (Beijing) to the year ending 31 December 2007 RMB'000	Estimated annual caps for the year ending 31 December	
			2008 RMB'000	2009 RMB'000
Conduct lectures by senior management staffs and engineers of the research and development department at the Beijing Geely University	10,000 (equivalent to approximately HK\$10.37 million)	6,000 (equivalent to approximately HK\$6.22 million)	36,000 (equivalent to approximately HK\$37.31 million)	36,000 (equivalent to approximately HK\$37.31 million)
Provision of facilities for conducting on-the-job training for students of Beijing Geely University	7,500 (equivalent to approximately HK\$7.77 million)	1,267 (equivalent to approximately HK\$1.31 million)	7,600 (equivalent to approximately HK\$7.88 million)	7,600 (equivalent to approximately HK\$7.88 million)
Total:	17,500 (equivalent to approximately HK\$18.14 million)	7,267 (equivalent to approximately HK\$7.53 million)	43,600 (equivalent to approximately HK\$45.19 million)	43,600 (equivalent to approximately HK\$45.19 million)

The proposed annual caps for the provision of lectures by senior management staffs and engineers of the research and development department of the Group at the Beijing Geely University have been determined by the Directors with reference to the estimated number of senior management staff and engineers to conduct the lectures; the estimated charge-out rate per lecture; and the estimated number of lectures per year.

The proposed annual caps for the provision of facilities to conduct on-the-job training for students of Beijing Geely University have been determined by the Directors with reference to the estimated number of students to attend the on-the-job training, the estimated duration of on-the-job training per year, and the historical annualized tuition fee received by the Beijing Geely University per student in the first half of 2007.

The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Co-operation Agreement (Beijing), including its annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

(3) Co-operation Agreement (Zhejiang)

Parties: (1) The Company
(2) Zhejiang Economic Management College

Term: From the effective date of the Co-operation Agreement (Zhejiang) up to 31 December 2009

Conditions precedent:

The Co-operation Agreement (Zhejiang) will be effective upon satisfaction of the following conditions precedent:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Co-operation Agreement (Zhejiang); and
- (b) completion of the Agreements.

If the above conditions have not been fulfilled or waived on or before 31 December 2007 (or such later date as the parties may agree in writing), the Co-operation Agreement (Zhejiang) will lapse and all the obligations and liabilities of the parties to the Co-operation Agreement (Zhejiang) will cease and terminate.

Subject matter:

Pursuant to the Co-operation Agreement (Zhejiang), the Group agrees to (i) arrange senior management staffs and engineers of the research and development department to lecture at the Zhejiang Economic Management College; and (ii) provide facilities for conducting on-the-job training to not more than 4,000 students from the Zhejiang Economic Management College per month, subject to duration of no more than nine months per year.

Pricing basis:

Pursuant to the Co-operation Agreement (Zhejiang), the Company will arrange 20 representatives (subject to change) to conduct lectures at the Zhejiang Economic Management College. The remuneration to be received from Zhejiang Economic Management College for each senior management staff and engineer of the research and development department will be RMB720,000 per year. Such amount is determined based on a remuneration of RMB10,000 per lecture and 72 lectures per year for each senior management staff and engineer of the research and development department to be conducted at the Zhejiang Economic Management College.

In respect of the facilities for conducting on-the-job training, Zhejiang Economic Management College shall pay the Company a monthly fee of RMB700 per student. The lecture fees and on-the-job training fees received should be sufficient to cover the relevant costs to be incurred by the Group upon Completion.

Historical transaction amounts and annual caps:

Currently, the Associated Companies have been arranging certain senior management staffs and engineers of the research and development department to lecture at the Zhejiang Economic Management College and have been providing facilities at the production plants for the on-the-job training. As the Company is currently only interested in 46.81% of each of the Associated Companies, the aforesaid existing arrangements between the Associated Companies and the Zhejiang Economic Management College do not constitute continuing connected transactions of the Company for the purpose of the Listing Rules. Upon Completion, the Company's interest in each of the Associated Companies will increase to 91%. Accordingly, the proposed arrangements contemplated under the Co-operation Agreement (Zhejiang) will constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules.

