GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 175)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

The Board of Directors (the "Board") of Geely Automobile Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006, together with the comparative figures for 2005 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	NOTE	**2006** *HK$'000*	2005 *HK$'000*
Turnover/Revenue	*3*	**127,006**	101,411
Cost of sales		**(110,036)**	(90,649)
Gross profit		**16,970**	10,762
Other income		**18,224**	681
Distribution and selling expenses		**(3,016)**	(379)
Administrative expenses		**(22,542)**	(18,378)
Finance costs		**(32,390)**	–
Fair value loss on embedded derivative components of convertible bonds		**(4,742)**	–
Share of results of associates		**243,230**	122,691
Profit before taxation		**215,734**	115,377
Taxation	*4*	**(1,585)**	–
Profit for the year	*5*	**214,149**	115,377
Attributable to:			
Equity holders of the Company		**208,752**	110,827
Minority interests		**5,397**	4,550
		214,149	115,377
Dividends	*6*	**57,327**	41,203
Earnings per share			
– Basic	*7*	**HK 5.05 cents**	HK 2.69 cents
– Diluted	*7*	**HK 4.95 cents**	N/A

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2006

	NOTE	**2006** *HK$'000*	2005 *HK$'000*
Non-current assets			
Property, plant and equipment		**12,282**	7,433
Interest in associates	*8*	**1,666,999**	786,996
		1,679,281	794,429
Current assets			
Inventories		**9,910**	5,703
Trade and other receivables	*9*	**59,065**	44,840
Dividend receivables from associates		**74,840**	8,220
Convertible bonds – embedded derivatives		**115,894**	–
Bank balances and cash		**20,972**	8,449
		280,681	67,212
Current liabilities			
Trade and other payables	*10*	**23,653**	34,817
Amounts due to related companies		**–**	923
Amount due to a minority shareholder		**–**	4,588
Amount due to immediate holding company		**11,220**	14,220
Taxation		**293**	–
Convertible bonds – embedded derivatives		**169,782**	–
Short-term bank borrowings (secured)		**22,250**	–
		227,198	54,548
Net current assets		**53,483**	12,664
Total assets less current liabilities		**1,732,764**	807,093
Capital and reserves			
Share capital		**83,028**	82,405
Reserves		**947,129**	715,675
Equity attributable to equity holders of the Company		**1,030,157**	798,080
Minority interests		**19,769**	9,013
Total Equity		**1,049,926**	807,093
Non-current liabilities			
Convertible bonds		**682,838**	–
		1,732,764	807,093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. EFFECTS OF APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") NOT YET EFFECTIVE

The Group has not early applied new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

No business segment information has been presented for the years ended 31 December 2006 and 31 December 2005 as the directors considered that the Group is principally engaged in manufacturing and trading of automobile parts and related automobile components which accounts for the total turnover and trading profits of the Group for the years.

Geographical segments

The Group's activities and operations are based in the People's Republic of China (the "PRC"). Accordingly, no geographical analysis is presented.

4. TAXATION

	2006	2005
	HK$'000	*HK$'000*
Current tax:		
PRC foreign enterprise income tax, current year	**1,585**	–

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

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary is entitled to an exemption from PRC foreign enterprise income tax for the two years starting from its first profit-making year (i.e. year 2004), followed by a 50% reduction for the next three years. The income tax provision is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

The tax charge for the year can be reconciled to the profit before taxation per consolidated income statement as follows:

	2006	2005
	HK$'000	*HK$'000*
Profit before taxation	**215,734**	115,377
Less: Share of results of associates	**(243,230)**	(122,691)
	(27,496)	(7,314)
Tax at the applicable tax rate	**(9,074)**	(2,414)
Tax effect of expenses not deductible in determining taxable profit	**12,709**	5,480
Effect of tax exemption granted to the PRC subsidiary	**(2,050)**	(3,066)
Tax expense for the year	**1,585**	–

The applicable tax rate is the PRC's foreign enterprise income tax rate of 33% (2005: 33%).

5. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2006	2005
	HK$'000	*HK$'000*
Finance costs		
Effective interest expense on convertible bonds	**32,289**	–
Interest on bank borrowings wholly repayable within one year	**101**	–
	32,390	–
Staff costs, including directors' emoluments		
Salaries, wages and other benefits	**13,181**	10,284
Retirement benefit scheme contributions	**481**	297
Recognition of share based payments (included in administrative expenses)	**4,660**	5,538
	18,322	16,119
Other items		
Cost of sales	**110,036**	90,649
Auditors' remuneration	**1,192**	580
Depreciation	**1,403**	811
Operating leases charges on premises	**1,220**	1,478
Share of tax of associates (included in share of results of associates)	**26,770**	28,596

6. DIVIDENDS

A final dividend for the year ended 31 December 2005 of HK$0.01 per share amounting to HK$41,203,000 was paid to the shareholders during the year.

A final dividend and a special dividend for the year ended 31 December 2006 of HK$0.01 per share and HK$0.002 per share respectively amounting to HK$57,327,000, have been proposed by the Board after the balance sheet date. The proposed dividends will be accounted for as an appropriation of accumulated profits in the year ending 31 December 2007 if it is approved by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of HK$208,752,000 (2005: HK$110,827,000) and weighted average number of ordinary shares of 4,134,231,655 shares (2005: 4,120,264,902 shares), calculated as follows:

(i) Weighted average number of ordinary shares

	2006	2005
Issued ordinary shares at 1 January	**4,120,264,902**	4,120,264,902
Effect of shares issued upon conversion of convertible bonds	**13,966,753**	–
Weighted average number of ordinary shares at 31 December	**4,134,231,655**	4,120,264,902

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2006 is based on the profit attributable to equity holders of the Company of HK$245,783,000 and the weighted average number of ordinary shares of 4,969,511,119 shares, calculated as follows:

(i) Profit attributable to equity holders of the Company (diluted)

	2006 ***HK$'000***
Earnings for the purpose of basic earnings per share (Profit attributable to equity holders)	**208,752**
After tax effect of effective interest on the liability component of convertible bonds	**32,289**
After tax effect of fair value losses on the embedded derivative components of convertible bonds	**4,742**
Earnings for the purpose of diluted earnings per share	**245,783**

(ii) Weighted average number of ordinary shares (diluted)

	2006
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,134,231,655**
Effect of deemed conversion of convertible bonds	**802,134,831**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**33,144,633**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,969,511,119**

No diluted earnings per share has been presented for the year ended 31 December 2005 as the exercise price of the share options was higher than the average market price.

8. INTEREST IN ASSOCIATES

	2006	2005
	HK$'000	*HK$'000*
Share of net assets	**1,666,999**	786,996

The summarised financial information in respect of the Group's associates is set out below:

	2006	2005
	HK$'000	*HK$'000*
Total assets	**6,949,568**	6,064,557
Total liabilities	**(3,388,365)**	(4,382,943)
Net assets	**3,561,203**	1,681,614
Group's share of net assets of associates	**1,666,999**	786,996
Revenue	**6,588,845**	4,970,570
Profit for the year attributable to equity holders of the associates	**519,611**	262,161
Group's share of results of associates for the year	**243,230**	122,691

9. TRADE AND OTHER RECEIVABLES

		2006	2005
	Note	***HK$'000***	*HK$'000*
Trade and notes receivables			
Trade receivables	*(a)*	**20,538**	43,966
Notes receivables	*(b)*	**37,405**	–
		57,943	43,966
Other receivables			
Deposits, prepayments and other receivables		**1,122**	874
		59,065	44,840

(a) Trade receivables

The trade receivables comprise:

	2006	2005
	HK$'000	*HK$'000*
Trade receivables from an associate	**20,538**	24,925
Trade receivables from a related company of an associate	**–**	19,041
	20,538	43,966

The Group allows a credit period of 30 days to 90 days to its trade customers. The following is an aged analysis of the trade receivables at the balance sheet dates:

	2006	2005
	HK$'000	*HK$'000*
0 – 60 days	**20,503**	43,489
61 – 90 days	**35**	67
Over 90 days	**–**	410
	20,538	43,966

(b) Notes receivables

All notes receivables are denominated in Renminbi ("RMB") and are primarily notes received from an associate for settlement of trade receivable balances. At 31 December 2006, all notes receivables were guaranteed by established banks in the PRC and have maturities of six months or less from 31 December 2006.

