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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2011	2010	**Change**
	(Unaudited)	(Unaudited)	%
Turnover/Revenue (RMB'000)	**10,537,962**	9,235,733	14
Profit attributable to the equity holders of the Company (RMB'000)	**937,648**	804,848	17
Earnings per share			
Basic (RMB cents)	**12.59**	10.99	15
Diluted (RMB cents)	**11.48**	9.96	15
Sales volume (Units)	**213,381**	195,734	9

	At 30 June 2011 (Unaudited)	At 31 December 2010 (Audited) (Restated)	
Total assets (RMB'000)	**24,177,430**	23,974,343	1
Equity attributable to equity holders of the Company (RMB'000)	**8,889,682**	8,021,882	11
Net cash (RMB'000) *(Note 1)*	**362,591**	493,664	-27
Net assets per share (RMB)	**1.19**	1.08	10

Note:

1. Net Cash = Cash and bank balances and pledged bank deposits less total indebtedness (i.e. bank borrowings and convertible bonds).

2. At a meeting of the Board held on 22 August 2011, the Directors resolved not to pay an interim dividend to shareholders of the Company (2010: Nil).

INTERIM RESULTS

The Board of Directors (the "Board") of Geely Automobile Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011. These interim results have been reviewed by the Company's Audit Committee, comprising solely the independent non-executive directors, one of whom chairs the committee, and the Company's auditors, Grant Thornton Jingdu Tianhua.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the Six Months Ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover/Revenue		**10,537,962**	9,235,733
Cost of sales		**(8,703,617)**	(7,487,314)
Gross profit		**1,834,345**	1,748,419
Other income	*4*	**628,471**	583,097
Distribution and selling expenses		**(591,662)**	(493,062)
Administrative expenses		**(453,855)**	(448,383)
Share-based payments		**(78,302)**	(162,390)
Finance costs	*5*	**(100,841)**	(116,354)
Share of results of associates	*11*	**(1,233)**	(7,302)
Profit before taxation		**1,236,923**	1,104,025
Taxation	*6*	**(206,029)**	(192,052)
Profit for the period	*5*	**1,030,894**	911,973
Attributable to:			
Equity holders of the Company		**937,648**	804,848
Non-controlling interests		**93,246**	107,125
		1,030,894	911,973
Earnings per share			
Basic	*8*	**RMB12.59 cents**	RMB10.99 cents
Diluted	*8*	**RMB11.48 cents**	RMB9.96 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,030,894**	911,973
Other comprehensive income:		
Exchange differences on translation of foreign operations recognised	**11,909**	(26,964)
Total comprehensive income for the period	**1,042,803**	885,009
Attributable to:		
Equity holders of the Company	**949,557**	777,884
Non-controlling interests	**93,246**	107,125
	1,042,803	885,009

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2011

	Note	At 30 June 2011 RMB'000 (Unaudited)	At 31 December 2010 RMB'000 (Audited) (Restated)
Non-current assets			
Property, plant and equipment	*9*	**6,380,064**	5,467,494
Intangible assets	*10*	**1,864,070**	1,448,593
Goodwill		**6,222**	6,222
Interests in associates	*11*	**40,380**	–
Prepaid land lease payments		**1,541,308**	1,367,701
		9,832,044	8,290,010
Current assets			
Prepaid land lease payments		**38,077**	33,782
Inventories	*12*	**1,325,600**	986,595
Trade and other receivables	*13*	**8,217,689**	9,912,961
Financial assets at fair value through profit or loss		**12,162**	12,947
Available-for-sale financial assets		**–**	100,000
Tax recoverable		**1,062**	2,391
Pledged bank deposits		**308,188**	242,582
Bank balances and cash		**4,442,608**	4,393,075
		14,345,386	15,684,333
Current liabilities			
Trade and other payables	*15*	**9,508,921**	10,508,069
Taxation		**152,020**	173,591
Bank borrowings, secured	*16*	**2,153,682**	1,096,669
		11,814,623	11,778,329
Net current assets		**2,530,763**	3,906,004
Total assets less current liabilities		**12,362,807**	12,196,014
CAPITAL AND RESERVES			
Share capital	*17*	**139,497**	139,279
Reserves		**8,750,185**	7,882,603
Equity attributable to equity holders of the Company		**8,889,682**	8,021,882
Non-controlling interests		**1,149,041**	1,055,795
Total equity		**10,038,723**	9,077,677
Non-current liabilities			
Convertible bonds	*14*	**1,504,495**	1,483,012
Long-term bank borrowings, secured	*16*	**730,028**	1,562,312
Deferred taxation		**89,561**	73,013
		2,324,084	3,118,337
		12,362,807	12,196,014

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Six Months Ended 30 June 2011

