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If you have sold or transferred all your shares 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)

**REFRESHMENT OF THE SCHEME MANDATE LIMIT
OF THE SHARE OPTION SCHEME
AND GRANT OF OPTIONS**

**Independent financial adviser to the independent shareholders
of Geely Automobile Holdings Limited**



Quam Capital Limited

Financial Services Group

A letter from the Board is set out on pages 4 to 18 of this circular. A letter from Quam Capital, the independent financial adviser to the Independent Shareholders is set out on pages 19 to 32 of this circular.

A notice of the Extraordinary General Meeting to be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Tuesday, 31 July 2007 at 10:00 a.m. is set out on pages 33 to 34 of this circular. A form of proxy for use by the Shareholders at the Extraordinary General Meeting is also enclosed. Whether or not you intend to attend and vote at the Extraordinary General Meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. as soon as practicable but in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary 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 herein misleading.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 20 June 2007 in relation to the Proposed Refreshment and the proposed grant of Options;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares 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;
“Director(s)”	the directors of the Company;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Tuesday, 31 July 2007 at 10:00 a.m., to consider and, if thought fit, approve the Proposed Refreshment and the proposed grant of Options;
“Grantees”	the proposed grantees of the Options;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Shareholders”	the shareholders of the Company other than the Grantees;
“Latest Practicable Date”	11 July 2007, 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;
“New Option (1)”	the options proposed to be granted on terms and conditions identical to those under Old Option (1);

DEFINITIONS

“New Option (2)”	the options proposed to be granted on terms and conditions identical to those under Old Option (2);
“New Option (3)”	the options proposed to be granted on terms and conditions identical to those under Old Option (3);
“New Option (4)”	the options proposed to be granted on terms and conditions identical to those under Old Option (4);
“Old Options”	Old Option (1), Old Option (2), Old Option (3) and Old Option (4);
“Old Option (1)”	the options granted under the Share Option Scheme on 23 February 2004;
“Old Option (2)”	the options granted under the Share Option Scheme on 5 August 2005;
“Old Option (3)”	the options granted under the Share Option Scheme on 23 May 2006;
“Old Option (4)”	the options granted under the Share Option Scheme on 28 November 2006;
“Options”	New Option (1), New Option (2), New Option (3) and New Option (4);
“Option Shares”	Shares to be issued upon the exercise of the Options;
“PRC”	the People’s Republic of China;
“Proposed Refreshment”	the 10% limit under the Share Option Scheme proposed to be refreshed by the Independent Shareholders at the Extraordinary General Meeting pursuant to which the Board may grant share options to eligible participants to subscribe up to 10% of the Shares in issue as at the date of the Extraordinary General Meeting;
“Quam Capital”	Quam Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Shareholders in relation to the terms of the Proposed Refreshment and the proposed grant of Options;

DEFINITIONS

“Restructuring”	the restructuring of the Company as set out in the announcement of the Company dated 2 May 2002;
“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon the exercise of all options to be granted under the Share Option Scheme and other share option schemes;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	Shares of HK\$0.02 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Share Option Scheme”	the share option scheme adopted by the Company on 31 May 2002;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price for the Shares under the Options; and
“%”	per cent.

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. Li Shu Fu
Mr. Gui Sheng Yue
Mr. Xu Gang
Mr. Yang Jian
Mr. Ang Siu Lun, Lawrence
Mr. Liu Jin Liang
Mr. Yin Da Qing, Richard
Mr. Zhao Jie
Dr. Zhao Fuquan

Independent non-executive Directors:

Mr. Lee Cheuk Yin, Dannis
Mr. Song Lin
Mr. Yeung Sau Hung, Alex

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

13 July 2007

To the Shareholders

Dear Sir/Madam,

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME AND GRANT OF OPTIONS

1. INTRODUCTION

Reference is made to the announcement of the Company dated 20 June 2007. The Board proposed to grant options to the Grantees to subscribe an aggregate of 280,020,000 Shares. The Shares to be issued upon the exercise in full of the Options represent approximately 5.49% of the existing issued share capital of the Company and approximately 5.21% of the issued share capital of the Company as enlarged by the issue of the Option Shares. It is the intention of the Company that the Old Options granted under the Share Option Scheme will be cancelled in full upon the granting of the Options.

As the proposed grant of Options will exceed the existing Scheme Mandate Limit, the Board proposed to refresh the Scheme Mandate Limit of the Share Option Scheme.

LETTER FROM THE BOARD

The purpose of this circular is:

- (i) to provide the Shareholders with further details of the Proposed Refreshment and the proposed grant of Options;
- (ii) to set out the opinion of Quam Capital to advise the Independent Shareholders in respect of the terms of the Proposed Refreshment and the proposed grant of Options; and
- (iii) to give notice of the Extraordinary General Meeting to consider and, if thought fit, to approve the Proposed Refreshment and the proposed grant of Options.

2. BACKGROUND

The Company adopted the Share Option Scheme on 31 May 2002. Pursuant to Note (1) to Rule 17.03(3) of the Listing Rules, the total number of securities which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of the Company in issue as at the date of approval of the scheme. The number of Shares subject to the existing Scheme Mandate Limit under the Share Option Scheme is 34,026,490 Shares (on a consolidated basis), representing 10% of the issued share capital of the Company as at 31 May 2002, the date of adoption of the Share Option Scheme.

As at the Latest Practicable Date, options to subscribe an aggregate of 302,500,000 Shares have been granted under the Share Option Scheme, of which options to subscribe 22,480,000 Shares have been cancelled and no options have been exercised. The grant of Old Option (1), Old Option (2), Old Option (3) and Old Option (4) have been disclosed in the annual reports of the Company for the three years ended 31 December 2006. During an internal audit exercise, the Company has discovered that the Old Options have exceeded the Scheme Mandate Limit and the relevant grant is considered not to be in compliance with the provisions of Note (1) to Rule 17.03(3) of the Listing Rules. At and around the time of the adoption of the Share Option Scheme, the Company has undergone the Restructuring comprising share consolidation and subscription of new Shares. Due to an administrative error, the Scheme Mandate Limit has been inadvertently calculated on the basis of the enlarged issued share capital of the Company after completion of the Restructuring rather than on the basis of the issued share capital on the date of adoption of the Share Option Scheme. The Scheme Mandate Limit has not been refreshed.

A. Proposed Refreshment

The Share Option Scheme was adopted to recognise and acknowledge the contributions of the Group's employees and other selected grantees made or may have made to the Group. The Share Option Scheme will provide the grantees with an opportunity to have a personal stake in the Company with the view to achieving the objectives of motivating the grantees to optimize their performance efficiency for the benefit of the Company, and to attract and retain or otherwise maintain on-going relationships with the grantees whose contributions are or will be beneficial to the long-term growth of the Group.

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As the existing Scheme Mandate Limit has been exceeded, the Directors proposed to refresh the Scheme Mandate Limit to the 10% provided under Chapter 17 of the Listing Rules so as to provide the Company with the flexibility of granting further share options under the Share Option Scheme and to provide incentives to, and recognise the contributions of, the Group's employees and other selected grantees.

It is proposed that subject to the approval of the Independent Shareholders at the Extraordinary General Meeting and such other requirements prescribed under the Listing Rules, the Scheme Mandate Limit will be refreshed so that the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all other schemes of the Company shall not exceed 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Independent Shareholders at the Extraordinary General Meeting and share options previously granted under the Share Option Scheme and/or any other share option scheme(s) of the Company, including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme or such other schemes of the Company will not be counted for the purpose of the Proposed Refreshment.

As at the Latest Practicable Date, the Company has 5,095,674,364 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of approving the Proposed Refreshment by the Independent Shareholders, the maximum number of Shares which may fall to be issued upon the exercise of all share options that may be granted by the Company under the Proposed Refreshment would be 509,567,436 Shares, representing 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Independent Shareholders at the Extraordinary General Meeting.

B. Proposed grant of Options

Old Option (1), Old Option (2), Old Option (3) and Old Option (4) form part of the incentives provided to the management and staff of the Group and are an important make-up of the remuneration package of the employees. Such options under the Share Option Scheme have been granted to over a hundred employees who have made and are expected to continue to make contributions to the Group. The Directors consider that it is important and in the interest of the Company to honouring the options previously granted. The Company proposed to grant the Options to the Grantees on the same terms and conditions as the options granted under Old Option (1), Old Option (2), Old Option (3) and Old Option (4), respectively upon the approval of the Proposed Refreshment.