During the year, the Group has discounted notes receivables to banks in exchange for cash with recourse in the ordinary course of business. The Group continues to recognise the full carrying amount of notes receivables and has recognised the cash received as secured short-term bank borrowings, which is wholly repayable within one year, as reported in the consolidated balance sheet. At the balance sheet date, the carrying amount of discounted notes receivables and the associated financial liabilities was HK$22,250,000 (2005: nil). The effective interest rate for the short-term bank borrowings on discounting notes receivables is 3.72% per annum.

10. TRADE AND OTHER PAYABLES

	2006	2005
	HK$'000	*HK$'000*
Trade payables		
To third parties	**19,498**	27,047
Other payables		
Accrued charges and other creditors	**4,155**	7,770
	23,653	34,817

The following is an aged analysis of trade payables at the balance sheet dates:

	2006	2005
	HK$'000	*HK$'000*
0 – 60 days	**16,379**	24,576
61 – 90 days	**1,407**	1,989
Over 90 days	**1,712**	482
	19,498	27,047

11. POST BALANCE SHEET EVENTS

a) Placing of existing shares and subscription for new shares

On 15 February 2007, the Company, its immediate holding company, Proper Glory Holding Inc. ("PGH") and an independent financial institution ("the Placing Agent") entered into an placing and subscription agreement, pursuant to which the Placing Agent, on a fully underwritten basis, procured third party purchasers to acquire, and PGH sold 600,000,000 existing shares at the placing price of HK$1.06 per Share. PGH subscribed 600,000,000 new shares of the Company (the "Subscription") at the placing price.

The net proceeds from the Subscription were approximately HK$609 million and were applied by the Company as to approximately HK$418.58 million to fund the capital contribution of a newly established subsidiary, Shanghai Geely Maple Automobile Components Company Limited (the "SGM"), on 7 March 2007 and the remaining balance as general working capital of the Group.

b) Proposed disposal of interest in the SGM

On 22 March 2007, the Company and Manganese Bronze Holdings plc. (the "MBH"), whose shares are listed on the London Stock Exchange, entered into an equity transfer agreement and other related agreements, pursuant to which but subject to the approval of shareholders of the Company, the Company will transfer 48% interest in the equity of the SGM to the MBH in return for approximately 23% interest in the enlarged issued share capital of the MBH.

Details of the equity transfer agreement and other related agreements and the transactions contemplated thereunder are set out in the Company's announcement dated 22 March 2007 and circular dated 2 April 2007.

c) The establishment of two sino-foreign equity joint venture companies

On 26 March 2007, Centurion Industries Limited, a wholly-owned subsidiary of the Company, entered into joint venture agreements to jointly establish two sino-foreign equity joint venture companies, namely Hunan Geely Automobile Components Company Limited and the Lanzhou Geely Automobile Components Company Limited, with two related companies Zhejiang Haoqing Automobile Manufacturing Company Limited in Hunan Province and Zhejiang Geely Merrie Automobile Company Limited in Gansu Province respectively, to engage in the research and development, production, marketing and sales of sedan related components in the PRC

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's turnover amounted to HK$127 million for the year ended 31 December 2006, representing an increase of 25% over 2005. Profit attributable to the equity holders of the Company amounted to HK$209 million, a significant increase of 88% over 2005. The large increase in net profit was attributable to the significant growth in profit contributions from the Company's four associates – Zhejiang Geely Automobile Company Limited ("Zheijang Geely"), Shanghai Maple Guorun Automobile Company Limited ("Shanghai Maple"), Zhejiang Kingkong Automobile Company Limited ("Zhejiang Kingkong") and Zhejiang Ruhoo Automobile Company Limited ("Zhejiang Ruhoo") – (collectively referred as "the Associates") mainly due to the strong demand for "Free Cruiser" family sedans launched in 2005, the initial good response to "Geely Kingkong" mid-end sedans launched in mid 2006, and a more stable raw material prices, more than offsetting the intensified price competition in China's sedan market during the year.

