



吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(FORMERLY KNOWN AS GUORUN HOLDINGS LIMITED 國潤控股有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock code: 175)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. Results

The Board of directors (the “Board”) of Geely Automobile Holdings Limited (the “Company”) is pleased to announce the audited consolidated income statement of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2003 together with the comparative figures for 2002 as follows:

	Notes	2003 HK'000	2002 HK'000
Turnover	a	39,872	71,820
Cost of sales		<u>(31,900)</u>	<u>(51,879)</u>
Gross profit		7,972	19,941
Other operating income		644	2,466
Distribution and selling expenses		(1,165)	(6,627)
Administrative expenses		(19,271)	(29,417)
Other operating expenses		<u>(757)</u>	<u>(10,895)</u>
Loss from operations	c	(12,577)	(24,532)
Finance costs		(153)	(10,330)
Share of results of associates		68,350	(2,022)
Allowance for advance to an associate		–	(75,000)
Gain on disposal of subsidiaries		–	173
Profit (loss) before taxation		55,620	(111,711)
Income tax expense	d	<u>(237)</u>	<u>(52)</u>
Profit (loss) before minority interests		55,383	(111,763)
Minority interests		<u>2,103</u>	<u>5,782</u>
Net Profit (loss) for the year		<u>57,486</u>	<u>(105,981)</u>
Earnings (loss) per share – basic	e	<u><u>HK1.6 cents</u></u>	<u><u>HK(4.3) cents</u></u>

a. Turnover

Turnover represents the aggregate of the sales revenue arising from information and technology related business and sales of automobile parts and components and is analysed as follows:

	2003 HK\$'000	2002 HK\$'000
Sales revenue from information and technology related businesses:		
– service income from system integration services	39,500	45,531
– sales of software and hardware	–	22,397
Sales of automobile parts and components	372	–
Rental income	–	3,650
Others	–	242
	<u>39,872</u>	<u>71,820</u>

b. Business and Geographical Segments

Business segments

For management purposes, the Group is organised into four operating divisions – manufacturing and trading of automobile and related automobile components, information technology, investment holding, property development and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Automobile – manufacturing and trading of automobile parts and related automobile components
- Information technology – information technology and related business
- Investment holding – investment holding and others

In prior years, the Group was also involved in the following primary segments:

- Property development – sale of properties
- Property investment – leasing of properties

These operations were discontinued with effect from 28 June 2002.

Subsequent to the balance sheet date, following the disposal of the entire 51% interest in Deep Treasure Investment Limited (“Deep Treasure”) and its subsidiaries, the operations of information technology was discontinued from 30 March 2004.

Segment information about the continuing and discontinuing businesses is presented below.

For the year ended 31 December 2003

	Continuing operations		Discontinuing operations	Consolidated <i>HK'000</i>
	operations Automobile <i>HK'000</i>	Investment holding <i>HK'000</i>	Information technology <i>HK'000</i>	
REVENUE				
External sales	<u>372</u>	<u>–</u>	<u>39,500</u>	<u>39,872</u>
RESULT				
Segment result	<u>(55)</u>	<u>(14)</u>	<u>(2,012)</u>	(2,081)
Unallocated corporate expenses				<u>(10,496)</u>
Loss from operations				(12,577)
Finance costs	(4)	–	(149)	(153)
Share of results of associates	68,358	–	(8)	<u>68,350</u>
Profit before taxation				55,620
Income tax expense				<u>(237)</u>
Profit before minority interests				<u>55,383</u>
BALANCE SHEET				
	Continuing operations		Discontinuing operations	Consolidated <i>HK'000</i>
	operations Automobile <i>HK'000</i>	Investment holding <i>HK'000</i>	Information technology <i>HK'000</i>	
ASSETS				
Segment assets	568,614	10,494	24,080	<u>603,188</u>
LIABILITIES				
Segment liabilities	(642)	(7,128)	(20,421)	(28,191)
Unallocated liabilities				<u>(3,562)</u>
				<u>(31,753)</u>