There was no such historical transaction prior to 31 December 2006. The table below sets out the historical amounts for the six months ended 30 June 2007 and the proposed annual caps for above services pursuant to the Co-operation Agreement (Zhejiang):

	Historical amount for the six months ended 30 June 2007 (unaudited) <i>RMB'000</i>	Estimated annual cap from the effective date of the Co-operation Agreement (Zhejiang) to the year ending 31 December 2007 <i>RMB'000</i>	Estimated annual caps for the year ending 31 December 2008 <i>RMB'000</i>	
			2008 <i>RMB'000</i>	2009 <i>RMB'000</i>
Conduct lectures by senior management staffs and engineers of the research and development department at the Zhejiang Economic Management College	nil (equivalent to approximately HK\$nil million)	2,400 (equivalent to approximately HK\$2.49 million)	14,400 (equivalent to approximately HK\$14.93 million)	14,400 (equivalent to approximately HK\$14.93 million)
Provision of facilities for conducting on-the-job training for students from the Zhejiang Economic Management College	7,682 (equivalent to approximately HK\$7.96 million)	4,200 (equivalent to approximately HK\$4.35 million)	25,200 (equivalent to approximately HK\$26.12 million)	25,200 (equivalent to approximately HK\$26.12 million)
Total:	7,682 (equivalent to approximately HK\$7.96 million)	6,600 (equivalent to approximately HK\$6.84 million)	39,600 (equivalent to approximately HK\$41.05 million)	39,600 (equivalent to approximately HK\$41.05 million)

The proposed annual caps for the provision of lectures by senior management staffs and engineers of the research and development department of the Group at the Zhejiang Economic Management College have been determined by the Directors with reference to the estimated number of senior management staff and engineers to conduct the lectures; the estimated charge-out rate per lecture; and the estimated number of lectures per year.

The proposed annual caps for the provision of facilities to conduct on-the-job training for students of Zhejiang Economic Management College have been determined by the Directors with reference to the estimated number of students to attend the on-the-job training, the estimated duration of on-the-job training per year and the historical annualized tuition fee received by the Zhejiang Economic Management College per student in the first half of 2007.

The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Co-operation Agreement (Zhejiang), including its annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

(4) Loan Guarantee Agreement

Parties: (1) The Company
(2) Geely Holding

Term: From the effective date of Loan Guarantee Agreement to 31 December 2009

Conditions precedent:

The Loan Guarantee Agreement will be effective upon satisfaction of the following conditions precedent:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Loan Guarantee Agreement and the Guarantees; and
- (b) completion of the Agreements.

If the above conditions have not been fulfilled or waived on or before 31 December 2007 (or such later date as the parties may agree in writing), the Loan Guarantee Agreement will lapse and all the obligations and liabilities of the parties to the Loan Guarantee Agreement will cease and terminate.

Subject matter:

Pursuant to the Loan Guarantee Agreement, the Group agrees to provide guarantees (including the pledge of certain lands, buildings and facilities of the Associated Companies) on loans obtained or to be obtained by the Geely Holding Group on behalf of the Associated Companies in relation to the manufacture and research and development of sedans of the Group upon Completion. The Geely Holding Group i) guarantees that the loans will only be utilized for sedan manufacturing and research and development activity relating to the Group; ii) would obtain consent from the Group prior to drawdown of the loans; and iii) agrees to provide counter indemnities on the Guarantees. As i) the Associated Companies are the ultimate borrowers of the loans for the manufacture and research and development of sedans; ii) consent is required prior to drawdown of the loans and iii) the Geely Holding Group agrees to provide counter indemnities on the Guarantees, the Directors are of the view that there will not be material impact to the Group's financial position.