	Note	Six months ended 30 June 2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before tax		**1,236,923**	1,104,025
Adjustments for non-cash items		**504,879**	541,652
Operating profit before working capital changes		**1,741,802**	1,645,677
Net changes in working capital		**(197,392)**	(82,582)
Cash from operations		**1,544,410**	1,563,095
Income taxes paid		**(209,856)**	(93,102)
Net cash from operating activities		**1,334,554**	1,469,993
Cash flows from investing activities			
Purchase of property, plant and equipment		**(604,466)**	(338,445)
Addition of intangible assets		**(337,971)**	(236,346)
Addition of prepaid land leases payments		**(5,022)**	(14,020)
Proceeds from disposal of property, plant and equipment		**20,463**	100,914
Proceeds from disposal of intangible assets		**6,127**	–
Proceeds from disposal of prepaid land leases payments		**6,174**	–
Change in pledged bank deposits		**(65,606)**	70,534
Acquisition of a subsidiary		**–**	(134,447)
Acquisition of assets and liabilities through acquisition of subsidiaries	*19*	**(398,023)**	–
Investments in associates		**(41,613)**	–
Proceeds from disposal of available-for-sale financial assets		**100,195**	–
Interest received		**20,775**	19,664
Net cash used in investing activities		**(1,298,967)**	(532,146)
Cash flows from financing activities			
Dividend paid	*7*	**(170,416)**	(148,352)
Capital contribution from non-controlling shareholders		**–**	153,612
Proceeds from issuance of shares upon exercise of the share options		**10,357**	39,354
Proceeds from borrowings		**561,045**	907,000
Repayment of borrowings		**(336,186)**	(531,638)
Other financing activities		**(54,524)**	(369,661)
Net cash from financing activities		**10,276**	50,315
Net increase in cash and cash equivalents		**45,863**	988,162
Cash and cash equivalents at beginning of period		**4,393,075**	4,498,155
Effect of foreign exchange rate changes		**3,670**	(4,139)
Cash and cash equivalents at end of period, represented by			
Bank balances and cash		**4,442,608**	5,482,178

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2011

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed interim financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

The condensed consolidated interim financial statements have not been audited.

These condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new/revised HKFRSs

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs" which term collectively includes individual HKFRSs, HKASs and Interpretations) that are effective for accounting periods beginning on or after 1 January 2011. The Group has applied for the first time the following new and revised HKFRSs which are relevant to and effective for Group's financial statements for the annual financial period beginning on 1 January 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Other than stated below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 34 Interim Financial Reporting

The amendment clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the 2010 annual financial statements. The Group's interim financial statements for the six months ended 30 June 2011 reflect these amended disclosure requirements, where applicable.

(b) Change in accounting policy

During the period, the Group changes its accounting policy for the government grants. Government grants related to assets are now deducted from the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset by reducing the depreciation expense.

Before the change in accounting policy, the government grants related to assets are included in non-current liabilities as deferred government grants and are recognised as subsidy income (included in other income) over the useful life of the assets in the consolidated income statement.

Management believes that the new classification of deferred government grants gives a more relevant presentation of the results and financial position of the Group for the periods.

The change in accounting policy has been accounted for retrospectively and the condensed consolidated financial statements have been restated. The effect on the condensed consolidated financial statements is as follows:

	At 30 June 2011 *RMB'000* **(Unaudited)**	At 31 December 2010 *RMB'000* (Audited)
Decrease in property, plant and equipment	**311,776**	329,256
Decrease in trade and other payables	**34,959**	34,959
Decrease in deferred government grants	**276,817**	294,297

	Six months ended 30 June	
	2011 *RMB'000* **(Unaudited)**	2010 *RMB'000* (Unaudited)
Decrease in other income	**17,480**	–
Decrease in depreciation expenses	**17,480**	–

(c) Effects of application of HKFRSs not yet effective

The Group has not early applied the following new/revised standards, amendments or interpretations relevant to the Group's operations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 27 (Amendments)	Separate Financial Statements (2011)[3]
HKAS 28 (Amendments)	Investments in Associates and Joint Ventures (2011)[3]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 July 2012
[3] Effective for annual periods beginning on or after 1 January 2013

HKAS 27 (Amendments) – Separate Financial Statements (2011)

The requirements relating to separate financial statements are unchanged and are included in the amended HKAS 27. The other portions of HKAS 27 are replaced by HKFRS 10.

HKAS 28 (Amendments) – Investments in Associates and Joint Ventures (2011)

HKAS 28 is amended for conforming changes based on the issuance of HKFRS 10, HKFRS 11 and HKFRS 12.

HKFRS 9 Financial Instruments

Under HKFRS 9, all recognised financial assets that are within the scope of the HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically under HKFRS 9, for all financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the consolidation guidance in HKAS 27 Consolidated and Separate Financial Statements and HK(SIC) – Int12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under HKFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

HKFRS 13 Fair Value Measurement

HKFRS 13 applies when another HKFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for certain exemptions. HKFRS 13 requires the disclosures of fair values through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The directors of the Company anticipate that the application of other new and revised standards, amendments and interpretations in issue but not yet effective will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Automobiles and related parts and components: Manufacture and sale of automobiles, automobile parts and related automobile components (excluding gearboxes).

Gearboxes: Manufacture and sale of gearboxes.

The accounting policies of the reportable segment are the same as the Group's accounting policies described in the Company's annual financial statements for the year ended 31 December 2010 and note 2 above. Segment profit represents the profit earned by each segment without allocation of corporate expenses, directors' emoluments, share of results of associates, interest income, interest expenses and income tax expenses. Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, deferred tax assets and other corporate assets. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. Information regarding the Group's reportable segments is set out below.