OTHER INFORMATION

	Continuing operations		Discontinuing operations	Consolidated HK'000
	operations Automobile HK'000	Investment holding HK'000	Information technology HK'000	
Capital additions	3,685	73	219	3,977
Depreciation	36	65	1,132	1,233
Loss on disposal of property, plant and equipment	<u>–</u>	<u>2</u>	<u>40</u>	<u>42</u>

For the year ended 31 December 2002

	Continuing operations		Discontinuing operations			Consolidated HK'000
	Automobile HK'000	Investment holding HK'000	Information technology HK'000	Property development HK'000	Property investment HK'000	
REVENUE						
External sales	<u>–</u>	<u>–</u>	<u>67,928</u>	<u>–</u>	<u>3,892</u>	<u>71,820</u>
RESULT						
Segment result	<u>–</u>	<u>(5,097)</u>	<u>(1,055)</u>	<u>(9,013)</u>	<u>2,727</u>	<u>(12,438)</u>
Unallocated corporate expenses						<u>(12,094)</u>
Loss from operations						(24,532)
Finance costs						(10,330)
Share of results of associates	–	3,407	–	(5,429)	–	(2,022)
Allowance for advance to an associate	–	–	–	(75,000)	–	(75,000)
Gain on disposal of subsidiaries						<u>173</u>
Loss before taxation						(111,711)
Income tax expense						<u>(52)</u>
Loss before minority interests						<u>(111,763)</u>

BALANCE SHEET

	Continuing operations		Discontinuing operations			Consolidated HK'000
	Automobile HK'000	Investment holding HK'000	Information technology HK'000	Property development HK'000	Property investment HK'000	
ASSETS						
Segment assets	–	1,521	22,204	–	–	<u>23,725</u>
LIABILITIES						
Segment liabilities	–	(9,234)	(17,680)	–	–	(26,914)
Unallocated corporate liabilities						<u>(2,345)</u>
						<u>(29,259)</u>

OTHER INFORMATION

	Continuing operations		Discontinuing operations			Consolidated HK'000
	Automobile HK'000	Investment holding HK'000	Information technology HK'000	Property development HK'000	Property investment HK'000	
Capital additions	–	–	1,305	–	–	1,305
Depreciation	–	323	1,563	–	–	1,886
Allowance for properties held for sale	–	–	–	4,784	–	4,784
Allowance for advance to an associate	–	–	–	75,000	–	75,000
Impairment losses recognised	–	–	–	4,229	–	4,229
Deficit on revaluation of investment properties	–	–	–	–	1,882	1,882

Geographical segments

The Group's activities and operations are based in the PRC, including Hong Kong. Accordingly, a geographical analysis is not presented.

c. Loss from Operations

	2003 HK'000	2002 HK'000
Loss from operations has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	8,343	13,680
Retirement benefits scheme contributions	206	223
Total staff costs	8,549	13,903
Auditors' remuneration	483	280
Depreciation and amortisation	1,233	1,886
Loss on disposal of property, plant and equipment	42	–
Deficit on valuation of investment properties	–	1,882
Allowance for properties held for sale	–	4,784
Impairment loss recognised in respect of land pending development	–	4,229
Interest income from:		
bank deposits	(37)	(10)
advances to associates	–	(652)

d. Income Tax Expense

	2003 HK'000	2002 HK'000
PRC income tax of subsidiaries	–	52
Share of taxation attributable to an associate	237	–
	237	52

Hong Kong Profits Tax has not been provided for the year as the companies within the Group had no estimated assessable profits in Hong Kong.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are entitled to an exemption from PRC income tax for the two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

The charge for the year ended 31 December 2002 represent enterprise income tax provided by the subsidiaries with operations in the PRC at the applicable rates on their assessable profits.

e. Earnings (Loss) per share

The calculation of the basic earnings (loss) per share is based on the net profit for the year of HK\$57,486,000 (2002: net loss for the year of HK\$105,981,000) and on the weighted average number of 3,614,785,000 (2002: 2,474,719,000) shares in issue during the year.

