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

If you have sold or transferred all your securities in Geely Automobile Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**GENERAL MANDATES TO REPURCHASE SECURITIES
AND TO ISSUE NEW SECURITIES
AND AMENDMENTS TO THE ARTICLES**

A notice of the Annual General Meeting to 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 3:00 p.m. is set out in the 2003 Annual Report. A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed with the 2003 Annual Report which has been despatched to the Shareholders together with this circular. Whether or not you intend to attend and vote at the Annual General Meeting in person, please complete the form of proxy enclosed with the 2003 Annual Report in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong at Room 2301, 23/F. Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

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RESPONSIBILITY STATEMENT

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

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to 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 3:00 p.m., or any adjournment thereof (or as the case may be)
“Articles”	the articles of association of the Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Geely Automobile Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, and the securities of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	a general mandate to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	authority to repurchase the fully paid up Shares of up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution in relation thereof

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.
“2003 Annual Report”	the annual report of the Company for the year ended 31 December 2003

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. He Xue Chu
Mr. Xu Xing Yao
Mr. Ang Siu Lun, Lawrence
Mr. Ku Wai Kwan
Mr. Zhou Teng
Mr. Zhang Zhe
Mr. Nam Yang
Mr. Wong Hing Kwok

Independent non-executive Directors:

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

Registered office:

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

*Principal Place of Business
in Hong Kong:*

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

23 April 2004

To the Shareholders

Dear Sir/Madam,

**GENERAL MANDATES TO REPURCHASE SECURITIES
AND TO ISSUE NEW SECURITIES
AND AMENDMENTS TO THE ARTICLES**

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain ordinary and special resolutions to be proposed at the Annual General Meeting to enable you to make an informed decision on whether to vote for or against those resolutions.

At the Annual General Meeting, resolutions, amongst others, will be proposed for the Company to approve (i) the general mandates to be given to the Directors to exercise all the powers to repurchase fully paid up securities and to issue new securities of the Company; and (ii) the amendments to the Articles to align with the amended Listing Rules which have become effective on 31 March 2004 and the SFO which has become effective on 1 April 2003.

LETTER FROM THE BOARD

GENERAL MANDATES TO REPURCHASE SECURITIES AND TO ISSUE NEW SECURITIES

General mandate to repurchase securities

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given the Repurchase Mandate. Under the Repurchase Mandate, the maximum number of Shares that the Company may repurchase shall not exceed 10% of the issued and fully paid up share capital of the Company as at the date of passing of the resolution. The Company's authority is restricted to repurchase securities of the Company on the market in accordance with the Listing Rules. The mandate allows the Company to make purchases only during the period ending on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by the Articles or any applicable law of the Cayman Islands or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company.

In accordance with the Listing Rules, an explanatory statement is set out in Appendix I of this circular to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed ordinary resolution for the grant of the Repurchase Mandate at the Annual General Meeting.

General mandate to issue new securities

At the Annual General Meeting, a resolution will also be proposed that the Directors be given the General Mandate in order to ensure flexibility and discretion to the Directors to issue new securities. In addition, a resolution will also be proposed to extend the General Mandate by adding to it the number of such securities repurchased under the Repurchase Mandate.

INCREASE IN AUTHORISED CAPITAL

At the Annual General Meeting, a resolution will also be proposed 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.

AMENDMENTS TO THE ARTICLES

The Stock Exchange has revised the Listing Rules and the amended Listing Rules have become effective on 31 March 2004. In addition, the SFO has become effective on 1 April 2003.

The Board therefore proposes to make certain amendments to the Articles in compliance with the amended Listing Rules and at the same time bring the Articles up to date with the SFO.

It is proposed that the definition of "clearing house" within the meaning of the SFO will be adopted. An amendments to Articles 85 and 96(b) will be proposed so that Hong Kong Securities Clearing Company Limited, a recognised clearing house under the SFO, and/or its nominees can appoint multiple proxies/corporate representatives to attend and vote at any shareholders' meeting as provided under the SFO.

LETTER FROM THE BOARD

The corporate governance issues including, among other things, disclosure of information on proposed directors before election at general meeting and notices to be given in relation thereto, and voting of members at general meeting and of directors at board meeting on any matter in which the directors and/or his associates have a material interests as required under Appendix 3 to the new Listing Rules will also be incorporated in the proposed amendments to the Articles.

Set out in the special resolution numbered 8 in the notice of Annual General Meeting on pages 32 of the 2003 Annual Report are amendments to the Articles are proposed. A summary of the proposed amendments are also set out in the Appendix II of this circular.

ANNUAL GENERAL MEETING

A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed with the 2003 Annual Report which has been despatched to the Shareholders together with this circular. Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to complete the form of proxy enclosed with the 2003 Annual Report in accordance with the instructions printed thereon and return it to the principal office of the Company in Hong Kong at Room 2301, 23/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

Pursuant to Article 80, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the Shareholders present in person, but a poll may be demanded (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) by the Chairman or by:

- (a) at least 5 Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote at the meeting; or
- (b) any Shareholder or Shareholders 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 the Shareholders having the right to vote at the meeting; or
- (c) any Shareholder or Shareholders 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that (i) the proposed granting of the Repurchase Mandate and the General Mandate to the Directors; and (ii) the proposed amendments to the Articles are in the best interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions 4 to 7 to be proposed at the Annual General Meeting in respect thereof.