For the six months ended 30 June 2011 (unaudited)

	Automobiles and related parts and components *RMB'000*	Gearboxes *RMB'000*	Unallocated *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Sales to external customers	10,122,494	415,468	–	–	10,537,962
Inter-segment	6,874	178,116	–	(184,990)	–
Total segment revenue	10,129,368	593,584	–	(184,990)	10,537,962
Segment results	1,421,759	(14,327)	–	–	1,407,432
Interest income	18,925	1,670	180	–	20,775
Finance costs	(54,302)	–	(46,539)	–	(100,841)
Corporate and other unallocated expenses	–	–	(89,210)	–	(89,210)
Share of results of associates	(1,233)	–	–	–	(1,233)
Profit before tax					1,236,923
Income tax expense					(206,029)
Profit for the period					1,030,894

At 30 June 2011 (unaudited)

	Automobiles and related parts and components *RMB'000*	Gearboxes *RMB'000*	Unallocated *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Assets					
Segment assets	**22,782,576**	**1,220,873**	**225,588**	**(91,987)**	**24,137,050**
Interests in associates	**40,380**	**–**	**–**	**–**	**40,380**
Total	**22,822,956**	**1,220,873**	**225,588**	**(91,987)**	**24,177,430**

For the six months ended 30 June 2010 (unaudited)

	Automobiles and related parts and components *RMB'000*	Gearboxes *RMB'000*	Unallocated *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Sales to external customers	8,968,740	266,993	–	–	9,235,733
Inter-segment	2,374	221,029	–	(223,403)	–
Total segment revenue	8,971,114	488,022	–	(223,403)	9,235,733
Segment results	1,362,000	20,239	–	–	1,382,239
Interest income	17,616	1,935	113	–	19,664
Finance costs	(69,854)	(1,416)	(45,084)	–	(116,354)
Corporate and other unallocated expenses	–	–	(174,222)	–	(174,222)
Share of results of an associate	(7,302)	–	–	–	(7,302)
Profit before tax					1,104,025
Income tax expense					(192,052)
Profit for the period					911,973

At 31 December 2010 (audited) (restated)

	Automobiles and related parts and components *RMB'000*	Gearboxes *RMB'000*	Unallocated *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Assets					
Segment assets	22,970,467	804,156	258,712	(58,992)	23,974,343

4. OTHER INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**20,775**	19,664
Gain on disposal of available-for-sale financial assets	**195**	–
Gain on disposal of intangible assets	**222**	–
Gain on disposal of property, plant and equipment	**1,842**	–
Gain on disposal of prepaid land leases	**2,100**	–
Gain on disposal of scrap materials	**32,686**	28,196
Net claims income on defective materials purchased	**17,018**	14,389
Rental income	**6,019**	3,853
Subsidy income from government *(note)*	**534,748**	510,639
Sundry income	**12,866**	6,356
	628,471	583,097

Note: Subsidy income mainly relates to cash subsidies in respect of research and development activities from government which are either unconditional grants or grants with conditions having been satisfied.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Finance costs		
Effective interest expense on convertible bonds	**46,317**	44,898
Interest on bank borrowings wholly repayable within five years	**54,303**	71,377
Interest expenses paid to a non-controlling shareholder of a subsidiary of the Group	**221**	79
Total finance costs	**100,841**	116,354
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**407,691**	343,408
Retirement benefit scheme contributions	**36,274**	26,787
Recognition of share-based payments	**78,302**	162,390
Total staff costs	**522,267**	532,585
Other items		
Cost of inventories recognised as expense *(note)*	**8,703,617**	7,487,314
Depreciation	**282,032**	211,942
Amortisation of prepaid land lease payments	**17,049**	16,804
Amortisation of intangible assets	**51,530**	43,829
Research and development costs	**30,577**	47,794
Unrealised loss on financial assets at fair value through profit or loss that are classified as held for trading (listed investments held for trading)	**785**	26

Note: Cost of inventories recognised as expense included staff costs, depreciation and amortisation expenses, operating lease charges and research and development costs, which the amount is also included in the respective total amounts disclosed separately for each type of expenses.

6. TAXATION

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
– PRC enterprise income tax	**158,061**	175,016
– Other overseas tax	**1,416**	1,164
Under/(Over)provision in prior years	**30,137**	(5,154)
	189,614	171,026
Deferred taxation	**16,415**	21,026
	206,029	192,052

Hong Kong Profits Tax has not been provided for the period 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 enterprise income tax for the two years starting from its first profit-making year, 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 practises in respect thereof.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDEND PAID

During the current period, a final dividend for the year ended 31 December 2010 of HK$0.026 per share (2010: HK$0.023 per share), amounting to approximately RMB170,416,000 (2010: RMB148,352,000), were paid to the shareholders of the Company.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the period is based on the profit attributable to equity holders of the Company of RMB937,648,000 (2010: RMB804,848,000) and weighted average number of ordinary shares of 7,445,302,190 shares (2010: 7,324,626,721 shares), calculated as follows:

(i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**7,440,755,450**	7,310,855,450
Effect of shares issued upon exercise of share options	**4,546,740**	13,771,271
Weighted average number of ordinary shares at 30 June	**7,445,302,190**	7,324,626,721

(b) Diluted earnings per share

The calculation of diluted earnings per share for the period is based on the profit attributable to equity holders of the Company of RMB983,965,000 (2010: RMB849,746,000) and the weighted average number of ordinary shares of 8,573,189,187 shares (2010: 8,530,697,833 shares), calculated as follows:

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (profit attributable to equity holders)	**937,648**	804,848
After tax effect of effective interest on the liability component of convertible bonds	**46,317**	44,898
Earnings for the purpose of diluted earnings per share	**983,965**	849,746

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,445,302,190**	7,324,626,721
Effect of deemed conversion of convertible bonds	**1,004,069,387**	998,484,894
Effect of deemed exercise of warrants	**88,025,505**	101,145,065
Effect of deemed issue of shares under the Company's share option scheme	**35,792,105**	106,441,153
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,573,189,187**	8,530,697,833

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB680,285,000 (2010: RMB765,268,000), excluding the amounts through acquisition of subsidiaries as set out in note 19.