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New Option (1)

It is proposed that the terms and number of Shares under New Option (1) mirror those under Old Option (1). Pursuant to New Option (1), options to subscribe 35,000,000 Shares will be granted to Mr. Ang Siu Lun, Lawrence, an executive Director, representing 0.69% of the issued share capital of the Company as at the Latest Practicable Date, at the subscription price of HK\$0.95 per Share. New Option (1) is exercisable from the date of grant to 22 February 2009. The number of options to be granted, the subscription price for the options and the remaining period that the options may be exercised of New Option (1) will be identical to Old Option (1) granted on 23 February 2004. However, as the minimum holding period applicable to Old Option (1) has already expired, the exercise of New Option (1) would not be subject to any minimum vesting period.

The Subscription Price of HK\$0.95 per Share for New Option (1) represents (i) a discount of approximately 22.76% of the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on 20 June 2007, being the last trading day immediately before the release of the Announcement; (ii) a discount of approximately 24.00% to the average closing price of HK\$1.25 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 20 June 2007; (iii) a premium of approximately 15.85% of the closing price of the Shares of HK\$0.82 on 23 February 2004, the date of the grant of Old Option (1); and (iv) a premium of approximately 11.76% to the average closing price of HK\$0.85 for the last 5 trading days up to and including 23 February 2004.

New Option (2)

It is proposed that the terms and number of Shares under New Option (2) mirror those under Old Option (2). Pursuant to New Option (2), options to subscribe an aggregate of 217,600,000 Shares will be granted to Mr. Ang Siu Lun, Lawrence, Mr. Gui Sheng Yue, Mr. Xu Gang, Mr. Yang Jian, Mr. Liu Jin Liang, Mr. Yin Da Qing, Richard and Mr. Zhao Jie, all executive Directors, and 73 employees of the Group, representing 4.27% of the issued share capital of the Company as at the Latest Practicable Date, at the subscription price of HK\$0.70 per Share. New Option (2) is exercisable from the date of grant to 4 August 2010. The number of options to be granted, the subscription price for the options and the remaining period that the options may be exercised of New Option (2) are identical to Old Option (2) granted on 5 August 2005. However, as the minimum holding period applicable to Old Option (2) has already expired, the exercise of New Option (2) would not be subject to any minimum vesting period.

The Subscription Price of HK\$0.70 per Share for New Option (2) represents (i) a discount of approximately 43.09% of the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on 20 June 2007, being the last trading day immediately before the release of the Announcement; (ii) a discount of approximately 44.00% to the average closing price of HK\$1.25 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 20 June 2007; (iii) a premium of approximately 34.62% of the closing price of the Shares of HK\$0.52 on 5 August 2005, the date of the grant of Old Option (2); and (iv) a premium of approximately 32.1% to the average closing price of HK\$0.53 for the last 5 trading days up to and including 5 August 2005.

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New Option (3)

It is proposed that the terms and number of Shares under New Option (3) mirror those under Old Option (3). Pursuant to New Option (3), options to subscribe an aggregate of 12,420,000 Shares will be granted to Mr. Song Lin, Mr. Lee Cheuk Yin, Dannis, and Mr. Yeung Sau Hang, Alex, all independent non-executive Directors, and 54 employees of the Group, representing 0.24% of the issued share capital of the Company as at the Latest Practicable Date, at the subscription price of HK\$0.93 per Share. New Option (3) is exercisable from the date of grant to 16 May 2011. The number of options to be granted, the subscription price for the options and the remaining period that the options may be exercised of New Option (3) are identical to Old Option (3) granted on 23 May 2006. However, as the minimum holding period applicable to Old Option (3) has already expired, the exercise of New Option (3) would not be subject to any minimum vesting period.

The Subscription Price of HK\$0.93 per Share for New Option (3) represents (i) a discount of approximately 24.39% of the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on 20 June 2007, being the last trading day immediately before the release of the Announcement; (ii) a discount of approximately 25.60% to the average closing price of HK\$1.25 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 20 June 2007; (iii) a premium of approximately 17.72% of the closing price of the Shares of HK\$0.79 on 23 May 2006, the date of the grant of Old Option (3); and (iv) a premium of approximately 9.41% to the average closing price of HK\$0.85 for the last 5 trading days up to and including 23 May 2006.

New Option (4)

It is proposed that the terms and number of Shares under New Option (4) mirror those under Old Option (4). Pursuant to New Option (4), options to subscribe an aggregate of 15,000,000 Shares will be granted to Dr. Zhao Fuquan, an executive Director and an employee of the Group, representing 0.29% of the issued share capital of the Company as at the Latest Practicable Date, at the subscription price of HK\$0.89 per Share. Subject to the minimum vesting period described below, New Option (4) is exercisable from the date of grant to 27 November 2011. The number of options to be granted, the subscription price for the options and the remaining period that the options may be exercised of New Option (4) are identical to Old Option (4) granted on 28 November 2006. Pursuant to the terms of Old Option (4), two-thirds of the options under New Option (4) will only be exercisable after 28 November 2007, with one-third of the options exercisable at any time from the date of grant to 27 November 2011.

The Subscription Price of HK\$0.89 per Share for New Option (4) represents (i) a discount of approximately 27.64% of the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on 20 June 2007, being the last trading day immediately before the release of the Announcement; (ii) a discount of approximately 28.80% to the average closing price of HK\$1.25 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 20 June 2007; (iii) a premium of approximately 3.49% of the

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closing price of the Shares of HK\$0.86 on 28 November 2006, the date of the grant of Old Option (4); and (iv) equivalent to the average closing price of HK\$0.89 for the last 5 trading days up to and including 28 November 2006.

The following table summarises the Options proposed to be granted to the Grantees:

Name of Grantee	Number of Shares held as at the Latest Practicable Date	Proposed Options to be granted	Approximate percentage attributable to the Options as at the Latest Practicable Date	Subscription price of the Options (HK\$)	Expiry of the exercise period attaching to the Options	Number of Shares held upon full conversion of the Options	Approximate shareholding upon full exercise of the Options (%)
Ang Siu Lun,	2,270,000	35,000,000	0.69	0.95	22.2.2009	47,270,000	0.88
Lawrence		10,000,000	0.20	0.70	4.8.2010		
Gui Sheng Yue	-	23,000,000	0.45	0.70	4.8.2010	23,000,000	0.43
Xu Gang	-	23,000,000	0.45	0.70	4.8.2010	23,000,000	0.43
Yang Jian	-	23,000,000	0.45	0.70	4.8.2010	23,000,000	0.43
Liu Jin Liang	-	18,000,000	0.35	0.70	4.8.2010	18,000,000	0.33
Yin Da Qing,							
Richard	-	16,000,000	0.31	0.70	4.8.2010	16,000,000	0.30
Zhao Jie	-	18,000,000	0.35	0.70	4.8.2010	18,000,000	0.33
Zhao Fuquan	-	12,000,000	0.24	0.89	27.11.2011	12,000,000	0.22
Song Lin	-	1,000,000	0.02	0.93	16.5.2011	1,000,000	0.02
Lee Cheuk Yin,							
Dannis	-	1,000,000	0.02	0.93	16.5.2011	1,000,000	0.02
Yeung Sau Hang,							
Alex	-	1,000,000	0.02	0.93	16.5.2011	1,000,000	0.02
Employees	-	86,600,000	1.70	0.70	4.8.2010	86,600,000	1.61
	-	9,420,000	0.18	0.93	16.5.2011	9,420,000	0.18
	-	3,000,000	0.06	0.89	27.11.2011	3,000,000	0.06
		<u>280,020,000</u>	<u>5.49</u>			<u>282,290,000</u>	<u>5.26</u>

The Options have terms of not less than one year and not more than five years. Upon the exercise in full of the Options, an aggregate of 280,020,000 Shares will be issued. It is the intention of the Company that the Old Options granted under the Share Option Scheme will be cancelled in full upon the granting of the Options.