The provision of the Guarantees constitutes a major and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements (by way of poll) as set out in Chapter 14A of the Listing Rules.

Historical transaction amounts and annual caps:

Currently, the Associated Companies have been providing guarantees on loans obtained by the Geely Holding Group on their behalf in relation to the manufacture and research and development of sedans. As the Company is currently only interested in 46.81% of each of the Associated Companies, the aforesaid existing arrangements between the Associated Companies and the Geely Holding Group do not constitute continuing connected transactions of the Company for the purpose of the Listing Rules. Upon Completion, the Company's interest in each of the Associated Companies will increase to 91%. Accordingly, the provision of the Guarantees contemplated under the Loan Guarantee Agreement will constitute major and non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules.

The table below sets out the historical transaction amounts and the proposed annual caps for the aggregate guarantee amount to be provided by the Group pursuant to the Loan Guarantee Agreement:

	Historical amount for the year ended 31 December 2006 (unaudited) RMB'000	Historical amount for the six months ended 30 June 2007 (unaudited) RMB'000	Estimated annual cap from the effective date of the Loan Guarantee Agreement to the year ending 31 December 2007 RMB'000	Estimated annual caps for the year ending 31 December	
				2008 RMB'000	2009 RMB'000
Aggregate guarantee amount	169,000 (equivalent to approximately HK\$175.17 million)	300,000 (equivalent to approximately HK\$310.95 million)	850,000 (equivalent to approximately HK\$881.03 million)	850,000 (equivalent to approximately HK\$881.03 million)	850,000 (equivalent to approximately HK\$881.03 million)

The proposed annual caps for the Group's guarantees are referenced to the aggregate guarantee amount on the loans obtained by the Geely Holding Group on behalf of the Associated Companies as at 30 June 2007 in relation to the sedan manufacturing and research and development activity relating to the Group. Given that (i) the Guarantees will be counter indemnified by the Geely Holding Group; (ii) the Geely Holding Group would obtain consent from the Group prior to drawdown of the loans and (iii) the Associated Companies are the ultimate borrowers of the loans for the manufacture and research and development of sedans, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Guarantees and the Loan Guarantee Agreement, including its annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The Directors estimate that in order to tap into the increasing demand for the Geely's and Maple's sedans in the future, more funding resources have to be devoted to the research and development activities, which include the new car model design, development of new engine, gearbox, electronic and electric auto-related components, etc, of the Group. The Geely Holding Group currently provides a good gateway for the Associated Companies to obtain loans at cheaper finance costs for sedan manufacturing and research and development activity through its long-term relationship with certain PRC banks. Guarantees including the pledge of certain lands, buildings and facilities of the Associated Companies are required by these banks. The Directors expect that there will be a significant increase in the proposed annual cap amount towards the end of year 2007 as more resources will be devoted to the research and development activity in the second half of 2007. Upon Completion of the Restructuring and as time goes by, the overall structure and transparency of the Group should be improved and the Directors expect that the Company shall be able to obtain adequate funding requirements for future research and development activities of the Group. Accordingly, the Directors expect the proposed annual caps amounts for the continuing connected transactions set out in Loan Guarantee Agreement for the two years ending 31 December 2009 would be stabilized as no additional loan will be obtained by the Geely Holding Group on behalf of the Associated Companies for the research and development of the Group.

(5) Lease Agreement

Parties: (1) The Company
(2) Geely Holding
(3) Zhejiang Economic Management College

Term: From the effective date of the Lease Agreement to 31 December 2009

Conditions precedent:

The Lease Agreement will be effective upon satisfaction of the following conditions precedent:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Lease Agreement; and
- (b) completion of the Agreements.

If the above conditions have not been fulfilled or waived on or before 31 December 2007 (or such later date as the parties may agree in writing), the Lease Agreement will lapse and all the obligations and liabilities of the parties to the Lease Agreement will cease and terminate.