10. INTANGIBLE ASSETS

During the period, additions to intangible assets by acquisition and capitalisation in respect of development costs amounted to approximately RMB316,683,000 (2010: RMB216,144,000), excluding the amounts through acquisition of subsidiaries as set out in note 19.

11. INTERESTS IN ASSOCIATES

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Share of net assets	**122,198**	81,818
Goodwill	**18,182**	18,182
Impairment loss recognised	**(100,000)**	(100,000)
	40,380	–
Represented by:		
Cost of investments in associates		
Unlisted	**41,613**	–
Listed overseas	**197,788**	197,788
	239,401	197,788
Share of post-acquisition losses and reserves	**(99,021)**	(97,788)
Impairment loss recognised	**(100,000)**	(100,000)
	40,380	–
Fair value of listed investments	**30,142**	36,714

The Group's interest in Manganese Bronze Holding plc ("MBH") is 19.97% and the Group retains significant influence over MBH through the power to nominate representations on the board. Having considered the significant drop in the market value of the shares in MBH and the projected future profitability and cash flows of MBH, the impairment made in previous year is not reversed.

During the period, the Group invested 35% and 18% equity interest in Mando (Ningbo) Automotive Parts Company Limited ("Mando") and Ningbo DIPO Traffic Facilities Company Limited ("Ningbo DIPO") amounted to RMB39,027,000 and RMB2,586,000 respectively. Both Mando and Ningbo DIPO are engaged in research, production, marketing and sales of automobile parts and related components. The Group has significant influence over Ningbo DIPO through the power to nominate representations on the board.

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

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Total assets	**906,701**	751,128
Total liabilities	**(457,356)**	(405,850)
Net assets	**449,345**	345,278
Group's share of net assets of associates	**122,198**	81,818

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**400,568**	339,604
Loss for the period attributable to equity holders of associates	**(12,889)**	(42,194)
Group's share of results of associates for the period	**(1,233)**	(7,302)

During the year ended 31 December 2010, the Group's interest in MBH has been reduced to zero. Hence, the subsequent loss incurred by MBH has not been recognised by the Group during the period ended 30 June 2011.

12. INVENTORIES

	At 30 June 2011 RMB'000 (Unaudited)	At 31 December 2010 RMB'000 (Audited)
At costs:		
Raw materials	**615,047**	487,777
Work in progress	**288,550**	195,721
Finished goods	**422,003**	303,097
	1,325,600	986,595

13. TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2011 RMB'000 (Unaudited)	At 31 December 2010 RMB'000 (Audited)
Trade and notes receivables			
Trade receivables			
– Third parties		**1,059,548**	962,228
– Related companies controlled by the substantial shareholder of the Company		**535,369**	487,846
	(a)	**1,594,917**	1,450,074
Notes receivable	*(b)*	**4,314,025**	6,073,987
		5,908,942	7,524,061
Deposits, prepayments and other receivables			
Prepayment to suppliers			
– Third parties		**130,467**	214,367
– Related companies controlled by the substantial shareholder of the Company		**1,086,907**	1,382,045
		1,217,374	1,596,412
Deposits paid for acquisition of property, plant and equipment		**331,875**	298,316
Utility deposits and other receivables		**741,049**	494,172
		2,290,298	2,388,900
Amount due from an associate	*(c)*	**18,449**	–
		2,308,747	2,388,900
		8,217,689	9,912,961

(a) Trade receivables

The Group allows an average credit period of 30 days to 90 days to its local PRC trade customers. The following is an aged analysis of the trade receivables of local PRC trade customers based on invoice dates at the balance sheet dates:

	At 30 June 2011 *RMB'000* **(Unaudited)**	At 31 December 2010 *RMB'000* (Audited)
0 – 60 days	**705,907**	588,080
61 – 90 days	**42,840**	55,170
Over 90 days	**214,482**	144,354
	963,229	787,604

For overseas trade customers, the Group may allow a credit period of over 1 year. The following is an aged analysis of the trade receivables of overseas trade customers based on invoice dates at the balance sheet dates:

	At 30 June 2011 *RMB'000* **(Unaudited)**	At 31 December 2010 *RMB'000* (Audited)
0 – 60 days	**179,183**	277,491
61 – 90 days	**118,914**	47,070
91 – 365 days	**262,469**	244,848
Over 1 year	**71,122**	93,061
	631,688	662,470

(b) Notes receivable

All notes receivable are denominated in Renminbi and are primarily notes received from third parties for settlement of trade receivable balances. At 30 June 2011 and 31 December 2010, all notes receivable were guaranteed by established banks in the PRC and have maturities of six months or less from the balance sheet date.

(c) Amount due from an associate

The amount due from an associate represents the receivable from sale of property, plant and equipment. The amount due is unsecured, interest-free and has no fixed repayment terms.

14. CONVERTIBLE BONDS

The convertible bonds ("CB2014") contain a liability component and a conversion option which is included in the equity of the Company. Details of the terms of the CB2014 are set out in the Company's annual report for the year ended 31 December 2010. Upon the payment of final dividends for the year ended 31 December 2010, the conversion price of the CB2014 was changed from RMB1.66 (equivalent to HK$1.8894) to RMB1.651(equivalent to HK$1.8742) from 30 June 2011 in accordance with the provisions of CB2014.