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C. Conditions Precedent to the proposed grant of the Options

As the proposed grant of the Options will exceed the existing Scheme Mandate Limit, in compliance with Note (1) to Rule 17.03(3) of the Listing Rules, the Company thus proposed to refresh the Scheme Mandate Limit of the Share Option Scheme. The proposed grant of Options is subject to:

- (i) the approval by the Independent Shareholders of the Proposed Refreshment at the Extraordinary General Meeting;
- (ii) the approval by the Independent Shareholders of the proposed grant of Options; and
- (iii) the approval of the Listing Committee of the Stock Exchange for the proposed refreshment of the Scheme Mandate Limit and granting the listing of, and permission to deal in, the Shares that fall to be issued upon the exercise of any share options that may be granted pursuant to the Share Option Scheme under the Proposed Refreshment.

The approvals to be sought at the Extraordinary General Meeting will be by poll where Mr. Ang Siu Lun, Lawrence, one of the Grantees who is interested in 2,270,000 Shares as at the Latest Practicable Date, and his associates will abstain from voting. The other Grantees are not interested in any Shares as at the Latest Practicable Date.

Application will be made to the Stock Exchange for the listing of, and the permission to deal in, the Shares which fall to be issued upon the exercise of any share options that may be granted pursuant to the Share Option Scheme under the Proposed Refreshment.

As each of the independent non-executive Directors is a Grantee and is considered to be interested in the transactions contemplated herein, no independent board committee will be formed. Quam Capital has been appointed as the independent financial adviser to advise the Independent Shareholders on the terms of the Proposed Refreshment and the proposed grant of the Options. Upon the approval of the Proposed Refreshment, the independent non-executive Directors of the Company will hold a meeting to approve the granting of the Options in accordance with the requirements of Rule 17.04(1) of the Listing Rules. The independent non-executive Director will abstain from voting for the board resolution when the proposed grant of the Options is to himself.

D. Waiver from strict compliance from the requirements of the Listing Rules

The Directors consider that the Old Options form an important part of the remuneration package of the management and the employees. As the Old Options have exceeded the Scheme Mandate Limit and is considered not to be in compliance with Note (1) to Rule 17.03(3) of the Listing Rules, the Company intends to cancel the Old Options and grant the Options to the Grantees on the same terms and conditions as the options granted under Old Option (1), Old Option (2), Old Option (3) and Old Option (4), respectively.

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Since the exercise price of each of Old Option (1), Old Option (2), Old Option (3) and Old Option (4) is lower than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant, and that the Directors consider that it is important to grant the Options on the same terms as the Old Options in order to maintain the remuneration package that the Company has offered to the management and the employees, the Company has applied to the Stock Exchange for a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules in respect of the exercise price of the Options. Save for Note (1) to Rule 17.03(9) of the Listing Rules, the proposed grant of the Options complies with all the other provisions of Chapter 17 of the Listing Rules.

E. Voting, dividend, transfer and other rights

The Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the Grantee as a holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of the Options will rank *pari passu* with and will have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue.

There is no performance target to be met by the Grantees for the exercise of the Options. A consideration of HK\$1.00 is payable to the Company upon acceptance of the Options.

F. Grantees

The particulars of the Grantees are as follows:

Mr. Gui Sheng Yue, aged 43, joined the Group on 9 June 2005 as an executive Director. He is responsible for the administration of the Company. Mr. Gui has over 20 years experience in administration and project management. Mr. Gui had worked at China Resources (Holdings) Company Limited and he holds a Bachelor of Science degree in mechanical engineering from Xian Jiaotong University and a Master degree in business administration from University of San Francisco. Mr. Gui was appointed as the Chief Executive Officer of the Company with effect from 23 February 2006.

Mr. Xu Gang, aged 45, joined the Group on 9 June 2005 as an executive Director. He is responsible for the business development and administration of Shanghai Maple Automobile Company Limited ("Shanghai Maple"). Mr. Xu is also the Vice Chairman of Zhejiang Geely Holding Group Company Limited. Mr. Xu graduated from the Guanghua Management School of Beijing University and holds an EMBA degree. Mr. Xu is an expert in business management and has 23 years of experience in the management of various government departments, including Zhejiang Provincial Finance Bureau and Zhejiang Local Taxation Bureau. Mr. Xu was accredited as "The Best 10 Chinese Management Talents", "The Best CEO/President of Private Automobile Enterprises in 2003" and "The Best 10 Economic Youths in Shanghai in 2005" by pertinent organizations in China.

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Mr. Yang Jian, aged 45, joined the Group on 9 June 2005 as an executive Director. He is responsible for the overall administration of Zhejiang Geely Automobile Company Limited. Mr. Yang is also the First Vice President of Zhejiang Geely Holding Group Company Limited and Head of Zhejiang Geely Automobile Research Institute Ltd., which is 90% owned by Shanghai Maple. Mr. Yang is also the chairman of the two associated companies of the Group, namely Zhejiang Kingkong Automobile Company Limited (“Zhejiang Kingkong”) and Zhejiang Ruhoo Automobile Company Limited (“Zhejiang Ruhoo”). Mr. Yang graduated from the Zhejiang Radio and Television University with focus on production management. Since joining Zhejiang Geely Holding Group Company Limited in 1995, Mr. Yang was involved in a number of different job functions, including production management, quality control, general administration, research and development and project management.

Mr. Ang Siu Lun, Lawrence, aged 46, joined the Group on 23 February 2004 as an executive Director and is mainly responsible for international business development, capital market and investors’ relationship of the Group. He holds a Bachelor of Science degree in Physics and Computer Science and a Master of Business Administration degree from the Chinese University of Hong Kong. Prior to joining the Group, he worked in a number of major international investment banks for 17 years with extensive experience in equity research, investment banking and financial analysis, focusing on China asset market, automobile industry and investment banking business.

Mr. Yin Da Qing, Richard, aged 57, joined the Group on 9 June 2005 as an executive Director. Mr. Yin is the Vice President and Chief Financial Officer of Zhejiang Geely Holding Group Company Limited. Mr. Yin holds a Bachelor Degree in English from Wuhan University and an Advanced Certificate in Administration of Economy from the Postgraduate Institute of China Academy of Social Science. Mr. Yin has 34 years of experience in accounting and finance and held key executive positions in various Chinese and multinational companies in China, including Dupont Textile, Dupont Agricultural Chemicals, Brilliance Holding and Shenyang Jinbei Passenger Vehicle Manufacturing Co. Ltd.

Mr. Liu Jin Liang, aged 40, joined the Group on 9 June 2005 as an executive Director and was previously responsible for all the sales functions of Zhejiang Geely Automobile Company Limited in China. Mr. Liu is now responsible for the overall operations of Shanghai Maple and Shanghai LTI Automobile Components Company Limited. Mr. Liu is the Vice President of Zhejiang Geely Holding Group Company Limited and General Manager of Zhejiang Geely Automobile Sales Co. Ltd., which is 90%-owned by Zhejiang Geely. Mr. Liu graduated from the Capital University of Economics and Business, focusing on industrial management. Prior to joining Zhejiang Geely Holding Group Company Limited in 1995, Mr. Liu held a number of management positions in several major hotels in China. Mr. Liu has about 10 years experience in the marketing and sales of motor vehicles in China.

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Mr. Zhao Jie, aged 40, joined the Group on 15 September 2005 as an executive Director and is responsible for the export business of the Group. Mr. Zhao is the Vice President of Zhejiang Geely Holding Group Company Limited and a founder of Geely International Corporation. Mr. Zhao has over 8 years of experience in marketing management in the international automotive market. Mr. Zhao obtained a graduate certificate of the EMBA program from the Enterprise Research Centre of Peking University and has 10 years of experience in public administration.

Dr. Zhao Fuquan, aged 43, joined the Group on 17 November 2006 as an executive Director. Dr. Zhao is the Vice President of Zhejiang Geely Holding Group Company Limited (“Geely Holding”) and General Manager of Geely European and American Automobile Industrial Park Limited. Dr. Zhao obtained a doctorate degree in Engineering Science from the Hiroshima University in Japan and has years of on-the-job work experience in Japan, United Kingdom and United States of America. Prior to joining Geely Holding, Dr. Zhao was the Research Executive of Technical Affairs of DaimlerChrysler and Vice President of Shenyang Brilliance JinBei Automobile Company Limited and General Manager of its Research & Development (R&D) Centre. Dr. Zhao, one of the main authors in international automobile magazines, has written 5 English books and has published more than 100 academic dissertation papers on automobile technology. Dr. Zhao was awarded 2 patents in the United States and has won many prizes and awards, including the Forest R. McFarland Award in year 2001 by the Society of Automotive Engineers (SAE). Dr. Zhao was accredited as a Fellow by the SAE in April 2006. Dr. Zhao is currently a part-time professor in Jilin University, Tongji University, Tianjin University, Huazhong University of Science & Technology, Dalian University of Technology and Hunan University.

