



## [Press Release]

### **Geely Automobile Holdings Limited Announced Interim Results for the Six Month Ended 30 June 2008 Net Profit Up 217% to HK\$261 Million**

(HONG KONG, 10 September 2008)--- Geely Automobile Holdings Limited ("Geely Automobile"/the "Group") (Stock code: 175) announced the interim results for the period ended 30 June 2008. The Group recorded a significant growth in net profit to HK\$261 million in the first half of 2008, up 217% from the same period in 2007. Basic earnings per share for the first half of 2008 was approximately HK5.02 cents (2007: HK1.77 cents). The Directors do not recommended the payment of an interim dividend for the period ended 30 June 2008. The Group's performance in the first half of 2008 was very encouraging, thanks to the initial positive results from the Group's strategic transformation implemented about a year ago. The Group's five operating associates – Zhejiang Geely Automobile Company Limited ("Zhejiang Geely"), Shanghai Maple Guorun Automobile Company Limited ("Shanghai Maple"), Zhejiang Kingkong Automobile Company Limited ("Zhejiang Kingkong"), Zhejiang Ruhoo Automobile Company Limited ("Zhejiang Ruhoo") and Hunan Geely Automobile Components Company Limited ("Hunan Geely") – achieved net profit of HK\$607 million, up 119% from the first half of 2007.

The Group completed the acquisition of additional interests in the Group's five operating associates: Zhejiang Geely, Shanghai Maple, Zhejiang Kingkong, Zhejiang Ruhoo and Hunan Geely on 1 July 2008, raising its equity interests in these operating associates to 91%. By virtue of the acquisitions, the Group's five operating associates – the key earnings contributors to the Group, comprising virtually all Geely Group's auto-related businesses – will become subsidiaries of the Group, thus allowing the Group to fully consolidate their financial results into the Group's consolidated financial statements from July 2008. Since the acquisition of additional stakes in the operating associates was only completed on 1 July 2008, the Group's interests in Zhejiang Geely, Shanghai Maple, Zhejiang Kingkong, Zhejiang Ruhoo and Hunan Geely were only all equity accounted for as 46.8% associates in the Group's financial statements in the first half of 2008. As a result, the acquisition's substantial positive impact on the Group should only start in the second half of 2008.

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The five operating associates sold a total of 106,948 units of vehicles in the first six months of 2008, up 27% from the same period last year, helped by the strong demand for new higher-priced models like the “Geely Kingkong” model, and the strong growth in export sales volume, which was up almost 200% to more than 20,400 units during the period. Total sales revenue of vehicles by the operating associates was up 44% to HK\$4,690 million, while the total net profit was up 119% to HK\$607 million. The three new higher priced models: namely “Free Cruiser”, “Geely Kingkong” and “Vision” accounted for 72% of total sales volume, compared with 59% in same period last year. In particular, “Geely Kingkong” continued to receive very good market response and achieved a total sales volume of 29,342 units, up 78% from the previous year, and remained the operating associates’ second best selling models in terms of sales volume during the period. “Free Cruiser” remained the operating associates’ best selling models during the first half of 2008, achieving 9% YoY increase in sales volume to 33,426 units, or 31% of the operating associates’ total sales volume during the period. The highest-priced model of the operating associates – “Vision” sedans – achieved the fastest growth in sales volume during the period with sales volume up over 433% to 13,968 units in the first half of 2008. In the first half of 2008, the average sales price of the operating associates increased by 7% to RMB40,782 per car due to continued improvement in product mix towards more higher-priced models. Net profit per car increased by 73% to HK\$5,679 per car during the period, helped by stable product prices and success in controlling costs.

The spokesman of Geely Automobile said, “Despite the Group’s strong performance in the first half of 2008, featured by strong growth in both revenues and profitability of the Group’s operating associates during the period, the Group’s Board of Directors, however, decided to take a more conservative stance and to maintain the full year sales target at 230,000 units, representing a growth of 27% over 2007, in view of the increased uncertainty in the economic condition in China and abroad.”

Although competition in China’s sedan market continues to intensify, growth of China’s sedan sales volume is expected to be maintained at healthy levels in the coming few years. According to the figures compiled by the China Association of Automobile Manufacturers, total sales volume of sedans in China amounted to 2.67 million units in the first half of 2008, up 16.7% from the previous year. The healthy long-term growth in China’s sedan demand should bode well for the Group’s financial performance in the coming years. On the other hand, the increasing importance of the operating associates’ export sales should also provide the operating associates a cushion to any cyclical downturn in the China sedan market, thus enabling the Group to sustain a consistent profit growth longer-term.

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The spokesman of Geely Automobile concluded, "In the medium to longer term, the Group will continue to upgrade and expand the production facilities to improve quality and reduce costs, to invest in product and technology innovation in order to differentiate its products from the rest of the market, and to establish stronger cooperation and strategic alliances with other internationally auto-related companies and major suppliers to improve its market access to different markets all over the World and to reduce volatility of raw material and component costs, with an aim to develop the Group into an internationally competitive automobile manufacturer."

### **About Geely Automobile Holdings Limited (175)**

The Group is principally engaged in automobile manufacturing. Geely Automobile entered into the Joint Venture Agreement to establish the JV Company with the subsidiary of Zhejiang Geely Holding Group Ltd., Zhejiang Geely Automobiles, on 30 March 2003. The JV Company is named "Zhejiang Geely Guorun Automobile Company Limited" and engages in the manufacture of economic class sedans in Beilun Economic and Technological Development Zone, Ningbo, Zhejiang Province. Geely Automobile owned 46.8% of the share capital of the JV Company. The company's name was subsequently changed to Zhejiang Geely Automobile Company Limited on 23 March 2004. In October 2003, the Group also entered into an agreement with Zhejiang Geely Holding Group Ltd. to establish "Shanghai Maple Guorun Automobile Company Limited". Geely Automobile was interested in 46.8% of the shareholdings. In May 2004, the Group's 46.8%-owned associate Zhejiang Geely Automobile Co. Limited agreed to acquire 90% shareholdings of the Zhejiang Haoqing Automobile Manufacturing Company Limited and the paid research and development cost of car model CK-1. At the same time, its another 46.8%-owned associate Shanghai Maple Guorun Automobile Co. Ltd. also agreed to acquire 90% shareholdings of Zhejiang Geely Automobile Research Institute Ltd. and 90% shareholdings of Ningbo Geely Engine Research Institute Ltd. In October 2006, the Group set up another two 46.8%-owned joint-venture with Geely Holding Limited through transferring the production facilities in Linhai and Luqiao from Zhejiang Geely to the two new associates called Zhejiang Kingkong Automobile Company Limited and Zhejiang Ruhoo Automobile Company Limited.

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