Yours faithfully,
For and on behalf of
Geely Automobile Holdings Limited
He Xue Chu
Chairman

This Appendix serves as an explanatory statement required by Rule 10.06(1)(b) of the Listing Rules to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions.

LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

All proposed repurchases of shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval.

(b) Source of funds

Repurchases of shares must be funded entirely from the company's available cashflow or working capital facilities and will be made out of funds legally available for such purpose in accordance with the company's memorandum and Articles and the laws of the Cayman Islands.

REASONS FOR SECURITIES REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders to continue to have a general authority from the Shareholders to enable the Directors to repurchase securities of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

SHARE CAPITAL

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

FUNDING OF REPURCHASE

In repurchasing securities, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities and will be made out of funds legally available for such purpose in accordance with its memorandum and Articles and the applicable laws of the Cayman Islands.

It is envisaged that the funds required for any repurchase of securities would be derived from the capital paid up on the Shares being repurchased and from the distributable profits of the Company.

The exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital or gearing level of the Company as compared with the position disclosed in its most recent published audited accounts as at 31 December 2003. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital or gearing level of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any securities to the Company or its subsidiaries (as defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)).

No connected person has notified the Company that he/she has a present intention to sell any securities to the Company nor has undertaken not to sell any of the securities held by him/her to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING OF THE DIRECTORS

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

EFFECT OF THE TAKEOVERS CODE

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

As at the Latest Practicable Date, Proper Glory Holding Inc. ("Proper Glory"), the only substantial shareholder (as defined in the Listing Rules) of the Company holding more than 10% of the issued share capital of the Company, held a total of 2,500,000,000 Shares representing 60.68% of the issued share capital of the Company. In the event that the Directors exercise the Repurchase Mandate in full to

APPENDIX I EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

repurchase Shares which is proposed to be granted under the proposed Repurchase Mandate, the shareholding of Proper Glory, together with parties presumed to be acting in concert with it, in the Company will not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Repurchase Mandate.

The Listing Rules prohibit a company from making repurchase Shares if the result of the repurchase would be that less than 25 per cent. (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. Assuming that there is no further issue of Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate in whole or in part will not result in less than 25 per cent. of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed percentage.

SHARE REPURCHASES BY THE COMPANY

The Company did not repurchase any of its securities (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	0.67	0.56
May	0.62	0.56
June	0.65	0.58
July	0.70	0.63
August	0.76	0.67
September	0.81	0.65
October	0.92	0.84
November	0.86	0.75
December	0.79	0.76
2004		
January	0.94	0.79
February	0.86	0.83
March	1.05	0.87

This appendix summarizes the proposed amendments to the Articles to reflect the legislative changes to the SFO which has become effective on 1 April 2003 and to incorporate the changes that are required under the revised Listing Rules which have become effective on 31 March 2004.

Article 2 – Interpretation

New definitions of “associate(s)”, “the Companies Law/the Law”, “the Company”, “holding company”, “Hong Kong”, “recognised clearing house”, “share” and “subsidiary” will be added to bring the Articles up to date with the Listing Rules and the latest legislation.

Article 3 – Capital of the Company

Article 3 will be amended as the capital of the Company has been increased from HK\$100,000,000 to HK\$160,000,000.

Article 16 – Time limit for issuance of share certificates by the Company

Article 16 will be amended to allow the Company to issue share certificate to the Shareholders within the relevant time limit as prescribed in law or as the Stock Exchange may from time to time determine.

Article 75(c) – Appointment of Directors

Article 75(c) will be amended to specify the lodgement period of the nomination of directors by shareholders, which will 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.

Article 80 – Demand for a poll

Article 80 will be amended from three members present in person to five members present in person.

Articles 85 and 96(b) – Proxy appointed by clearing house

Articles 85 and 96(b) will be amended so that Hong Kong Securities Clearing Company Limited, a recognised clearing house under the SFO, and/or its nominees can appoint multiple proxies to attend and vote at any shareholders’ meeting as provided under the SFO.

Article 85A – Voting restrictions under Listing Rules

Article 85A will be added pursuant to the revised Listing Rules so that where any shareholder is subject to voting restrictions under the Listing Rules, any votes cast by or on behalf of such shareholder in contravention of such restriction shall not be counted.

Articles 107(c), 107(e) and 107(f) – Director’s interests

Article 107(c) and 107(e) will be amended to provide that Directors shall not vote for transactions in which they or their associates have a material interest. The new interpretation of “associate(s)” under the revised Listing Rules will also be adopted. Article 107(c) will also be amended so that a Director’s vote shall not be counted in the quorum present at a meeting at which any contract or arrangement in which he or his associates is materially interested is considered. Article 107(e) will be added to provide resolutions when questions relating to material interest of a Director or his associate(s) arise. Article 107(f) will be deleted due to the adoption of the new definition of “associate(s)” in Article 2.