Mr. Song Lin, aged 44, joined the Group as an independent non-executive Director on 27 September 2004. He holds a Bachelor’s Degree in mechanics from the University of Tong Ji in Shanghai, China. He is concurrently Vice Chairman and President of China Resources (Holdings) Company Limited and China Resources National Corporation, Chairman of China Resources Enterprise, Limited (HK Stock Code 291), China Resources Power Holdings Company Limited (HK Stock Code 836) as well as China Resources Land Limited (HK Stock Code 1109). Mr. Song is also the Deputy Chairman of China Vanke Co., Ltd., which is a listed company in China.

Mr. Lee Cheuk Yin, Dannis, aged 36, joined the Group as an independent non-executive Director on 28 June 2002. He graduated from the Texas A & M University, the USA. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. He possesses over 10 years of experience in accounting and auditing field. Mr. Lee is an executive director of AMVIG Holdings Limited (HK Stock Code 2300) and a non-executive director of Norstar Founders Group Limited (HK Stock Code 2339).

LETTER FROM THE BOARD

Mr. Yeung Sau Hung, Alex, aged 57, joined the Group as an independent non-executive Director on 6 June 2005. Mr. Yeung is the Chief Executive Officer of DBS Vickers Hong Kong since 1 September 2002. Mr. Yeung is a MBA graduate from the University of Southern California and brings with him more than 20 years' experience in the financial services industry. His experience includes investment research, securities operations, equity sales, primary equities origination and syndication and general management. Prior to joining DBS Vickers, Mr. Yeung was the Deputy Chairman of the management committee of a listed consumer electronics company for four years. Before that, he was the Country Head of Greater China Equities and the Managing Director of Deutsche Securities Hong Kong.

The other Grantees

The other Grantees comprise a total of 128 employees of the Group, who are primarily senior and middle management and technical staff of the Group. Details on the number of Options to be granted to each of the other Grantees are as below:

No.	Name	Capacity	Total options granted	Exercise Price	Expiry of Options
1.	Chen Wen Ming	Employee	700,000	HK\$0.70	4 August 2010
2.	Chen Yin	Employee	750,000	HK\$0.70	4 August 2010
3.	Yu Xue Liang	Employee	750,000	HK\$0.70	4 August 2010
4.	Zhang Ai Qun	Employee	900,000	HK\$0.70	4 August 2010
5.	Xu Kang	Employee	700,000	HK\$0.70	4 August 2010
6.	Pan Ling Zhu	Employee	550,000	HK\$0.70	4 August 2010
7.	Chen Rui	Employee	500,000	HK\$0.70	4 August 2010
8.	Wang Guo Yong	Employee	300,000	HK\$0.70	4 August 2010
9.	Yue Jiu Dong	Employee	300,000	HK\$0.70	4 August 2010
10.	Zhou Qiang	Employee	400,000	HK\$0.70	4 August 2010
11.	Duan Mu Xiao Lou	Employee	300,000	HK\$0.70	4 August 2010
12.	Jing Shao Lie	Employee	500,000	HK\$0.70	4 August 2010
13.	Ye Ming Chuan	Employee	500,000	HK\$0.70	4 August 2010
14.	Li Jie	Employee	500,000	HK\$0.70	4 August 2010
15.	Chen Li Sheng	Employee	400,000	HK\$0.70	4 August 2010
16.	Qiu Jun Rong	Employee	300,000	HK\$0.70	4 August 2010
17.	Zhang Zheng Zhu	Employee	300,000	HK\$0.70	4 August 2010
18.	Zhao Hua Li	Employee	300,000	HK\$0.70	4 August 2010
19.	Zhao Qing Zhang	Employee	300,000	HK\$0.70	4 August 2010
20.	Hu Bian Jiang	Employee	300,000	HK\$0.70	4 August 2010
21.	Chen Jian Guo	Employee	500,000	HK\$0.70	4 August 2010
22.	Zhou Miao De	Employee	300,000	HK\$0.70	4 August 2010
23.	Sun Ping	Employee	300,000	HK\$0.70	4 August 2010
24.	Weng Xiao Dong	Employee	600,000	HK\$0.70	4 August 2010
25.	Ye Wei Lie	Employee	600,000	HK\$0.70	4 August 2010
26.	Wu Cheng Ming	Employee	600,000	HK\$0.70	4 August 2010

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No.	Name	Capacity	Total options granted	Exercise Price	Expiry of Options
27.	Zhou Yi Ping	Employee	600,000	HK\$0.70	4 August 2010
28.	Zhang Bo Lin	Employee	500,000	HK\$0.70	4 August 2010
29.	Xu Zhao Hui	Employee	400,000	HK\$0.70	4 August 2010
30.	Jin Qi	Employee	650,000	HK\$0.70	4 August 2010
31.	Xu Hai Bo	Employee	600,000	HK\$0.70	4 August 2010
32.	Liu Xin Sheng	Employee	500,000	HK\$0.70	4 August 2010
33.	Chen Zai Xi	Employee	500,000	HK\$0.70	4 August 2010
34.	Zheng Zhu Bao	Employee	300,000	HK\$0.70	4 August 2010
35.	Liang Shao Zhou	Employee	300,000	HK\$0.70	4 August 2010
36.	Yu Wei	Employee	750,000	HK\$0.70	4 August 2010
37.	Hu Xiong Wang	Employee	600,000	HK\$0.70	4 August 2010
38.	Bao Zu Yue	Employee	500,000	HK\$0.70	4 August 2010
39.	Shen Fu Ming	Employee	400,000	HK\$0.70	4 August 2010
40.	Lei Fang Fu	Employee	500,000	HK\$0.70	4 August 2010
41.	Yu Bo Jun	Employee	500,000	HK\$0.70	4 August 2010
42.	Pan Zai Fa	Employee	500,000	HK\$0.70	4 August 2010
43.	Hua Fu Lin	Employee	400,000	HK\$0.70	4 August 2010
44.	Cui Xiao Li	Employee	400,000	HK\$0.70	4 August 2010
45.	Gu Yong Ting	Employee	400,000	HK\$0.70	4 August 2010
46.	Wang Xing	Employee	300,000	HK\$0.70	4 August 2010
47.	Xu Bin Kuan	Employee	750,000	HK\$0.70	4 August 2010
48.	Wang You Ru	Employee	750,000	HK\$0.70	4 August 2010
49.	Liu Xu Hui	Employee	500,000	HK\$0.70	4 August 2010
50.	Liu Jian Quan	Employee	600,000	HK\$0.70	4 August 2010
51.	Chen Kang	Employee	300,000	HK\$0.70	4 August 2010
52.	Huang Hai Yan	Employee	300,000	HK\$0.70	4 August 2010
53.	Jin Wei Min	Employee	600,000	HK\$0.70	4 August 2010
54.	Zhang Ze Feng	Employee	600,000	HK\$0.70	4 August 2010
55.	Yang Bin	Employee	600,000	HK\$0.70	4 August 2010
56.	Nan Sheng Liang	Employee	600,000	HK\$0.70	4 August 2010
57.	Ling Chen	Employee	300,000	HK\$0.70	4 August 2010
58.	Wang Bin	Employee	600,000	HK\$0.70	4 August 2010
59.	Zhu Qi Qian	Employee	500,000	HK\$0.70	4 August 2010
60.	Lui Dao Qu	Employee	550,000	HK\$0.70	4 August 2010
61.	Jin Guang Yu	Employee	500,000	HK\$0.70	4 August 2010
62.	Xiong Zhao Shu	Employee	500,000	HK\$0.70	4 August 2010
63.	Feng Fu Mei	Employee	500,000	HK\$0.70	4 August 2010
64.	Gao Ren Hua	Employee	500,000	HK\$0.70	4 August 2010
65.	Lin Yun Xiang	Employee	300,000	HK\$0.70	4 August 2010
66.	Chen Hang Lin	Employee	300,000	HK\$0.70	4 August 2010
67.	Wang Zhang Jie	Employee	300,000	HK\$0.70	4 August 2010
68.	Ma Yin Chu	Employee	300,000	HK\$0.70	4 August 2010