No diluted earnings per share for the year ended 31 December 2003 is presented as there is no dilutive potential shares in existence during the year. No diluted loss per share for the year ended 31 December 2002 had been presented as the exercise price of the share options were higher than the average market value per share.

2. MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's turnover amounted to HK\$39,872,000 for the year ended 31 December 2003, representing a decrease of approximately 44.5% as compared to the previous year. The earnings attributable to shareholders amounted to HK\$57,486,000, compared to a net loss of HK\$105,981,000 in previous year. Basic earnings per share was approximately HK1.6 cents (2002: basic loss per share HK4.3 cents).

The Board does not recommend any payment of final dividend for the year ended 31 December 2003 (2002: nil).

The Company successfully returned to profitability during the year, mainly due to the net profit after tax attributable of HK\$68,027,000 to the Group from Zhejiang Geely Guorun Automobile Company Limited ("Geely Guorun") during the seven-month operating period and from Shanghai Maple Guorun Automobile Company Limited ("Maple Guorun") during the one-month operating period.

Business Overview

After reorganization and transformation, the Group's automobile manufacturing business has returned to its track, and successfully penetrated into the robust sedan market in China, thus a turnaround for 2003 results was recorded.

On 30 March 2003, the Group successfully entered into an joint venture agreement with Geely Holdings Limited ("Geely Holding"), a renowned automobile manufacturing enterprise, and its subsidiaries for the establishment of a sino-foreign joint venture company named as Geely Guorun. The Group held approximately 46.8% of the registered capital of Geely Guorun which was principally engaged in the manufacturing of economic class sedans in Beilun Economic and Technological Development Zone, Ningbo, Zhejiang Province. On 10 October 2003, both parties entered into an agreement to increase the total investment in Geely Guorun and its registered capital, with their shareholdings remained unchanged. Geely Guorun has changed its name to Zhejiang Geely Automobile Co. Ltd on 23 March 2004.

On 10 October 2003, the Group entered into an joint venture agreement with Geely Holding and its subsidiary Shanghai Maple Automobile Company Limited ("Shanghai Maple") for the establishment of Maple Guorun which is owned as to 46.8% and 53.2% by the Group and Shanghai Maple respectively. Maple Guorun was principally engaged in the manufacturing of economic class sedans in Shanghai Jinshan Fengjing Industrial Zone.

On 5 December 2003, the Group entered into an agreement with Zhejiang Fulin Automobile Parts & Components Company Limited for the establishment of a joint venture company named as Zhejiang Fulin Guorun Automobile Parts & Components Company Limited which the Group held 51% of its equity interest, to manufacture automobile parts and components in Taizhou, Zhejiang Province.

The establishment of the above two associated companies and one subsidiary has not only consolidated the foundation of the Group's investments in the PRC automobile industry, but also enabled the business of the Group to be successfully transformed to and positioned in automobile manufacturing and its related businesses.

Outlook

The Group is committed to complete the technological enhancement plans in the 2 associated companies in order to increase the combined production capacity. ABS, EBD, automatic gearboxes and other high-end components will eventually be added to all lines of models. The Group is in full speed to prepare the launch of various modified models and the new 中韓一號 (CK-1) with the aim of increase its market share, the average price level and the profit margin. The associated companies plans to sell 125,000 automobiles in domestic and overseas markets in 2004, amongst which Geely Beauty Leopard sports cars to account for over 8,000 of them.

Equity financing activities

The Group entered into 2 top-up placing transactions in 2003. The first transaction took place on 18 March 2003, with 100,000,000 shares being placed at HK\$0.55 per share and raised net proceeds of about HK\$53,421,000. In the second transaction dated 17 September 2003, 680,000,000 shares were placed at HK\$0.7 per share and raised net proceeds of about HK\$462,371,000. The net proceeds had been used for further capital injection into Geely Guorun and investment of Maple Guorun. The Placements were well-received by the market and were fully subscribed.