The movements of the convertible bonds for the period/year are set out below:

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Liability component		
Carrying amount brought forward	**1,488,725**	1,449,150
Accrued effective interest charges	**46,317**	90,941
Interest paid during the period/year	**–**	(51,366)
	1,535,042	1,488,725
Liability component is represented by:		
Convertible bonds	**1,504,495**	1,483,012
Accrued interests included in trade and other payables	**30,547**	5,713
	1,535,042	1,488,725

The principal amount outstanding at 30 June 2011 is RMB1,671 million (At 31 December 2010: RMB1,671 million).

CB2014 contains two components, liability and equity elements. The equity element is presented in equity as convertible bonds reserve. The effective interest rate of the liability component on initial recognition is 6.582% per annum. The redemption option of CB2014 is included as a liability component and not separately recognised. The liability component is measured at amortised cost.

15. TRADE AND OTHER PAYABLES

	Note	At **30 June 2011** *RMB'000* **(Unaudited)**	At 31 December 2010 *RMB'000* (Audited) (Restated)
Trade and notes payables			
Trade payables			
– Third parties		**4,895,678**	4,619,345
– Related parties controlled by the substantial shareholder of the Company		**510,454**	728,792
	(a)	**5,406,132**	5,348,137
Notes payable			
– Third parties		**708,662**	10,000
– Related parties controlled by the substantial shareholder of the Company		**–**	325,164
	(b)	**708,662**	335,164
		6,114,794	5,683,301
Other payables			
Receipts in advance from customers			
– Third parties		**1,280,297**	2,739,679
– Related parties controlled by the substantial shareholder of the Company		**544,037**	15,680
		1,824,334	2,755,359
Deferred income related to government grants which conditions have not yet been satisfied		**99,947**	434,110
Payables for acquisition of property, plant and equipment		**718,718**	609,340
Accrued staff salaries and benefits		**134,700**	198,787
Business and other taxes		**176,077**	205,612
Accrued charges and other creditors		**282,467**	612,347
		3,236,243	4,815,555
Loan from a non-controlling shareholder of a subsidiary of the Group	*(c)*	**7,884**	9,213
Amount due to ultimate holding company	*(d)*	**150,000**	–
		3,394,127	4,824,768
		9,508,921	10,508,069

(a) Trade payables

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

	At 30 June 2011 *RMB'000* **(Unaudited)**	At 31 December 2010 *RMB'000* (Audited)
0 – 60 days	**4,215,399**	4,464,062
61 – 90 days	**669,327**	625,890
Over 90 days	**521,406**	258,185
	5,406,132	5,348,137

The trade payables do not carry interest. The average credit period on purchase of goods is 60 days.

(b) Notes payable

At 30 June 2011 and 31 December 2010, all notes payable have maturities of less than 1 year.

(c) Loan from a non-controlling shareholder of a subsidiary of the Group

Loan from a non-controlling shareholder of a subsidiary of the Group is unsecured, interest bearing at 2.78% - 3.16% (31 December 2010: 2.86% - 5.56%) per annum and repayable within one year.

(d) Amount due to ultimate holding company

The amount due to ultimate holding company is unsecured, interest-free and has no fixed repayment terms.

16. BANK BORROWINGS

	At 30 June 2011 *RMB'000* **(Unaudited)**	At 31 December 2010 *RMB'000* (Audited)
Bank loans secured by the Group's assets	**1,340,910**	1,560,381
Bank loans guaranteed by the ultimate holding company	**1,397,000**	931,000
Other bank loans	**145,800**	167,600
	2,883,710	2,658,981

At the balance sheet date, the Group's bank loans were repayable as follows:

	At 30 June 2011 *RMB'000* (Unaudited)	At 31 December 2010 *RMB'000* (Audited)
On demand or within one year	**2,153,682**	1,096,669
In the second year	**415,028**	845,417
In the third to fifth year	**315,000**	716,895
	2,883,710	2,658,981
Less: amounts due within one year shown under current liabilities	**(2,153,682)**	(1,096,669)
	730,028	1,562,312

17. SHARE CAPITAL

	Number of shares	Nominal value *RMB'000*
Authorised:		
Ordinary shares of HK$0.02 each		
At 31 December 2010 and **30 June 2011 (Unaudited)**	12,000,000,000	246,720
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At 1 January 2010	7,310,855,450	136,993
Shares issued under share option scheme	48,800,000	859
Balance at 30 June 2010	7,359,655,450	137,852
Shares issued under share option scheme	81,100,000	1,427
Balance at 31 December 2010 and 1 January 2011	7,440,755,450	139,279
Shares issued under share option scheme	12,390,000	218
Balance at 30 June 2011 (Unaudited)	**7,453,145,450**	**139,497**

During the period, options were exercised to subscribe for 12,390,000 ordinary shares in the Company at a consideration of approximately RMB10,357,000 of which approximately RMB218,000 was credited to share capital and the balance of RMB10,139,000 was credited to the share premium account. Upon exercise of share options, RMB1,955,000 has been transferred from the share option reserve to the share premium account in accordance with the accounting policy set out in the Company's 2010 annual report.

18. WARRANTS

For the year ended 31 December 2009, the Company issued 299,526,900 warrants to certain investors with a subscription price of HK$1 for all the warrants. The warrants are convertible into fully paid ordinary shares of HK$0.02 each of the Company at an initial exercise price of RMB2.0262 (equivalent to HK$2.3) per share, subject to adjustment in certain events. Upon the payment of final dividends for the year ended 31 December 2010, the exercise price of the warrants were adjusted from RMB2.0148 (equivalent to HK$2.2871) to RMB1.9986 (equivalent to HK$2.2687) per share from 30 June 2011 in accordance with the provisions of the warrants. The warrants are exercisable in part or in whole at any time from the issue date of the warrants on 11 November 2009 to the fifth anniversary of the issuance of the warrants and are freely transferable, but in minimum tranches of 250,000 warrants. The warrants have been classified as equity instruments of the Company.