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No.	Name	Capacity	Total options granted	Exercise Price	Expiry of Options
69.	An Cong Hui	Employee	18,000,000	HK\$0.70	4 August 2010
70.	Gu Wei Ming	Employee	18,000,000	HK\$0.70	4 August 2010
71.	Pan Ju Lin	Employee	16,000,000	HK\$0.70	4 August 2010
72.	Cheung Chung Yan, David	Employee	1,000,000	HK\$0.70	4 August 2010
73.	Dai Yang	Employee	800,000	HK\$0.70	4 August 2010
74.	Wang Fu Qiang	Employee	400,000	HK\$0.93	16 May 2011
75.	Pan Yan Long	Employee	400,000	HK\$0.93	16 May 2011
76.	Yu Ting	Employee	400,000	HK\$0.93	16 May 2011
77.	Xu Fang Jian	Employee	300,000	HK\$0.93	16 May 2011
78.	Zhu Feng	Employee	300,000	HK\$0.93	16 May 2011
79.	Tang Jie	Employee	300,000	HK\$0.93	16 May 2011
80.	Jin Xian Yang	Employee	300,000	HK\$0.93	16 May 2011
81.	Xu Zhi Min	Employee	100,000	HK\$0.93	16 May 2011
82.	Liu Xin	Employee	60,000	HK\$0.93	16 May 2011
83.	Zhu Chao	Employee	60,000	HK\$0.93	16 May 2011
84.	Tu Zhen Tao	Employee	60,000	HK\$0.93	16 May 2011
85.	Zhang Dong Xue	Employee	60,000	HK\$0.93	16 May 2011
86.	Geng Wen Ming	Employee	60,000	HK\$0.93	16 May 2011
87.	Li Yan Song	Employee	60,000	HK\$0.93	16 May 2011
88.	Xu Fu Chun	Employee	60,000	HK\$0.93	16 May 2011
89.	Ye Lu Ping	Employee	60,000	HK\$0.93	16 May 2011
90.	Chen Jun Hua	Employee	60,000	HK\$0.93	16 May 2011
91.	Sun Rong Yue	Employee	60,000	HK\$0.93	16 May 2011
92.	Gao Li	Employee	40,000	HK\$0.93	16 May 2011
93.	Zheng Wei Guo	Employee	40,000	HK\$0.93	16 May 2011
94.	Chen Min Wei	Employee	40,000	HK\$0.93	16 May 2011
95.	Yang Zhi Hai	Employee	40,000	HK\$0.93	16 May 2011
96.	Sun Yan Ning	Employee	40,000	HK\$0.93	16 May 2011
97.	Li You Jin	Employee	40,000	HK\$0.93	16 May 2011
98.	Liu Jun	Employee	40,000	HK\$0.93	16 May 2011
99.	Deng Shu Mao	Employee	40,000	HK\$0.93	16 May 2011
100.	Wang Shun Sheng	Employee	40,000	HK\$0.93	16 May 2011
101.	Xiong Jian Ping	Employee	40,000	HK\$0.93	16 May 2011
102.	Long Qing Yun	Employee	40,000	HK\$0.93	16 May 2011
103.	Dai Shi Hui	Employee	40,000	HK\$0.93	16 May 2011
104.	Chen Ming Hua	Employee	40,000	HK\$0.93	16 May 2011
105.	Hu Zhao You	Employee	40,000	HK\$0.93	16 May 2011
106.	Ye Jian Li	Employee	40,000	HK\$0.93	16 May 2011
107.	Xue Qing Min	Employee	40,000	HK\$0.93	16 May 2011
108.	Xie De Hui	Employee	40,000	HK\$0.93	16 May 2011
109.	Wang Hua	Employee	40,000	HK\$0.93	16 May 2011

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No.	Name	Capacity	Total options granted	Exercise Price	Expiry of Options
110.	Jin Yan An	Employee	40,000	HK\$0.93	16 May 2011
111.	Li Guo Jun	Employee	40,000	HK\$0.93	16 May 2011
112.	Li Guan Qing	Employee	40,000	HK\$0.93	16 May 2011
113.	Zhang Wei Guo	Employee	40,000	HK\$0.93	16 May 2011
114.	Gao Chu Shui	Employee	40,000	HK\$0.93	16 May 2011
115.	Chen Wen Ding	Employee	40,000	HK\$0.93	16 May 2011
116.	Dai Mao Ke	Employee	40,000	HK\$0.93	16 May 2011
117.	Wu Wei Ming	Employee	30,000	HK\$0.93	16 May 2011
118.	Xie Ke Shun	Employee	30,000	HK\$0.93	16 May 2011
119.	Lu Hai Yan	Employee	30,000	HK\$0.93	16 May 2011
120.	Chen Chang Wu	Employee	30,000	HK\$0.93	16 May 2011
121.	Lin Cai Xue	Employee	30,000	HK\$0.93	16 May 2011
122.	Sa Hai Tao	Employee	30,000	HK\$0.93	16 May 2011
123.	Zeng Guo Hua	Employee	20,000	HK\$0.93	16 May 2011
124.	Huang Yi Wei	Employee	20,000	HK\$0.93	16 May 2011
125.	Zhong Ying Hong	Employee	1,700,000	HK\$0.93	16 May 2011
126.	Du Feng	Employee	1,700,000	HK\$0.93	16 May 2011
127.	Gao Guan Ming	Employee	1,700,000	HK\$0.93	16 May 2011
128.	Zhang Peng, Peter	Employee	<u>3,000,000</u>	HK\$0.89	27 November 2011
			<u><u>99,020,000</u></u>		

3. EXTRAORDINARY GENERAL MEETING

A form of proxy for use by Shareholders at the Extraordinary General Meeting is enclosed with this circular. Whether or not you intend to attend and vote at the Extraordinary General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions set out therein and return it to the Company's principal place of business in Hong Kong at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting (as the case may be) 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:

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- (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; or
- (d) any Director or any Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

4. RECOMMENDATIONS

The Directors consider that the Proposed Refreshment and the proposed grant of Options are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the ordinary resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
Geely Automobile Holdings Limited
Li Shu Fu
Chairman

LETTER FROM QUAM CAPITAL

The following is the full text of the letter of advice from Quam Capital, the independent financial adviser to the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Shareholders in respect of the terms of the Options and the Proposed Refreshment.



Quam Capital Limited 華富嘉洛企業融資有限公司

A Member of The Quam Group

13 July 2007

To the Independent Shareholders
Geely Automobile Holdings Limited
Room 2301, 23rd Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Dear Sir or Madam,

GRANT OF OPTIONS AND REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

We refer to our appointment as the independent financial adviser to the Independent Shareholders in respect of the Options and the Proposed Refreshment. Details of the terms of the Options and the Proposed Refreshment are set out in the “Letter from the Board” contained in the circular issued by the Company to the Shareholders dated 13 July 2007 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As the independent financial adviser, our role is to give an independent opinion to the Independent Shareholders as to whether the terms of the Options and the Proposed Refreshment are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the grant of the Options and the Proposed Refreshment respectively.

Quam Capital Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Options and the Proposed Refreshment.

LETTER FROM QUAM CAPITAL

In formulating our recommendation, we have relied on the information and facts supplied by the Company and its advisers, and the opinions expressed by and the representations of the Directors and management of the Company. We have assumed that all the information and representations contained or referred to in the Circular were true and accurate in all respects at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time that they were made and continue to be true at the date thereof. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Directors have confirmed to us that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Options and the Proposed Refreshment, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the proposed grant of the Options and the Proposed Refreshment

(a) The principal business and business development of the Group

The Group is principally engaged in the manufacture and trading of automobile parts and related automobiles in the PRC.

The Group had undergone significant changes in the past few years, during which it was successfully transformed from primarily an information technology service provider to a major automobile manufacturer in the PRC. During its transformation, the Group had implemented a series of expansion plans, including, but not limited to, establishment of new joint ventures, to capture the potential growth opportunities for its business in the PRC automobile industry and to tap into the increasing demand for its sedans in recent years. As a result of these efforts, the Group had established a strong market presence in both the coastal and inner cities of the PRC.