Subject matter:

Pursuant to the Lease Agreement, the Group agrees to lease the Properties located in Zhejiang to the Geely Holding Group and Zhejiang Economic Management College for the period from the effective date of the Lease Agreement to 31 December 2009.

Pricing basis:

The rent for the lands and buildings on the Properties for each month shall be RMB5-7 per square meter, which represents the market rental charge for adjacent lands and buildings in the local property market.

Historical transaction amounts and annual caps:

Currently, the Zhejiang Ruhoo JV has been leasing the Properties located in Zhejiang to the Zhejiang Economic Management College. As the Company is currently only interested in 46.81% of the Zhejiang Ruhoo JV, the aforesaid existing arrangements between the Zhejiang Ruhoo JV and the Zhejiang Economic Management College do not constitute continuing connected transactions of the Company for the purpose of the Listing Rules. Upon Completion, the Company's interest in the Zhejiang Ruhoo JV will increase to 91%. Accordingly, the proposed arrangements contemplated under the Lease Agreement will constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules.

There was no such historical transaction prior to 31 December 2006. The table below sets out the historical transaction amounts for the six months ended 30 June 2007 and the proposed annual caps for rental payable by the Geely Holding Group and Zhejiang Economic Management College to the Group pursuant to the Lease Agreement:

	Historical amount for the six months ended 30 June 2007 (unaudited) RMB'000	Estimated annual cap from the effective date of the Lease Agreement to the year ending 31 December 2007 RMB'000	Estimated annual caps for the year ending 31 December 2008 RMB'000	2009 RMB'000
Rental payable by the Geely Holding Group and Zhejiang Economic Management College	4,941 (equivalent to approximately HK\$5.12 million)	1,724 (equivalent to approximately HK\$1.79 million)	16,024 (equivalent to approximately HK\$16.61 million)	16,024 (equivalent to approximately HK\$16.61 million)

The above proposed annual caps for the rental payable by the Geely Holding Group and Zhejiang Economic Management College to the Group have been determined by the Directors with reference to the rental charge for adjacent lands and buildings in the local property market. The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Lease Agreement, including its annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The Directors estimate that more surplus lands and buildings in Linhai and Luqiao, Zhejiang Province, the PRC will be utilized in years 2008 and 2009 by way of the entering into of the Lease Agreement. Accordingly, there will be a significant increase in the proposed annual caps amounts involved in the continuing connected transactions set out in Lease Agreement for the two years ending 31 December 2009.

INFORMATION ON THE COMPANY

The Company and its subsidiaries are principally engaged in the manufacturing and trading of automobile parts and related automobile components, and investment holding.

INFORMATION ON GEELY HOLDING

Geely Holding and its subsidiaries are principally engaged in sales of CBUs and automobile parts and components wholesale and retail businesses.

INFORMATION ON BEIJING GEELY UNIVERSITY AND ZHEJIANG ECONOMIC MANAGEMENT COLLEGE

Beijing Geely University and Zhejiang Economic Management College are principally engaged in the provision of education related services.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Services Agreement

- i) *Sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding Group and Sales of CBUs from the Geely Holding Group to the Group:*

The Geely Holding Group performs final assembly on the CKDs and the Sedan Tool Kits and facilitates payment of the PRC consumption tax. After performing final assembly, the Geely Holding Group sells the CBUs back to the Group's sales companies for distribution to end customers. The Directors consider that as the Group is not in possession of the automobile catalogue issued by the National Development Reform Commission (NDRC) in the PRC, which is required to facilitate payment of the PRC consumption tax, the above continuing connected transactions contemplated under the Services Agreement will ensure smooth operation of the Group as certain subsidiaries of the Geely Holding Group hold the relevant approved automobile products catalogue, which is required to facilitate payment of the PRC consumption tax.

ii) *Sales of automobile parts and components from the Geely Holding Group to the Group:*