During the period, none of the warrants issued has been exercised.

19. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

For the six months ended 30 June 2011

On 21 January 2011, the Company entered into an agreement with Zhejiang Geely Holding Group Company Limited and its subsidiary to acquire 100% interests in Ningbo Vision Automobile Parts and Components Company Limited ("Ningbo Vision") and Shandong Geely Gearbox Company Limited ("Shandong Geely") for cash considerations of RMB437.3 million and RMB20 million respectively. There is a further capital injection of RMB80 million for Shandong Geely immediately after the completion of its acquisition. The acquisition of Ningbo Vision and Shandong Geely was completed during the period. Details of the acquisition have been set out in the Company's announcement dated 21 January 2011.

Ningbo Vision and Shandong Geely have not engaged in any operating activities, and did not have sufficient workforce and all necessary plant and equipment ready for production at the acquisition date and the acquisition were accounted for as purchases of assets and liabilities of which no goodwill was recognised.

The assets and liabilities acquired in the acquisition of Ningbo Vision and Shandong Geely at the acquisition dates are as follows:

	Carrying amount
	RMB'000
The assets and liabilities acquired:	
Property, plant and equipment	541,776
Intangible assets	155,839
Prepaid land lease payments	194,003
Trade and other receivables	41,038
Inventories	7,732
Cash and cash equivalents	59,319
Trade and other payables	(542,365)
	457,342
Total consideration satisfied by:	
Cash	457,342
Net cash outflow arising on acquisition:	
Cash consideration paid	457,342
Bank balances and cash acquired	(59,319)
	398,023

20. COMPARATIVE FIGURES

The comparative figures related to balances with related parties have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's performance in the first half of 2011 was broadly in line with previous expectations despite uncertain macro-economic conditions in China during the period and the expiry of tax incentives for small-size vehicles at the end of 2010. The Group sold a total of 213,381 units of vehicles in the first six months of 2011, up 9% from the same period in the previous year, achieving 44% of the Group's full year sales volume target of 480,000 units. Total revenues increased by 14% to RMB10,538 million, reflecting a steady growth in sales volume and the continued improvement in product mix during the period. The profit attributable to shareholders for the first half of 2011 was up by 17% to RMB938 million, thanks to revenue growth, lower share-based payments to employees and well-controlled administrative expenses, which more than offset lower profit margins and higher distribution and selling expenses during the period. Fully diluted earnings per share (EPS) was up 15.3% to RMB11.48 cents. Excluding non-cash expenses related to the recognition of share-based payments to employees, the adjusted profit attributable to shareholders increased by 5% to RMB1,016 million.

Performance at the Group's 100%-owned subsidiary DSI Holdings Pty Limited ("DSIH") continued to improve steadily in the first half of 2011. Total net profit from DSIH was up 92% to A$0.9 million on 26% growth in revenue to A$62 million. DSIH manufactured and sold a total of 35,011 units of automatic gearboxes to independent Original Equipment Manufacturer (OEM) customers during the period, which was in line with its budget.

The Group's 51%-owned Shanghai LTI Automobile Components Company Limited ("Shanghai LTI"), a joint venture with Manganese Bronze Holdings PLC ("MBH"), recorded a net loss of RMB17 million for the first half of 2011, as its sales volume remained below break-even level. Shanghai LTI manufactured and sold 490 units of TX4 London taxi vehicles in the first half of 2011, up from 176 units for the same period last year.

Financial Resources

The Group's financial position remained strong at the end of the first half of 2011 due to the continued good operational net cash inflow from its manufacturing operation. Total value of cash and bank balances (including pledged bank deposits) of the Group increased by 2% to RMB4.8 billion at the end of June 2011. Total bank borrowings also increased slightly from RMB2.7 billion at the end of 2010 to RMB2.9 billion at the end of June 2011, mainly due to the increase of short-term bank loans. Despite this, the Group's net cash level (bank balances and cash + pledged bank deposits – bank borrowings – convertible bonds) was still maintained at a healthy level at RMB363 million at the end of June 2011.

Vehicle Manufacturing (91% interests)

The Group sold a total of 213,381 units of vehicles in the first half of 2011, up 9% from the same period last year, helped by a strong demand for the "Emgrand EC7" model in the China market and a rapid increase in export sales, which more than offset the drop in the sales of older models like "Free Cruiser" and "Vision" during the period.

The Group's domestic sales volume in the first half of 2011 was up 6% to 199,996 units, which was roughly in line with the 8% increase in the sales volume of China's overall sedan market during the period. The Group's market share in China's sedan market was maintained at over 4%. Exports sales volume recovered strongly and was up 93% to 13,385 units in the first half of 2011, thanks to the strong recovery of the Group's major export markets in developing countries. Exports sales accounted for 6.3% of the Group's total sales volume in the period.