Other events

On 5 January 2004, Mr. Li Shu Fu, through his wholly-owned private company, Geely Group Limited, acquired a 32% equity interest in Proper Glory Holding Inc (“Proper Glory”), the controlling shareholder of Geely Automobile, from Mr. Wong Hing Kwok and Venture Link Assets Ltd, and consequently became one of the largest shareholders of Proper Glory. Proper Glory held 2,500,000,000 shares of Geely Automobile, representing about 60.68% of the issued share capital of Geely Automobile. As a result of the acquisition, Mr. Li Shu Fu was indirectly interested in about 20% of shares of Geely Automobile.

On 1 March 2004, a special resolution was passed to change the Company’s name from “Guorun Holdings Limited” to “Geely Automobile Holdings Limited” to signify the Group’s recent major investment in the PRC automobile industry.

Pursuant to a subscription agreement on 22 April 2002, the Group exercised a put option on 30 March 2004 by entering into a sale and purchase agreement for disposal of the entire issued share capital of Deep Treasure owned by it to Fook Cheung for a consideration of HK\$5,500,000.

A resolution will be submitted to the forthcoming annual general meeting to increase the authorised capital of the Company from HK\$100,000,000 to HK\$160,000,000 by the addition thereto of HK\$60,000,000, divided into 3,000,000,000 shares of HK\$0.02 each and rank pari passu with all existing shares.

Liquidity and Financial Resources

Net current assets

As at 31 December 2003, the Group had net current assets of about HK\$14,681,000. As at 31 December 2003, the current assets included inventories of about HK\$7,358,000, cash and bank balance of about HK\$15,823,000 and receivables and other current assets of about HK\$12,582,000. Current liabilities included bank borrowings of about HK\$2,537,000, payables and other current liabilities of about HK\$18,545,000. Certain of the Group’s buildings with net book value of about HK\$2,419,000 were pledged to secure the banking facilities granted to the Group.

Directors’ opinions on the financial resources

Financial position of the Group had improved compared to 2002. As at 31 December 2003, the current ratio (current asset/current liabilities) increased from 1.5 to 1.7. The shareholder equity plus minority interests had changed from a negative figure, -HK\$5,534,000 to a positive figure, HK\$571,435,000.

Employees’ remuneration policy

As at 31 December 2003, the total number of employees of the Group including associates was about 2,864. Employees’ remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into account the overall performance of the working staff and market condition. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC.

Prospects

Looking forward, with the investment in the joint venture companies, the Group will be able to benefit from the giant growth potential of the automobile manufacturing and sales business in the PRC. In anticipation of further expanding the scope of co-operation in automobile business with Geely Holding, the Group will continue to devote its entire effort to develop the automobile business. By capitalizing on the Group’s precise business strategies and the management’s dedication to exploring business opportunities, the Board believes that future profitability of the Group will further be enhanced, thereby maximizing shareholders’ return.

3. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2003.

4. DIRECTORS OF THE COMPANY

Executive directors:

Mr. He Xuechu
Mr. Ku Wai Kwan
Mr. Zhou Teng
Mr. Wong Hing Kwok
Mr. Xu Xing Yao (appointed on 6 March 2003)
Mr. Zhang Zhe (appointed on 5 September 2003)
Mr. Nan Yang (appointed on 18 December 2003)
Mr. Ang Siu Lun, Lawrence (appointed on 23 February 2004)
Mr. Dong Xing Quan (appointed on 3 April 2003 and resigned on 30 June 2003)

Independent non-executive directors:

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

In accordance with Articles 99 & 116 of the Company's Articles of Association, Mr. Zhang Zhe, Mr. Nan Yang, Mr. Ang Siu Lun, Lawrence, Mr. Zhou Teng and Mr. Ku Wai Kwan shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

5. CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2003 with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

6. AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purpose of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises Messrs. Lee Cheuk Yin, Dannis and Liu Ming Hui, who are the independent non-executive directors of the Company.

7. PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The Company's 2003 annual report containing all the informations required by paragraphs 45(1) to 45(3) (both paragraphs inclusive) of Appendix 16 to the Listing Rules will be submitted to The Stock Exchange for uploading onto the Stock Exchange's website (www.hkex.com.hk) in due course.