The Directors consider that the above continuing connected transactions contemplated under the Services Agreement are beneficially to the Group as the Geely Holding Group has long-term relationship with suppliers of these automobile parts and components. Procurement of the automobile parts and components through the Geely Holding Group would enable a stable source of raw materials at a competitive cost to the Group.

iii) *Provision of process manufacturing services from the Geely Holding Group to the Group:*

Certain imported molding equipment are required for the manufacturing of sedans by the Group. Only certain subsidiaries of the Geely Holding Group have the right to import these molding equipment required by the Group, the Directors consider that the above continuing connected transactions contemplated under the Services Agreement are beneficial to the Group.

The Directors consider that the Services Agreement has been arrived at after an arm's length negotiation between the parties to the Services Agreement, on normal commercial terms and are in the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Services Agreement, including its annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Co-operation Agreement (Beijing) and the Co-operation Agreement (Zhejiang)

The Directors consider that the continuing connected transactions contemplated under the Co-operation Agreement (Beijing) and the Co-operation Agreement (Zhejiang) would provide relevant on-the-job training to the students of Beijing Geely University and Zhejiang Economic Management College and enhance the quality of education and recognitions of Beijing Geely University and Zhejiang Economic Management College, which will be beneficial to the Group as the Group will recruit some of the best students from these education institutes as its employees. Also, the Directors consider that the aforesaid transactions can provide an additional source of stable recurring income to the Group.

The Directors consider that the Co-operation Agreement (Beijing) and the Co-operation Agreement (Zhejiang) are based on normal commercial terms or no less favorable terms than those offered by independent third parties. The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Co-operation Agreement (Beijing) and the Co-operation Agreement (Zhejiang), including their relevant annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Loan Guarantee Agreement and the Guarantees

In view of the long-term good relationship with certain PRC banks, the Geely Holding Group is in a better position to obtain relatively larger loans on behalf of the Associated Companies at cheaper finance costs for sedan manufacturing and research and development activity relating to the Group. Given that the Geely Holding Group (i) guarantees that the loans will only be utilized for sedan manufacturing and research and development activity relating to the Group; (ii) would obtain consent from the Group prior to drawdown of the loans; and (iii) the Associated Companies are the ultimate borrowers of the loans for the manufacture and research and development of sedans, the Directors consider that the Guarantees and the continuing connected transactions contemplated under the Loan Guarantee Agreement will enhance the Group's future development. Furthermore, as the Geely Holding Group agrees to provide counter indemnities on those Guarantees, the Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that the terms of the Guarantees and the Loan Guarantee Agreement, including its annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Lease Agreement

The Directors consider that the continuing connected transactions contemplated under the Lease Agreement are beneficial to the Group as it can provide an additional source of stable recurring income from its surplus lands and buildings. The Directors also consider that the Lease Agreement has been arrived at after an arm's length negotiation between the parties to the Lease Agreement, on normal commercial terms or rental charge for adjacent lands and buildings in the local property market. The Directors (excluding the independent non-executive Directors whose view will be given in the circular to be dispatched to the Shareholders after taking into account the advice from Quam Capital) are of the view that terms of the Lease Agreement, including its annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPROVAL BY SHAREHOLDERS

Each of Geely Holding, Beijing Geely University and Zhejiang Economic Management College is a connected person of the Company for the purpose of the Listing Rules by virtue of the fact that (i) Geely Holding is wholly-owned by Mr. Li and his associates; (ii) Beijing Geely University is beneficially owned as to 85% by Mr. Li and his associates; and (iii) Zhejiang Economic Management College is beneficially wholly-owned by Mr. Li and his associates. The transactions contemplated under the Other Project Documents will upon Completion constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements (by way of poll) under Chapter 14A of the Listing Rules. In addition, the provision of Guarantees contemplated under the Loan Guarantee Agreement constitutes a major and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements (by way of poll) as set out in Chapter 14A of the Listing Rules.