Business Overview

Although the demand for sedans in the China market continued to register strong growth during 2006, the later part of 2006 saw intensified price pressure in the economy car segment with a few major players adopting more aggressive pricing strategy to gain market shares in China, resulting in heavy price pressure on other economy car manufacturers. As a result, the Associates decided to reduce the retail prices of most of their models by 5-10% during the year. Despite the challenges and difficulties, and thus a less than exciting performance in the second half of 2006, the Associates still managed to achieve respectable results for the full year period in 2006, helped by a more stable raw material prices during the year, and the continued strong demand for "Free Cruiser" and the encouraging response to new products like "Geely Kingkong" and "Vision". The timely response by the management to adjust business strategies and implement new measures to enhance product mix also help the Associates to significantly improve profitability in 2006 with sales of higher priced models like "Free Cruiser", "Geely Kingkong" and "Vision" series accounted for around 40% of their total sales volume, a significant improvement from less than 20% in 2005.

During 2006, the Associates – Zhejiang Geely, Shanghai Maple, Zhejiang Ruhoo and Zhejiang Kingkong – recorded contracted sales volume of 175,635 units of Geely and Maple sedans, up 32% over 2005, maintaining their combined market share in China's passenger car market at around 4.6% in 2006. Of which, the sales of 164,495 units were recognised in the 2006 consolidated financial statements.

The Company's 51%-owned parts subsidiary Zhejiang Fulin Guorun Automobile Parts and Components Company Limited ("Zhejiang Fulin") recorded a healthy increase in both revenue and net profit in 2006. Net profit at Zhejiang Fulin was up 14% YoY to RMB11 million on 21% increase in revenues. The slower earnings growth in 2006 was due to higher expenses caused by the relocation of the plant to new location and expiry of some tax incentives. We, however, believe Zhejiang Fulin earnings growth could speed up in 2007, helped by the planned launch of new generation of Electric Power Steering ("EPS") and braking system for "Geely Kingkong" and "Vision" models.

2006 was a challenging but fruitful year in the Group and the Associates' history with major achievements in defending the Associates' market share despite fierce price competition in China's economy sedan market and in the successful launches of a number of strategically important new products, including "Geely Kingkong", "Vision", JL4G18 VVT engines and JL-ZA series of automatic gearboxes, paving the way for the Associates to broaden their product range further in the coming years. 2006 is also an important milestone in the Group and the Associates' expansion into the international market with the exports of around 10,000 sedans to over 40 countries, and the signing of a joint-venture agreement with Manganese Bronze Holdings Plc to manufacture London Taxi and three models of high-end sedans in Shanghai, marking the Group and the Associates' first step to enter into taxi market and high-end sedans.

During 2006, the Associates have embarked on an aggressive hiring campaign to further strengthen its R&D capability with the recruitment of several key R&D professionals to its management team to maintain the Associates leading position in research and development and product innovation.

Outlook

We believe there are substantial growth potential for car demand in China in the coming decade, due to China's consistent economy growth, its rising household incomes, and its still low car ownership with only 1% of the population owning a sedan at present.

The Group and the Associates will continue to focus on the operation and expansion of its automobile business, to actively seek for ways and opportunities to expand the Group's revenues and to further reduce costs, thereby to enhance the returns to the Group's shareholders.

According to the figures released by the China Association of Automobile Manufacturers, total sales volume of passenger cars in China increased by 37% to 3.8 million units in 2006, surpassing most market expectations. Although fierce competition in China's sedan market should remain, we expect growth of China's sedan sales volume to be maintained at around 20% in the coming few years.