By Order of the Board
Geely Automobile Holdings Limited
HE Xue Chu
Chairman

Hong Kong, 15 April 2004

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of GEELY AUTOMOBILE HOLDINGS LIMITED (the "Company") will be held at the Chief Executive Suites II and III, Grand Hyatt Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 May 2004 at 3:00p.m. for the following purposes:

As Ordinary Business

1. To receive and consider the report of the directors, audited financial statements and auditors' report for the year ended 31 December 2003.
2. To re-elect retiring directors and to authorise the directors to fix the remuneration of the directors.
3. To re-appoint auditors and to authorise the directors to fix the remuneration of the auditors.

As Special Business

To consider and, if thought fit, pass the following resolutions as an ordinary resolution or special resolution of the Company:

Ordinary resolutions

4. “THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to purchase issued shares of HK\$0.02 each in the capital of the Company subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors;
- (c) the aggregate nominal amount of the shares which are authorised to be purchased by the directors of the Company pursuant to the approval in paragraph (a) 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 this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company’s articles of association to be held; or
 - (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.

5. “THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers 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 of the Company pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or (ii) the share option scheme of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” shall have the same meaning as that ascribed to it under resolution no. 4 as set out in the notice convening the meeting of which this resolution forms part; and

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

6. “**THAT** conditional upon the passing of the resolutions nos. 4 and 5 as set out in the notice convening the meeting of which these resolutions form part, the general mandate granted to the directors of the Company pursuant to the resolution no. 5 as set out in the notice convening the meeting of which this resolution forms part be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of share capital of the Company purchased by the Company under the authority granted pursuant to the resolution no. 4 as set out in the notice convening the meeting of which this resolution forms part, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”
7. “**THAT** the authorised capital of the Company be increased from HK\$100,000,000 to HK\$160,000,000 by the addition thereto of HK\$60,000,000, divided into 3,000,000,000 shares of HK\$0.02 each and rank pari passu with all existing shares.”

Special resolution

8. “**THAT** the articles of association (the “Articles”) of the Company be and are hereby amended by:
- (a) adding the following definition in Article 2:
- | | |
|----------------|--|
| “associate(s)” | “associate(s)” in relation to any Director, has the meaning ascribed to it under the Listing Rules;” |
|----------------|--|
- (b) deleting the definition “subsidiary and holding company” in its entirety and substituting the following new definitions in Article 2:
- | | |
|-------------------|--|
| “holding company” | “holding company” shall the meanings attributed to it under the Companies Ordinance;” |
| subsidiary | “subsidiary” shall have the meaning as ascribed to it under the Listing Rules or if the Companies Ordinance provides otherwise, the meaning under the Companies Ordinance;”; |
- (c) deleting the following definitions in their entirety and substituting the following new definitions in Article 2:
- | | |
|-----------------------------|--|
| “the Companies Law/the Law” | “the Companies Law” or “the Law” shall mean the Companies Law (2003 Revision), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor; |
| the Company | “the Company” or “this Company” shall mean Geely Automobile Holdings Limited; |
| Hong Kong | “Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China and its dependencies; |
| recognised clearing house | “recognised clearing house” shall mean a recognised clearing house as referred to in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or a clearing house or authorised share depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction; |
| share | “share” shall mean a share in the capital of the Company;”; |

- (d) deleting the existing Article 3 in its entirety and replace with the following new Article 3:
- “3. The capital of the Company at the date of the adoption of these Articles is HK\$160,000,000 divided into 8,000,000,000 shares of HK\$0.02 each;”;
- (e) deleting the existing Article 16 in its entirety and replace with the following new Article 16:
- “16 Every person whose name is entered as a member in the register shall be entitled without payment to receive, within the relevant time limit as prescribed in the Law or as the Exchange may from time to time determine, whichever is shorter, after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide), one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming an Exchange board lot, upon payment, in the case of a transfer, of a sum equal to the relevant maximum amount as the Exchange may from time to time determine for every certificate after the first or such lesser sum as the Board shall from time to time determine, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the register.”;
- (f) adding the following to the end of Article 75(c) after the word “retiring”:
- “No person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing by some member (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company at least 7 days before the date of the general meeting appointed for such election. The period for lodgment of the notice required under this article shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting, provided that such period shall be at least 7 days.”;
- (g) deleting the existing Article 80 in its entirety and replace with the following new Article 80:
- “80. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded by:
- (a) the Chairman of the meeting; or
 - (b) at least five members present in person or by proxy and entitled to vote; or
 - (c) any member or members present in person or in the case of a corporation, by its duly authorised representative or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
 - (d) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.
- Unless a poll is so required or demanded and, in the latter case, not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company’s book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.”;