It is noted in its annual report for the year ended 31 December 2006 that the Company has been continuously incurring losses before 2003, with a reported loss of about HK\$111.8 million for 2002. However, it should also be noted that the Group was able to achieve a turnaround in 2003 with a profit after taxation of about HK\$55.4 million. More significantly, the Group had achieved a compound growth rate of about 55.4% per annum for its audited profit after taxation for the four financial years since 2002.

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Furthermore, while the Group had a net liability of about HK\$5.5 million at the year end of 2002, it had been able to remain in a net asset position over the past four years, with an audited net asset value of about HK\$1,050.0 million as at 31 December 2006.

We have discussed with the Company regarding the factors contributing to the Group's successes in business developments and expansions and the improvements in its financial results and position in recent years since 2002. We were advised that one of the key factors was the concerted efforts of the Group's senior management and employees.

Given the above, we concur with the Directors' view that it is important for the Group to ensure the retention of the services of its key management and employees; and the proposed granting of Options and the Proposed Refreshment is in the interests of the Company and the Shareholders as a whole, as these would help to ensure the continued smooth operations and future development of the Group's business.

(b) The Options

(i) *Background of and reasons for the Options*

As at the Latest Practicable Date, pursuant to the Share Option Scheme, the Company had granted the Old Options to most of the Director and over one hundred employees of the Group to subscribe an aggregate of 302,500,000 Shares, of which options to subscribe 22,480,000 Shares in aggregate have been cancelled and no options have been exercised. This exceeds the existing Scheme Mandate Limit of 34,026,490 Shares (the "**Existing Scheme Mandate Limit**") based on the Company's issued share capital on 31 May 2002, being the date of adoption of the Share Option Scheme, and the 10% limit as set out in Note (1) to Rule 17.03(3) of the Listing Rules.

It should be noted that the Existing Scheme Mandate Limit has not been refreshed since the aforesaid adoption date of the Share Option Scheme, and hence the grant of the Old Option (1), and in turn together with the subsequent grants of the other Old Options in aggregate, by the Company is considered not to be in compliance with the provisions of Note (1) to Rule 17.03(3) of the Listing Rules, which has been discovered in its recent internal audit exercise.

We were advised that the aforesaid persistent non-compliance of the Company is attributable to the fact that the Scheme Mandate Limit for the Old Options has been inadvertently calculated on the basis of the enlarged issued share capital of the Company after completion of the Restructuring, instead of on the date of adoption of the Share Option Scheme.

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It is noted that the Company proposed to grant the Options to the Grantees substantially on the same terms and conditions as the Old Options respectively upon the approval of the Proposed Refreshment (the details of the only differences related to option period and exercisability are set out in the section (2)(a) below). It is also noted that the Company intends to cancel the outstanding Old Options granted to the Grantees to subscribe an aggregate of 280,020,000 Shares (the “**Outstanding Old Options**”) in full upon the granting of the Options. The Directors have confirmed to us that a written consent to the termination of the relevant Old Options and acceptance of a replacement option to be granted under the Share Option Scheme has been sought from each of the Grantees. (Please refer to the section 2 below for more details on the principal terms of the Options)

Based on our discussion with the management of the Company regarding the Old Options, it is our understanding that the Old Options form part of the incentive schemes provided to the relevant grantees who have made and are expected to continue to make contributions to the Group’s business, and are an important composition of their respective remuneration packages. We were also advised that the purposes of the grant of the Old Options to the relevant grantees are to recognise and acknowledge the effort expended by them in supporting the business development of the Group in the recent years as discussed in the sub-section (a) above and also to motivate them to optimise their performance efficiency for the benefit of the Group.

Furthermore, in considering the proposed granting of Options, we have also taken into account the opinions from the Company’s legal advisers as to Cayman Islands laws that (i) the Old Options are valid; and (ii) the validity of the Old Options and the Shares to be issued upon exercise of the Old Options would not be affected even though they would be in excess of the Existing Scheme Mandate Limit.

Given the foregoing, we concur with the view of the Directors that it is important and in the interest of the Company to honouring the Outstanding Old Options. Hence, we are of the opinion that the proposed granting of Options will be in the interests of both the Company and the Shareholders, as it serves the purpose of rectifying the Company’s non-compliance with the Listing Rules discussed above and as replacement options for the Outstanding Old Options.

(ii) Replacement compensation other than the Options

We were advised that apart from the Options, the Company has also considered other forms of incentive compensation, including one-off cash-reward incentive program and profit sharing schemes, as replacement for the Outstanding Old Options. After due and careful consideration of the various alternatives, the Directors consider that the proposed grant of the Options to be most appropriate and in the best interest of the Company at this juncture of the Group’s development given that, as opposed to the other alternatives, the grant of the Options will enable the Group to conserve its cash resources while providing added incentives to the Grantees.

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Given the above and the reasons for the proposed termination of the Outstanding Old Options discussed in the sub-section (i) above, and in particular after taking into account the following:

- that by providing incentives through the Options, the Group will continue to benefit from the added interest which the Grantees will have in the welfare of the Group as a result of their proprietary interests in the Company;
- that the benefits of the Options will generally be materialised when all the Shareholders are also in a position to benefit, given that the economic benefits of the Options relies on improvements in the Share price, which generally has a positive correlation with the Group's financial performance; and
- that each of the Grantees is already entitled to a performance based discretionary year-end bonus as part of his/her remuneration package,

we concur with the view of the Directors that the grant of the Options represents, on balance, a more favourable alternative to the other compensation means for the replacement for the Outstanding Old Options as a result of the termination thereof.

(iii) Conclusion

In light of the foregoing, we concur with the view of the Directors that it is important for the Company to grant the Options to the Grantees in replacement of the Outstanding Old Options, in order to maintain their respective remuneration packages in current form, as it will maintain the ongoing good relationships between the Group and the Grantees whose continued contributions are expected to be beneficial to the long-term growth of the Group's business. As such, we are of the view that the proposed granting of Options is in the interests of both the Company and the Shareholders as a whole in this regard.

(c) The Proposed Refreshment

As discussed above, the Existing Scheme Mandate Limit has not been refreshed after the date of adoption of the Share Option Scheme, and was exceeded as a result of the grant of the Old Options. We were advised that the purposes of the Proposed Refreshment is to facilitate the proposed granting of Options to the Grantees and to provide the Company with the flexibility of granting further options under the Share Option Scheme or any other schemes of the Group as incentives to, and/or recognition of the contributions of, any eligible participants (including the Grantees) who have made and are expected to continue to make contributions to the Group's business development and operations.

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The Directors have confirmed to us that save for the Outstanding Old Options, the Company has no other outstanding options in issue which confer any right to subscribe for Shares pursuant to the Share Option Scheme or any other schemes of the Group as at the Latest Practicable Date. Based on the 5,095,674,364 Shares in issue as at the Latest Practicable Date, and assuming that (i) no further Shares are repurchased or issued by the Company; and (ii) none of the Outstanding Old Options is exercised on or before the date of approval of the Proposed Refreshment by the Independent Shareholders, upon approval of the Proposed Refreshment, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group under the Scheme Mandate Limit (as refreshed) would be 509,567,436 Shares (the “**New Scheme Mandate Limit**”), representing 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Independent Shareholders at the Extraordinary General Meeting and about 9.09% of the issued share capital of the Company as enlarged by the issue of 509,567,436 new Shares in aggregate (including 280,020,000 Option Shares) (the “**New Shares**”) upon full exercise of the Options and full utilisation of the New Scheme Mandate Limit.

It is noted that about half of the New Scheme Mandate Limit will be utilised upon full exercise of the Options with the issue of 280,020,000 Option Shares. We were advised that save for the proposed granting of the Options, the Directors currently have no definite plan to grant further options under the Share Option Scheme to any eligible participants (including the Grantees).

Given the aforesaid and the circumstances of the Company and in particular after taking into consideration the reasons for the proposed granting of Options as discussed in the sub-section (b)(i) above, we are of the view that the Proposed Refreshment is in the interests of both the Company and the Shareholders as a whole.

2. Principal terms of the Options

It should be noted that it is the intention of the Company that the terms of the Options will (i) preserve the economic value of the relevant Outstanding Old Options; and (ii) except for the one related to option period and exercisability described in the sub-section (a) below, remain identical to the terms of the relevant Outstanding Old Options.