The demand for the "Emgrand EC7" model continued to be very strong, making the model the Group's best-selling model in the first half of 2011, accounting for 21% of the Group's total sales volume during the period. This was despite the major demand constraints caused by the lack of automatic transmissions (AT) versions of "Emgrand EC7" during the period. Sales volume of "Free Cruiser" and "Vision", however, declined by 16% and 8% respectively from the same period of the previous year, ahead of the planned launches of their upgraded models in the second half of 2011. The sales of "Geely Kingkong", "GLEagle Panda" and "Englon SC7" models were steady during the period with their sales volumes growing in line with the overall China sedan market. The demand for the two new models launched at the end of last year: "Emgrand EC8" and "Englon SC5-RV" was in line with the Company's expectations. Despite the model represents the Group's first entry into the larger size sedan market, "Emgrand EC8" continued to receive good market response, achieving total sales volume of 7,067 units in the first half of 2011. As a result of the continued positive shift in product mix during the period, driven by the strong sales volume growth of "Emgrand EC7", the Group's ex-factory average sales price improved further to RMB45,020 per unit in the first half of 2011, up 1.2% from the same period of last year and up 0.5% from the full year 2010. Higher-priced models like "Vision", "EC7", "EC7-RV", "SC7", "EC8" and "TX4" accounted for 49% of the Group's total sales volume in the first half of 2011, compared with 46% in 2010.

The Group conducts its business under three independent product lines and brands: "GLEagle", "Emgrand" and "Englon", all of which have their own management teams, production facilities and distribution networks. By the end of June 2011, the Group's three independent sales networks in China comprised a total of 941 shops, including 589 exclusive franchisee stores and 352 4S stores.

New Products

In the second half of 2011, the Group plans to launch the following new products:

- "GLEagle GC7" mid-size sedan
- "GLEagle GX7" SUV
- "Englon SC3" basic sedan
- "Englon SC7" 6AT mid-size sedan
- "Emgrand EX7" SUV

In addition, the Group has recently launched the new and upgraded models for "Free Cruiser" and plans to launch the upgraded models for "Vision" in the remaining period of the year. Both models will be marketed under the "GLEagle" brand.

Exports

The Group exported a total of 13,385 units of vehicles in the first six months of 2011, up 93% from the same period last year, and accounted for 6.3% of the Group's total sales volume during the period. The Group's share of China's total exports of sedans decreased from 9.6% in the first half of 2010 to 8.9% in the first half of 2011. Unlike the domestic market, the Group continues to market its products in the export markets under the "Geely" brand. "Geely MK" (Kingkong), "Geely LC" (Panda) and "Geely CK" (Free Cruiser) were the most popular export models in terms of sales volume in the first half of 2011, accounting for 33%, 25% and 22%, respectively, of the Group's total export sales volume during the period. Developing countries in the Middle East, Eastern Europe and Central and South America remained the most important markets for the Group's exports.

DSIH (100% interests)

DSIH is principally engaged in the design, development and manufacture of automatic transmissions in Australia, supplying major international automobile original equipment manufacturers like Ssangyong Motor Company (SYMC), Mahindra & Mahindra and Ford Motor Australia (Ford). DSIH's net profit after tax was A$0.9 million on revenue of A$62 million in the first half of 2011. DSIH manufactured and sold 35,011 sets of automatic gearboxes in the first six months of 2011, on track to achieve its full year sales volume target of 73,000 units in 2011, despite some delay in the launch program by one of its major customers during the period.

To expand DSIH's sales in China and to improve the cost competitiveness of its products, DSIH has set up several 50:50 joint venture companies with other members of the Group. Its first joint venture in China, namely Hunan Jisheng International Drivetrain Systems Co., Ltd. ("Hunan Jisheng") which was formed with Hunan Geely Automobile Components Company Limited ("Hunan Geely"), one of the Group's 91%-owned operating subsidiaries, started official production in August 2011. The total annual production capacity of Hunan Jisheng is 100,000 units per shift. Estimated production and sales volumes for Hunan Jisheng would be approximately 6,000 sets of automatic gearboxes in 2011 and 100,000 sets of automatic gearboxes in 2012. Hunan Jisheng is currently working with a number of China-based suppliers to localize the supplies of its parts and components. In addition to the supply of automatic transmissions for the Group's own use, Hunan Jisheng is also discussing with a number of third party car manufacturers in China for the supply of automatic transmissions to these manufacturers in a bid to speed up its scale production in China.

Shanghai LTI (51% interests)

51%-owned Shanghai LTI is a production joint venture between the Group and MBH. Shanghai LTI was established in June 2007 to achieve volume production of the iconic London taxi (TX4) at a significantly lower cost and for the production of other high-end saloon cars for sales to the domestic and the world market. In addition, Shanghai LTI started to supply body kits and components to MBH for the assembly of a revised TX4 model range for sales in the UK market in November 2010.

Demand for TX4, however, has been below the original expectations due to the lack of petroleum automatic transmissions version, which is important for generating demand in markets outside Europe, and the continued difficult UK trading condition. Shanghai LTI only achieved sales of 490 units in the first half of 2011, of which 91% were exported to overseas countries. As a result, Shanghai LTI continued to operate below the break-even level and recorded a net loss of RMB17 million on revenue of RMB73 million in the first half of 2011.

The new arrangement by MBH to import body kits and parts from Shanghai LTI for assembly of TX4 London taxi in its Coventry facility started in November last year should be able to improve the utilization of the production facilities of Shanghai LTI in the future. MBH, which sources most of the vehicles sold to the international market from Shanghai LTI, had reported strong international sales order book of over 1,300 vehicles for 2011 in its 2011 interim report. MBH's existing international sales order, if materialized, should generate significantly higher sales volume and thus improved profitability for Shanghai LTI in the remaining period of the year.