Proper Glory and Geely Group (both wholly-owned by Mr. Li, and holding in aggregate 48.07% in the issued share capital of the Company) and their respective associates and parties acting in concert with any of them will abstain from voting for the resolutions to approve the Other Project Documents and the Guarantees to be put forward at the EGM.

An Independent Board Committee will be formed to advise the Independent Shareholders in respect of the terms of the Other Project Documents and the annual caps in relation to the continuing connected transactions contemplated under the Other Project Documents. Quam Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Other Project Documents and the continuing connected transactions contemplated under the Other Project Documents, (ii) a letter of advice from Quam Capital to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of the EGM will be dispatched to the Shareholders at a date no later than 31 October 2007.

DEFINITIONS

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

“Aggregate Consideration Shares”	collectively, (i) the Zhejiang JV Consideration Shares; (ii) the Shanghai Maple JV Consideration Shares; (iii) the Zhejiang Kingkong JV Consideration Shares; (iv) the Zhejiang Ruhoo JV Consideration Shares; and (v) the Hunan Geely JV Consideration Shares
“Agreements”	collectively, (i) Associated Companies’ Agreements; and (ii) Zhejiang Fulin Guorun Equity Transfer Agreement
“Associated Companies”	collectively, (i) the Zhejiang JV; (ii) the Shanghai Maple JV; (iii) the Zhejiang Kingkong JV; (iv) the Zhejiang Ruhoo JV; and (v) the Hunan Geely JV
“Associated Companies’ Agreements”	collectively, (i) the Zhejiang JV Equity Transfer Agreement; (ii) the Shanghai Maple JV Equity Transfer Agreement; (iii) the Zhejiang Kingkong JV Equity Transfer Agreement; (iv) the Zhejiang Ruhoo JV Equity Transfer Agreement; and (v) the Hunan Geely JV Equity Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Beijing Geely University”	北京吉利大學, a private university established in the PRC, located at Chang Ping Sector of Zhong Guan Cun Science and Technology Park, Beijing, the PRC (中國北京市中關村昌平科技園) and beneficially owned as to 85% by Mr. Li and his associates and 15% by Mr. Luo Xiao Ming who is an independent third party of Proper Glory and parties acting in concert with it
“Board”	the board of Directors
“CBU”	Complete Buildup Unit (整車), a complete vehicle after the final assembly
“CKD”	Complete Knock Down or CKD (整車成套件), a complete kit needed to assemble a vehicle
“Centurion”	Centurion Industries Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in investment holding
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Associated Companies’ Agreements and the Zhejiang Fulin Guorun Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Co-operation Agreement (Beijing)”	the agreement, being one of the Other Project Documents, dated 17 September 2007 entered into between the Company and Beijing Geely University as referred to under the sub-section headed “Co-operation Agreement (Beijing)” of the section headed “Other Project Documents” of this announcement
“Co-operation Agreement (Zhejiang)”	the agreement, being one of the Other Project Documents, dated 17 September 2007 entered into between the Company and Zhejiang Economic Management College as referred to under the sub-section headed “Co-operation Agreement (Zhejiang)” of the section headed “Other Project Documents” of this announcement
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened to approve the Agreements, the Guarantees, the continuing connected transactions contemplated under the Other Project Documents and their respective annual caps, the increase in authorized share capital of the Company and the Whitewash Waiver
“Executive”	The Executive Director of the Corporate Finance Division of the SFC or any of his/her delegate
“Geely Group”	Geely Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Li
“Geely Holding”	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited), a private limited liability company incorporated in Zhejiang Province, the PRC, and is owned as to 90% by Mr. Li and as to 10% by Mr. Li Xing Xing, the son of Mr. Li, respectively
“Geely Holding Group”	Geely Holding and its subsidiaries
“Group”	the Company and its subsidiaries
“Guarantees”	guarantees to be provided by the Group on loans obtained or to be obtained by the Geely Holding Group pursuant to the Loan Guarantee Agreement
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hunan Geely JV”	湖南吉利汽車部件有限公司 (Hunan Geely Automobile Components Company Limited), a sino-foreign joint venture established in the PRC with limited liability which is owned as to 53.19% by Zhejiang Haoqing and as to 46.81% by Centurion, respectively
“Hunan Geely JV Consideration Shares”	14,272,000 new Shares to be issued by the Company to Zhejiang Haoqing as consideration under the Hunan Geely JV Equity Transfer Agreement
“Hunan Geely JV Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Centurion and Zhejiang Haoqing which sets out the principal terms of the transfer of a 44.19% interest in the registered capital of Hunan Geely JV to Centurion

