



## **Geely Automobile Holdings Limited Announced Interim Results for the Six Month Ended 30 June 2009 Net Profit Up 145% to RMB596 Million**

(HONG KONG, 8 September 2009) — Geely Automobile Holdings Limited (“Geely Automobile” / “The Group”) (Stock code: 175) announced the interim results for the period ended 30 June 2009. The Group recorded a significant growth in net profit to RMB596 million in the first half of 2009, up 145% from the same period of 2008. Basic earnings per share for the first half of 2009 was approximately RMB9.00 cents (2008: RMB4.67 cents). Total revenue was up substantially by almost 88 times to RMB5,949 million during the period due to the full consolidation of the financial results of the Group’s vehicle manufacturing operations since July 2008. Besides, on the requests by the holders of the Group’s zero coupon convertible bonds due 2011 (“convertible bonds”), the Group redeemed all its outstanding convertible bonds for a total amount of approximately HK\$366 million on 10 April 2009. All the payment was satisfied by the Group’s internal cash reserve.

The Spokesmen of Geely Automobile said, “Despite the Group’s strong performance in the first half of 2009, the Group’s Board of Directors, however, decided to take a more conservative stance and to maintain our full year sales target at 250,000 units, representing a growth of 22% over 2008, in view of the continued uncertainty in the global economic conditions. The Group sold a total of 137,758 units of vehicles in the first half of 2009, up 29% from the same period last year, 55% of the target of 250,000 units. Our excellent performance since the outbreak of the global financial crisis last year proves our ability to deliver consistent returns to our shareholders throughout the business cycle.”

Helped by the strong demand for key models like “Free Cruiser”, “Geely Kingkong” and “Vision” in the China market, which more than offset the 70% drop in export sales volume during the period, exports sales accounted for only 5% of the Group’s total sales volume in the first half of 2009 compared with close to 20% in 2008. “Free Cruiser” remained the Group’s best selling models during the first half of 2009, achieving 58% YoY increase in sales volume to 52,768 units, or 38% of the Group’s total sales volume, and making it one of the best selling 1.3L sedans in the China market during the period. Helped by the launch of second generation of “Geely Kingkong” model in April 2009, the sales volume of “Geely Kingkong” increased by 31% to 38,396 units in the first half of 2009. The launch of 1.5L version of “Vision” in April 2009 enabled “Vision” model to benefit from the government’s new tax incentives for passenger cars with engine size of 1.6L or below. As a result, total sales volume of “Vision” also increased by 24% to 17,328 units in the first half of 2009.



# [Press Release]

*Geely Automobile Holdings Limited*

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Although “Geely Panda”, the first model from the Group’s new small car platform and the first model marketed under the Group’s new “GLEagle” brand and distribution network, was only launched at the end of 2008, has been sold close to 10,000 units. The “Emgrand” brand was launched in July 2009, signifying the Group’s first entry into the B segment of China’s sedan market. The “Emgrand” brand will start with two B segment models: the “EC718” sedans and “EC718-RV” hatchback wagons, which are scheduled to be released to the market in August 2009 through 20 new 4S “Emgrand” shops in China.

The spokesmen of the Group concluded, “Thanks to the recent recent Chinese Government policies including the reduction of sales tax for smaller size cars effective in September 2008, the introduction of fuel tax in January 2009 and the promulgation of “Stimulation Package for Automobile Industry” in early 2009, should all help to promote the demand for safe, energy-efficient and environmental friendly vehicles the Group produces. We believe that the favourable policies would stay in place in the near future and should continue to boost vehicle demand in China in the remainder of the year. Longer-term, the Group is investing considerable resources to further strengthen its export business, through continued improvement in distribution capabilities and revamping of its manufacturing arrangements in major export markets and the introduction of more tailor-made models for the exports market.”

In the medium to longer term, the Group will continue to upgrade and expand its 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 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. Despite continued difficult global economic condition, the Group’s performance in the first half of 2009 was very encouraging, the Group is confident that the favorable policies would provide itself a cushion to any possible cyclical downturn in the China sedan market in the future, thus enabling itself sustain a consistent longer-term profit growth.

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**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. The Group's interests in these JV Companies were raised to 91% on 1 July 2008.

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