With the successful launches of the "Geely Kingkong" and "Vision" sedans, JL-ZA series of automatic gearboxes, and 4G18 VVT engines – considered the Associates' most strategically important new product launches in their history – in 2006, and the significant efforts spent in the exploration of export markets, the Associates are well positioned to further increase their combined market shares from 4.6% to 5% in 2007, thus translating into total contracted sales volume of 240,000 units, representing an YoY growth of 37%.

In the short to medium term, the Group will continue to actively seek for ways and opportunities to further rationalize and restructure the Group's structure, aiming at improving the Group's overall transparency and its effectiveness as the ultimate holding vehicle of Zhejiang Geely Holding Group Limited's auto related businesses. To achieve that, the Group would actively consider raising its shareholdings in the Associates to over 50% subject to government approval and compliance with relevant regulations.

With the significant investment and effort spent by the Associates in production development and capacity expansion over the past few years, the improved production facilities and more comprehensive product lines, the Board believes that the Group's profitability and its shareholders' returns should continue to improve in the coming years.

CAPITAL STRUCTURE AND TREASURY POLICIES

The business activities of the Group are mainly financed by the share capital, dividend received from the Group's two major associates and proceeds of the convertible bonds issued by the Company on 10 April 2006. As at 31 December 2006, the Group's equity holders fund amounted to HK$1,030 million (As at 31 December 2005: HK$798 million). Apart from the shares issued upon conversion of convertible bonds, no additional share was issued during the year.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group considers that fluctuations in exchange rate do not impose a significant risk to the Group since the Group's operations are principally in the Mainland China and Hong Kong and all assets and liabilities are denominated either in Renminbi or Hong Kong dollars.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2006, the Group's current ratio (current assets/current liabilities) was 1.24 (As at 31 December 2005: 1.23) and the gearing ratio of the Group was 69.5% (As at 31 December 2005: 2.4%) which was calculated on the Group's total borrowings to total shareholders' equity. Total borrowings (excluding the embedded derivatives of the Company's convertible bonds and trade and other payables) as at 31 December 2006 amounted to approximately HK$716 million (As at 31 December 2005: approximately HK$19 million) were mainly the Company's convertible bonds, bank borrowings and the amount due to immediate holding company. For the Company's convertible bonds, they were unsecured, interest-bearing and repaid on maturity. For the bank borrowings, they were secured by notes receivables, interest-bearing and repaid on maturity. While for the amount due to immediate holding company, it was unsecured, interest-free and repayable on demand. Should other opportunities arise requiring additional funding, the Directors believe the Group is in a good position to obtain such financing.

EMPLOYEES' REMUNERATION POLICY

As at 31 December 2006, the total number of employees of the Group including associates was about 9,498 (As at 31 December 2005: 7,714). Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into account the overall performance of the working staff and market conditions. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2006.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10 May 2007 to Monday, 14 May 2007, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed dividends, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Union Registrars Limited, at Room 1803, Fook Lee Commercial Centre Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 9 May 2007.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the requirements as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules on the Stock Exchange, with a major deviation from CG Code provision C2 in respect of conducting a review at least annually of the effectiveness of the system of internal control of the Group during the year. In the past, the Board had considered the need for an internal audit function to conduct such internal control review of the Group periodically, but had decided that, because of the scale and focus of the Group, it was not justified. Further details will be disclosed in the Company's 2006 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own Code for Securities Transactions by the Officers (the "Code"). All directors of the Company have confirmed their compliance during the year with the required standards set out in the Model Code and the Code.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an Audit Committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Audit Committee is accountable to the Board and the primary duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee currently comprises Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex, who are the independent non-executive directors of the Company.

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2006.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board of
Geely Automobile Holdings Limited
Li Shu Fu
Chairman

Hong Kong, 11 April 2007

As at the date of this announcement, 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 of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.

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