Outlook

With the positive results of its "Strategic Transformation" in the areas of brand image, product quality, technology and innovation, the Group's overall competitiveness has strengthened significantly over the past few years, thus putting the Group in a much stronger position to meet new market challenges. With the effort spent in the past few years to further strengthen its export business, through continued improvement in distribution capabilities and revamping of its manufacturing arrangements in major export markets, the Group's export performance has showed sign of improvement so far in 2011. This should provide the Group with a cushion to buffer any possible cyclical downturn in the China sedan market in the future, thus enabling the Group to sustain longer term growth.

Although there had been better than expected recovery at our major export markets in 2011, the slackening market condition in the China's sedan market, the higher overall cost base as a result of the addition of two new plants in Jinan and Chengdu, and the higher overheads and expenses caused by the development of three new brands and their associated sales networks, have resulted in less than exciting earnings performance by the Group in the first half of 2011. Motor vehicle sales in most parts of the world market have been weakening since the beginning of the year and look set to deteriorate further in the remainder of the year given the high level of uncertainties in most of the major economies, higher inflation and tightening monetary policies in China. All of these factors could pose significant threat to the Group's performance in the second half of 2011. As a result, the Group decided to take a more conservative stance, implementing more stringent cost control and lifting cash reserves, aiming at strengthening the Group's position to compete in a difficult market condition. Over longer-term, the Group will continue to restructure its management system, shifting its focus from product line management to brand management, from technology competence to total quality focus, and from fast growth to sustainable growth, aiming at transforming the Group into a real global automobile manufacturer which is able to compete internationally.

Although competition in both the domestic and export markets is expected to intensify further in the remainder of the year, the Group's management team decided to keep our 2011 sales volume target of 15% growth to 480,000 units unchanged, believing that the Group's sales performance should improve in the remaining period of the year, helped by the continued improvement in the Group's brand image, product and service quality, and more new product launches in the coming few months.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group funds its short-term working capital requirement mainly through its own operational cash flow, short-term bank loans from commercial banks in China and the credit from its suppliers. For its longer-term capital expenditures including product and technology development costs, investment in the construction, expansion and upgrading of production facilities, the Group's strategy is to fund these longer-term capital commitments by a combination of its operational cash flow, shareholders' loan from its parent company, Geely Holding Group and fund raising exercises in the capital market. As at 30 June 2011, the Group's shareholders' fund amounted to approximately RMB8.9 billion (As at 31 December 2010: approximately RMB8.0 billion). Upon exercise of share options, 12.39 million new shares were issued by the Group during the first six months ended 30 June 2011.

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 the Group's assets and liabilities are mainly denominated either in Renminbi or Hong Kong dollars.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group's current ratio (current assets/current liabilities) was 1.21 (As at 31 December 2010: 1.33) and the gearing ratio of the Group was 49% (As at 31 December 2010: 52%) which was calculated on the Group's total borrowings to total shareholders' equity. Total borrowings (excluding the trade and other payables) as at 30 June 2011 amounted to approximately RMB4.4 billion (As at 31 December 2010: approximately RMB4.1 billion) were mainly the Company's convertible bonds and bank borrowings. For the Company's convertible bonds, they were unsecured, interest-bearing and can be repaid on early redemption or maturity. For the bank borrowings, they were secured, interest-bearing and to be repaid on maturity. Should other opportunities arise requiring additional funding, the board of directors believe the Group is in a good position to obtain such financing.

EMPLOYEES' REMUNERATION POLICY

As at 30 June 2011, the total number of employees of the Group was about 17,783 (As at 31 December 2010: approximately 17,102). Employees' remuneration packages are based on their experience and work performance. 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. In addition, employees are eligible for share options under the share option scheme adopted by the Company.

INTERIM DIVIDEND

At a meeting of the Board held on 22 August 2011 the Directors resolved not to pay an interim dividend to shareholders of the Company (2010: Nil).

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 period ended 30 June 2011.

CORPORATE GOVERNANCE

The Company has met with the code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, throughout the six months ended 30 June 2011, except for the deviation from CG Code E.1.2 as explained below:

The CG Code E.1.2 provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other commitment in the PRC, Mr. Li Shu Fu ("Mr. Li"), the Chairman of the Board, was unable to attend physically at the annual general meeting of the Company held on 18 May 2011 in Hong Kong. Despite this, the Company had provided another communication channel via conference call for shareholders to directly discuss with Mr. Li during the annual general meeting held on 18 May 2011.

The Company has 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 Officer (the "Code"). All directors of the Company have confirmed their compliance during the review period with the required standards set out in the Model Code and the Code.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting processes and internal controls. As at 30 June 2011 the audit committee comprises Messrs. Lee Cheuk Yin, Dannis, Song Lin and Yeung Sau Hung, Alex, who are the independent non-executive directors of the Company.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2011.

PUBLICATION OF INTERIM REPORT ON THE WEB SITES OF THE COMPANY AND THE STOCK EXCHANGE OF HONG KONG LIMITED

Pursuant to the requirements of the Listing Rules regarding the reporting period, the 2011 interim report will set out all information disclosed in the interim results announcement for the first half of 2011 and will be disclosed on the websites of the Company (http://www.geelyauto.com.hk) and the Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) in due course.

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

Hong Kong, 22 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Li Shu Fu (Chairman), Mr. Yang Jian (Vice Chairman), Mr. Gui Sheng Yue (CEO), Mr. Ang Siu Lun, Lawrence, Mr. Yin Da Qing, Richard, Mr. Liu Jin Liang, Dr. Zhao Fuquan, Ms. Wei Mei and Mr. Li Dong Hui, Daniel, the non-executive director of the Company is Mr. Wang Yang and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin and Mr. Yeung Sau Hung, Alex.