“Independent Board Committee”	the independent committee of the Board comprising only the independent non-executive Directors to be established for the purpose of advising the Independent Shareholders on, among other things, the terms of the Other Project Documents and the annual caps in relation to the continuing connected transactions contemplated under the Other Project Documents
“Independent Shareholders”	Shareholders other than Proper Glory and Geely Group, Mr. Li and their respective associates and parties acting in concert with any of them
“Lease Agreement”	the agreement, being one of the Other Project Documents, dated 17 September 2007 entered into between the Company and Geely Holding and Zhejiang Economic Management College as referred to under the sub-section headed “Lease Agreement” of the section headed “Other Project Documents” of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Guarantee Agreement”	the agreement, being one of the Other Project Documents, dated 17 September 2007 entered into between the Company and Geely Holding as referred to under the sub-section headed “Loan Guarantee Agreement” of the section headed “Other Project Documents” of this announcement
“Mr. Li”	Mr. Li Shu Fu, a Director holding 48.07% beneficial interest in the issued share capital of the Company
“Other Project Documents”	collectively, (i) the Services Agreement; (ii) the Co-operation Agreement (Beijing); (iii) the Co-operation Agreement (Zhejiang); (iv) the Loan Guarantee Agreement; and (v) the Lease Agreement
“PRC”	the People’s Republic of China
“Proper Glory”	Proper Glory Holding Inc., a company incorporated in the British Virgin Islands and is wholly-owned by the Geely Group, is a substantial shareholder of the Company.

“Properties”	collectively, (i) one parcel of adjoining land with a total site area of approximately 117,652.41 sq.m. on which are constructed one building and various ancillary structures located at Linhai City, Zhejiang Province; (ii) one parcel of adjoining land with a total site area of approximately 5,481.73 sq.m. on which are constructed one building and various ancillary structures located at Linhai City, Zhejiang Province; and (iii) four parcels of adjoining land with a total site area of approximately 94,672.47 sq.m. on which are constructed five buildings and various ancillary structures located at Taizhou City, Zhejiang Province
“Quam Capital”	Quam Capital Limited, a corporation licensed 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 (i) the terms of the Agreements; (ii) the Whitewash Waiver; (iii) the terms of the Other Project Documents; and (iv) the annual caps in relation to the continuing connected transactions contemplated under the Other Project Documents
“Restructuring”	the transactions contemplated under the Associated Companies’ Agreements and the Zhejiang Fulin Guorun Equity Transfer Agreement
“Sedan Tool Kit(s)”	a tool kit(s) for subsequent basic repairs and maintenance of the sedan (隨車工具包)
“Services Agreement”	the agreement, being one of the Other Project Documents, dated 17 September 2007 entered into between the Company and the Geely Holding as referred to under the sub-section headed “Services Agreement” of the section headed “Other Project Documents” of this announcement
“SFC”	The Securities and Futures Commission of Hong Kong
“Shanghai Maple Automobile”	上海華普汽車有限公司 (Shanghai Maple Automobile Company Limited), a limited liability company incorporated in the PRC and is owned as to 90.00% by Geely Holding and as to 10.00% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Company Limited) respectively, which is in turn owned by the senior management of Geely Holding. It is principally engaged in the manufacturing and sales of automobile and related components, and manufacturing of air conditioning related parts