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The following table summarises the principal terms of the Options by Grantees:

Table One

Name of the Grantees (Note 1)	Subscription prices of the Option Shares HK\$	Number of the Option Shares		Expiry date of the exercise period
		Number of Shares	%	
New Option (1) (Note 2)				
Ang Siu Lun, Lawrence	0.95	35,000,000	0.69	22 February 2009
New Option (2) (Note 2)				
Ang Siu Lun, Lawrence	0.70	10,000,000	0.20	4 August 2010
Gui Sheng Yue	0.70	23,000,000	0.45	4 August 2010
Xu Gang	0.70	23,000,000	0.45	4 August 2010
Yang Jian	0.70	23,000,000	0.45	4 August 2010
Liu Jin Liang	0.70	18,000,000	0.35	4 August 2010
Yin Da Qing, Richard	0.70	16,000,000	0.31	4 August 2010
Zhao Jie	0.70	18,000,000	0.35	4 August 2010
73 employees	0.70	86,600,000	1.70	4 August 2010
New Option (3) (Note 2)				
Song Lin	0.93	1,000,000	0.02	16 May 2011
Lee Cheuk Yin, Dannis	0.93	1,000,000	0.02	16 May 2011
Yeung Sau Hang, Alex	0.93	1,000,000	0.02	16 May 2011
54 employees	0.93	9,420,000	0.18	16 May 2011
New Option (4) (Note 2)				
Zhao Fuquan	0.89	12,000,000	0.24	27 November 2011
1 employee	0.89	<u>3,000,000</u>	<u>0.06</u>	27 November 2011
Total		<u>280,020,000</u>	<u>5.49</u>	

Notes:

- As at the Latest Practicable Date, Mr. Ang Siu Lun, Lawrence, the executive Director, was beneficially interested in an aggregate of 2,270,000 Shares, representing about 0.04% of the issued share capital of the Company as at the Latest Practicable Date. Save for Mr. Ang, none of the other Grantees was interested in any Shares as at the Latest Practicable Date.

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2. Save for the 128 other employees who are primarily senior and middle management and technical staff of the Group, each of the Grantees under the New Option (1), the New Option (2) and the New Option (4) respectively is an executive Director; while all the relevant Grantees under the New Option (3) are independent non-executive Directors.
3. This represents the approximate percentage to the total Shares in issue as at the Latest Practicable Date.

(a) Option period and exercisability

It is noted that all the Options have a term of not less than one year and not more than five years each. This is within the maximum period of 10 years from the date of grant of any particular option provided under the Share Option Scheme and Rule 17.03(5) of the Listing Rules respectively. It should also be noted that the Options will persist for the remaining term of the relevant Outstanding Old Options, and their respective expiry dates will be identical to those of the relevant Outstanding Old Options.

We were advised that each of the Outstanding Old Options, in part or in full (as the case may be) is subject to a minimum withholding period before which is not exercisable. As at the Latest Practicable Date, save for the Old Option (4), the minimum withholding period of each of the other Old Options had expired, and hence, all the New Options (1), the New Option (2) and the New Option (3) will become fully exercisable on their date of grant. In respect of the New Option (4), one-third of it is to be exercisable during its entire term; while the remaining two-thirds are still subject to the remaining minimum withholding period of the Old Option (4) with the vesting date being 28 November 2007.

The Directors have confirmed to us that save for the aforesaid restriction, there are no other restrictions, including, but not limited to, additional minimum withholding period and performance target to be met by the Grantees, have been imposed by the Company on the exercise of the Options.

(b) Subscription prices and their basis of determination

The subscription prices for the Option Shares (the “**Subscription Prices**”) will be the same as those of the Outstanding Old Options. Given the recent performance of the Shares, it is expected that these will not be in compliance with the provisions of Note (1) to Rule 17.03(9) of the Listing Rules in relation to the exercise price of the Options. It is noted that the Company has been granted a waiver from the Stock Exchange in relation thereto.

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Set out below are details of the Subscription Prices and the comparison of the respective Subscription Prices with (i) the closing price of HK\$0.82, HK\$0.52, HK\$0.79 or HK\$0.86 per Share on the date of grant of the respective Outstanding Old Options (the “**Previous Grant Date**”); (ii) the average closing price of HK\$0.85, HK\$0.53, HK\$0.85 or HK\$0.89 per Share for the five consecutive trading days up to and including the relevant Previous Grant Date; (iii) the closing price of HK\$1.460 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and (iv) the average closing price of HK\$1.318 per Share for the five consecutive trading days up to and including the Latest Practicable Date:

Table Two

Type of the Options	Subscription prices of the Option Shares <i>HK\$</i>	Premium over the closing price per Share as at the Previous Grant Date <i>%</i>	Premium over the average closing price per Share for the five consecutive trading days up to and including the Previous Grant Date <i>%</i>	(Discount) to the average closing price per Share for the five consecutive trading days up to and including the Latest Practicable Date <i>%</i>	(Discount) to the average closing price per Share for the five consecutive trading days up to and including the Latest Practicable Date <i>%</i>
New Option (1)	0.95	15.85	11.76	(34.93)	(27.92)
New Option (2)	0.70	34.62	32.10	(52.05)	(46.89)
New Option (3)	0.93	17.72	9.41	(36.30)	(29.44)
New Option (4)	0.89	3.49	0.00	(39.04)	(32.47)

As illustrated in the above analysis, the Subscription Prices generally represent premium over the closing price per Share as at the relevant Previous Grant Date and the average closing price per Share for the five consecutive trading days up to and including the relevant Previous Grant Date. However, each of the Subscription Prices is significantly lower than both the closing price per Share as at the Latest Practicable Date and the average closing price per Share for the five consecutive trading days up to and including the Latest Practicable Date.

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We were advised that the Subscription Prices was determined with reference to the respective exercise prices of the Outstanding Old Options, after taking into account the then prevailing Share prices. It should be noted that the aforementioned Subscription Prices were in full compliance with the requirements of Note (1) to Rule 17.03(9) of the Listing Rules as at the relevant Previous Grant Date, which requires that exercise price must be at least higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant. It should also be noted that except for the Old Option (4), all the Subscription Price of all the other Old Options represents a premium ranging from 9.41% to 32.10% to the minimum exercise price as required by the Listing Rules.

As discussed in the section (1)(b) above, the primary reason for the proposed granting of Options is to serve the rectification of the non-compliance by the Company in relation to the Scheme Mandate Limit and as replacement options for the Outstanding Old Options. Given that the relevant Subscription Prices of the Outstanding Old Options were in full compliance of the Listing Rules requirements as mentioned above at their respective Previous Grant Date, we are of the opinion that the respective Subscription Price of the Options are fair and reasonable and in the interests of both the Company and the Shareholders in this respect.

(c) Number of the Option Shares

Upon full exercise of the Options, an aggregate of 280,020,000 Option Shares will be issued. Based on the 5,095,674,364 Shares in issue as at the Latest Practicable Date, and assuming that (1) no further Shares are repurchased or issued by the Company; and (2) none of the Outstanding Old Options is exercised on or before the date of the Extraordinary General Meeting, upon the Independent Shareholders' approval of the Proposed Refreshment at the Extraordinary General Meeting, the 280,020,000 Option Shares in aggregate represent (i) about 5.49% of the Company's issued share capital as at the Extraordinary General Meeting, which is within the New Scheme Mandate Limit and the 10% limit as set out in Note (1) to Rule 17.03(3) of the Listing Rules; and (ii) about 5.21% of the Company's issued share capital as enlarged by the Option Shares (assuming full exercise of the Options).

We were advised that save for the Old Option (4) granted to Mr. Zhao Fuquan, the executive Director, and another employee of the Group respectively, none of the other Outstanding Old Options were granted by the Company in the 12-month period up to and including the Latest Practicable Date. Based on the 5,095,674,364 Shares in issue as at the Latest Practicable Date, and assuming that (i) no further Shares are repurchased or issued by the Company on or before the date of grant of the New Option (4); and (ii) no further share options are being granted to the aforesaid grantees except for their respective New Option (4), the total number of the Shares to be issued upon full exercise of both the relevant Old Option (4) granted and the relevant New Option (4) to be granted to each of the aforesaid grantees in the 12-month period up to and including the date of grant of the New Option (4) is in aggregate below 1% of the total number of Shares in issue as at the date of grant of the New Option (4). This complies with the 1% limit as set out in the Note to Rule 17.03(4) of the Listing Rules.