- (h) adding the following sentence in Article 85 after the words “.....by proxy shall have one vote for each share registered in his name in the register.” but before the words “On a poll a member entitled to more than one vote.....”:

“Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a member of the Company which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.”;

- (i) adding the following new Article 85A immediately after Article 85:

“85A Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”;

- (j) deleting the existing Article 96(b) and substituting the following new Article 96(b):

“(b) If a clearing house (or its nominee(s)) is a member of the Company it may, by resolution of its directors or other governing body or by power of attorney, appoint such person or persons as it thinks fit to act as its proxy or proxies or representative(s), to the extent permitted by applicable laws, at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so appointed, the proxy form or authorisation shall specify the number and class of shares in respect of which each such person is so appointed. A person so appointed pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee(s)) which he represents as that clearing house (or its nominee(s)) could exercise if it were an individual member of the Company holding the number and class of shares specified in such proxy form or authorisation including without limitation the right to vote individually on a show of hands.”;

- (k) deleting the existing Article 107(c) and substituting therefor the following new Article 107(c):

“(c) Save as otherwise provided by the Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Directors approving any contract or arrangement or any other proposal in which he or any of his associates has to the knowledge of such Director a material interest, but this prohibition shall not apply to any of the following proposals, contracts or arrangements, namely:-

- (i) the giving of any security or indemnity either:-

- (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
- (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5 per cent or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:-

- (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s) as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.”;
- (l) deleting the existing Article 107(e) and substituting therefor the following new Article 107(e):
- “(e) If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than the chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director or his associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed to the other Directors. If any question as aforesaid shall arise in respect of the chairman of the meeting or his associate(s), such question shall be decided by a resolution of the Directors (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman or his associate(s) as known to such chairman has not been fairly disclosed to the other Directors. For the purposes of this paragraph and in relation to an alternate Director, an interest of his appointor or his associate(s) shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.”;
- (m) deleting the existing Article 107(f) in its entirety and replace with the following new Article 107(f):
- “(f). Deleted”;
- and **THAT** any director of the Company be and is hereby authorised to take such further action as he/she may, in his/her sole and absolute discretion, think fit for and on behalf of the Company to implement the aforesaid amendments to the existing Articles.”

9. To transact any other business.

By Order of the Board
GEELY AUTOMOBILE HOLDINGS LIMITED
He Xue Chu
Chairman

Hong Kong, 15 April 2004

Notes:

- 1) The Register of Members of the Company will be closed from Tuesday, 11 May 2004 to Tuesday, 18 May 2004 (both days inclusive), for the purpose of establishing the entitlement of members to vote at the meeting convened by the above notice. During this period, no transfer of shares of the Company will be registered. In order to qualify for voting, all transfers of shares of the Company, accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Registrar in Hong Kong, Standard Registrars Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Hong Kong not later than 4:00 p.m. on Monday, 10 May 2004.
- 2) Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- 3) In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's principal office in Hong Kong at Room 2301, 23/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
- 4) With respect to the resolution set out in resolution no. 4 of the notice, approval is being sought from shareholders for a general mandate to be given to the directors to purchase shares of the Company.
- 5) With respect to the resolutions set out in resolution nos. 5 and 6 of the notice, approval is being sought from shareholders for general mandates to be given to the directors to allot, issue and deal with shares of the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- 6) An explanatory statement containing the information with respect to the resolutions set out in resolution nos. 4 to 6 of the notice of the meeting will be sent to the shareholders together with the 2003 Annual Report.

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