“Shanghai Maple JV”	上海華普國潤汽車有限公司 (Shanghai Maple Guorun Automobile Company Limited), a sino-foreign joint venture established in the PRC with limited liability and owned as to 53.19% by Shanghai Maple Automobile and as to 46.81% by Value Century, respectively
“Shanghai Maple JV Consideration Shares”	293,976,000 new Shares to be issued by the Company to Shanghai Maple Automobile as consideration under the Shanghai Maple JV Equity Transfer Agreement
“Shanghai Maple JV Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Value Century and Shanghai Maple Automobile which sets out the principal terms of the transfer of a 44.19% interest in the registered capital of Shanghai Maple JV to Value Century
“Share(s)”	share(s) of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Value Century”	Value Century Group Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and is principally engaged in investment holding
“Whitewash Waiver”	the waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code
“Zhejiang Economic Management College”	浙江經濟管理專修學院, a private higher education institution established in the PRC, located at Cheng Dong Geely Education Centre, Linhai City, Zhejiang Province, the PRC (中國浙江省臨海市城東吉利教育中心) and beneficially owned as to 100% by Mr. Li and his associates
“Zhejiang Fulin Automobile”	浙江福林汽車零部件有限公司 (Zhejiang Fulin Automobile Parts and Components Company Limited), a company incorporated in the PRC and is owned as to 25% by Mr. Pan Ju Lin and 75% by Mr. Chen Xiao Jie, who are independent third parties of Proper Glory and parties acting in concert with it. It is principally engaged in investment holding

“Zhejiang Fulin Guorun”	浙江福林國潤汽車零部件有限公司 (Zhejiang Fulin Guorun Automobile Parts and Components Company Limited), a company incorporated in the PRC and owned as to 51% by Centurion and 49% by Zhejiang Fulin Automobile, respectively
“Zhejiang Fulin Guorun Equity Transfer Agreement”	the agreement dated 13 July 2007 entered into between Centurion and Zhejiang Fulin Automobile which sets out the principal terms of the transfer of a 49% interest in the registered capital of Zhejiang Fulin Guorun to Centurion
“Zhejiang Geely Merrie”	浙江吉利美日汽車有限公司 (Zhejiang Geely Merrie Automobile Company Limited), a limited liability company incorporated in the PRC and is owned as to 90.00% by Geely Holding and as to 10.00% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Company Limited) respectively, which is in turn owned by the senior management of Geely Holding. It is principally engaged in manufacturing and managing of automobile, automobile power generators and related components. It is also engaged in exporting of products it produces and importing machineries, accessories and raw materials required in its business
“Zhejiang Haoqing”	浙江豪情汽車製造有限公司 (Zhejiang Haoqing Automobile Manufacturing Company Limited), a company incorporated in the PRC with limited liability, and is beneficially owned as to 90% by Geely Holding and as to 10% by 浙江華普資產管理有限公司 (Zhejiang Maple Assets Management Co. Ltd) respectively, which is in turn owned by the senior management of Geely Holding. It is principally engaged in manufacturing and distribution of Haoqing’s series models
“Zhejiang JV”	浙江吉利汽車有限公司，前稱浙江吉利國潤汽車有限公司 (Zhejiang Geely Automobile Company Limited, formerly known as Zhejiang Geely Guorun Automobile Company Limited), a sino-foreign joint venture company incorporated in the PRC, and owned as to 53.19% by Zhejiang Geely Merrie and 46.81% by Centurion, respectively
“Zhejiang JV Consideration Shares”	776,408,000 new Shares to be issued by the Company to Zhejiang Geely Merrie as consideration under the Zhejiang JV Equity Transfer Agreement

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

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

$$RMB1 = HK\$1.0365$$

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

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

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

Hong Kong, 17 September 2007

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

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