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In addition, the Directors have confirmed to us that subject to compliance with the provisions of Appendix 10 of the Listing Rules, there will be no restrictions on the disposition of the Shares to be issued upon exercise of the Options.

(d) Consideration

A consideration of HK\$1.00 is payable by each of the Grantees to the Company upon acceptance of their respective Options. We have reviewed the Share Option Scheme, and noted that the aforementioned consideration amount is in line with the relevant term thereof.

(e) Conclusion

In view of the above analysis and in particular after taking into account the following:

- the purpose of the proposed granting of Options as discussed in the section (1)(b)(i) above;
- the proposed cancellation of all the Outstanding Old Options upon the granting of the Options;
- that the relevant subscription prices of the Outstanding Old Options were in full compliance of the Listing Rules requirements as mentioned above at their respective Previous Grant Date; and
- that save for the aforesaid, all the other terms of the Options comply with the respective provisions of the Share Option Scheme and Chapter 17 of the Listing Rules,

we are of the opinion that the terms of the Options (including the basis of determination of the respective Subscription Prices) are fair and reasonable so far as the Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole.

3. Possible financial impacts of the grant of the Options on the Group

Based on the 280,020,000 Option Shares and the Subscription Prices set forth in Table One above, the cash proceeds from the subscription of the Option Shares upon exercise in full of the Option will be about HK\$210.5 million in aggregate. We were advised that it is the current intention of the Company that such proceeds (after deducting related expenses payable by the Company, if any) are to be used as general working capital of the Group.

In view of the foregoing, there will not be any adverse impact on the financial position of the Group as a result of the grant of the Options.

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4. Potential dilution to shareholding of the Shareholders

Table Three

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date, and for illustrative purpose, the effects to the shareholding of the Company upon full exercise of the Options before and after full utilisation of the New Scheme Mandate Limit and assuming that (i) no further options are granted to any of the Grantees; and (ii) the relevant new Shares as issued under the remaining New Scheme Mandate Limit are issued to independent third parties other than the existing independent Shareholders:

	Shareholding as at the Latest Practicable Date		Shareholding upon full exercise of the Options but before full utilisation of the New Scheme Mandate Limit		Shareholding upon full exercise of the Options and full utilisation of the New Scheme Mandate Limit	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Grantees						
– Directors	2,270,000 (Note 1)	0.045	183,270,000	3.409	183,270,000	3.270
– Other employees	–	–	99,020,000	1.842	99,020,000	1.766
<i>Sub-total</i>	2,270,000	0.045	282,290,000	5.251	282,290,000	5.036
Holder of new Shares to be issued under the remaining New Scheme Mandate Limit	–	–	–	–	229,547,436	4.095
Proper Glory Holding Inc. (Note 2)	2,500,000,000	49.061	2,500,000,000	46.505	2,500,000,000	44.601
Geely Group Limited (Note 2)	87,000	0.002	87,000	0.002	87,000	0.002
Existing independent Shareholders	2,593,317,364	50.892	2,593,317,364	48.242	2,593,317,364	46.266
<i>Sub-total</i>	5,093,404,364	99.955	5,093,404,364	94.749	5,093,404,364	90.869
Total	5,095,674,364	100.000	5,375,694,364	100.000	5,605,241,800	100.000

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Notes:

1. These Shares are beneficially wholly-owned by Mr. Ang Siu Lun, Lawrence, the executive Director. Save for Mr. Ang, none of the Grantees is currently interested in any Share.
2. Proper Glory is a private company incorporated in the British Virgin Islands and wholly-owned by Geely Group Limited, which is a private company incorporated in British Virgin Islands and wholly-owned by Mr. Li Shu Fu, an executive Director.

As illustrated in Table Three above, upon full exercise of the Options but before full utilisation of the New Scheme Mandate Limit, the shareholding interests of the existing independent Shareholders will be diluted from about 50.89% to 48.24%; while the shareholding interests will be further diluted to about 46.27% in the event that the Options is fully exercised and the New Scheme Mandate Limit is fully utilised.

Having considered that (i) the respective reasons for and benefits of the proposed granting of Options and the Proposed Refreshment discussed in the sections (1)(b)(i) and (1)(c) above; (ii) the shareholding of all existing Shareholders (save as Mr. Ang Siu Lun, Lawrence, the executive Director) will be diluted proportionally to their respective shareholdings upon full exercise of the Options or full utilisation of the New Scheme Mandate Limit (assuming that the New Shares are issued to the Grantees and/or independent third parties other than the existing independent Shareholders); and (iii) the grant of further options by the Company must comply with the Share Option Scheme and Chapter 17 of the Listing Rules, we consider the aforementioned potential dilution effect to be acceptable in this regard.

RECOMMENDATION

Having considered the principal factors and reasons discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- that the Outstanding Old Options (i) remain valid albeit that the total number of Shares to be issued upon exercise thereof is in excess of the Existing Share Mandate Limit; and (ii) will be terminated upon granting of the Options;
- that the terms of the Options (i) will preserve the economic value of the relevant Outstanding Old Options; (ii) except for the one related to option period and exercisability described in the section 2(a) above, will remain identical to the terms of the relevant Outstanding Old Options; and (iii) are fair and reasonable so far as the Shareholders are concerned and in the interests of both the Company and the Shareholders as a whole;
- that the Proposed Refreshment is to facilitate the proposed granting of Options and offers flexibility in granting further options to the Company as incentives to eligible participants;
- that there will not be any adverse impact on the financial position of the Group as a result of the grant of the Option; and

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- that the potential dilution effect of the shareholding of the Shareholders is considered to be acceptable,

we consider that the terms of the Options and the Proposed Refreshment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Extraordinary General Meeting to approve the grant of the Options and the Proposed Refreshment.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Karen C. Wong
Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Geely Automobile Holdings Limited (the “**Company**”) will be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Tuesday, 31 July 2007 at 10:00 a.m. to consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

(1) “**THAT**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the shares in the share capital of the Company to be issued pursuant to the exercise of share options which may be granted under the Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the Share Option Scheme of the Company adopted on 31 May 2002 and all other share option scheme(s) up to 10% of the total number of shares of the Company in issue as at the date of the passing of this resolution (the “**Scheme Mandate Limit**”) be and is hereby approved; and
- (b) any director of the Company be and is hereby authorised to do all such acts and execute all such documents to effect the Scheme Mandate Limit.”

(2) “**THAT**

- (a) conditional upon the passing of resolution (1) above, New Option(1) (as defined in the circular of the Company dated 13 July 2007 (the “**Circular**”)) be granted to the Grantees (as defined in the Circular) on terms that mirror those under Old Option (1) (as defined in the Circular) be and is hereby approved; and
- (b) the directors be and are hereby authorized to do all such acts and execute all such documents to give effect to transactions contemplated herein.”

(3) “**THAT**

- (a) conditional upon the passing of resolution (1) above, New Option(2) (as defined in the circular of the Company dated 13 July 2007 (the “**Circular**”)) be granted to the Grantees (as defined in the Circular) on terms that mirror those under Old Option (2) (as defined in the Circular) be and is hereby approved; and
- (b) the directors be and are hereby authorized to do all such acts and execute all such documents to give effect to transactions contemplated herein.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

(4) “**THAT**

- (a) conditional upon the passing of resolution (1) above, New Option(3) (as defined in the circular of the Company dated 13 July 2007 (the “**Circular**”)) be granted to the Grantees (as defined in the Circular) on terms that mirror those under Old Option (3) (as defined in the Circular) be and is hereby approved; and
- (b) the directors be and are hereby authorized to do all such acts and execute all such documents to give effect to transactions contemplated herein.”

(5) “**THAT**

- (a) conditional upon the passing of resolution (1) above, New Option(4) (as defined in the circular of the Company dated 13 July 2007 (the “**Circular**”)) be granted to the Grantees (as defined in the Circular) on terms that mirror those under Old Option (4) (as defined in the Circular) be and is hereby approved; and
- (b) the directors be and are hereby authorized to do all such acts and execute all such documents to give effect to transactions contemplated herein.”

By Order of the Board

Li Shu Fu

Chairman

Hong Kong, 13 July 2007

Notes:

- 1) 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.
- 2) In order to be valid, a proxy form in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited at the Company's Hong Kong branch registrar and transfer office, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- 3) In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names recorded in the Register of Members of the Company in respect of the joint shareholding.

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