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 2014

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2014	2013	Change
	(Unaudited)	(Unaudited)	%
Turnover/Revenue (RMB'000)	**10,158,351**	14,854,979	(32)
Profit attributable to the equity holders of the Company (RMB'000)	**1,113,439**	1,398,468	(20)
Earnings per share			
Basic (RMB cents)	**12.65**	16.92	(25)
Diluted (RMB cents)	**12.65**	16.16	(22)
Sales volume (Units)	**187,296**	263,544	(29)
	At 30 June 2014	At 31 December 2013	
	(Unaudited)	(Audited)	
Total assets (RMB'000)	**31,939,225**	33,599,308	(5)
Equity attributable to equity holders of the Company (RMB'000)	**16,925,929**	16,068,024	5
Net assets per share attributable to equity holders of the Company (RMB)	**1.92**	1.83	5

Note:

1. At a meeting of the Board held on 20 August 2014, the Directors resolved not to pay an interim dividend to shareholders of the Company (2013: 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 2014. 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 Hong Kong Limited.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover/Revenue		**10,158,351**	14,854,979
Cost of sales		**(8,092,446)**	(12,008,149)
Gross profit		**2,065,905**	2,846,830
Other income	*4*	**554,405**	552,308
Distribution and selling expenses		**(556,708)**	(820,927)
Administrative expenses, excluding share-based payments		**(598,982)**	(746,903)
Share-based payments		**(31,089)**	(46,019)
Finance costs, net	*5*	**(2,755)**	(56,572)
Share of results of associates		**(5,249)**	(3,812)
Share of result of a joint venture		**7,330**	–
Profit before taxation		**1,432,857**	1,724,905
Taxation	*6*	**(307,230)**	(323,003)
Profit for the period	*5*	**1,125,627**	1,401,902
Attributable to:			
Equity holders of the Company		**1,113,439**	1,398,468
Non-controlling interests		**12,188**	3,434
		1,125,627	1,401,902
Earnings per share			
Basic	*8*	**RMB12.65 cents**	RMB16.92 cents
Diluted	*8*	**RMB12.65 cents**	RMB16.16 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,125,627**	1,401,902
Other comprehensive income/(loss) for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations recognised	**33,230**	(80,898)
Loss arising on revaluation of available-for-sale financial assets	**(8)**	–
Total comprehensive income for the period	**1,158,849**	1,321,004
Attributable to:		
Equity holders of the Company	**1,146,661**	1,317,570
Non-controlling interests	**12,188**	3,434
	1,158,849	1,321,004

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**5,615,865**	6,208,554
Intangible assets	11	**3,555,708**	3,220,043
Prepaid land lease payments		**947,198**	1,166,070
Goodwill		**6,222**	6,222
Interests in associates	12	**256,136**	261,385
Interests in a joint venture	13	**419,114**	411,784
Available-for-sale financial assets		**12,150**	14,492
Deferred tax assets		**60,379**	59,411
		10,872,772	11,347,961
Current assets			
Prepaid land lease payments		**24,755**	30,098
Inventories	14	**1,878,350**	1,783,692
Trade and other receivables	15	**11,757,522**	14,785,486
Financial assets at fair value through profit or loss		**13,527**	13,114
Tax recoverable		**8,473**	55,739
Pledged bank deposits		**101,722**	105,471
Bank balances and cash		**6,338,595**	5,477,747
		20,122,944	22,251,347
Assets held for sale	9	**943,509**	–
		21,066,453	22,251,347
Current liabilities			
Trade and other payables	17	**13,222,496**	16,074,808
Taxation		**156,569**	196,728
Borrowings	18	**796,479**	965,565
		14,175,544	17,237,101
Liabilities directly associated with assets held for sale	9	**522,412**	–
		14,697,956	17,237,101
Net current assets		**6,368,497**	5,014,246
Total assets less current liabilities		**17,241,269**	16,362,207

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	19	**161,346**	161,346
Reserves		**16,764,583**	15,906,678
Equity attributable to equity holders of the Company		**16,925,929**	16,068,024
Non-controlling interests		**173,855**	161,667
Total equity		**17,099,784**	16,229,691
Non-current liabilities			
Deferred tax liabilities		**141,485**	132,516
		17,241,269	16,362,207

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Six months ended 30 June **2014** *RMB'000* **(Unaudited)**	2013 *RMB'000* (Unaudited)
Cash flows from operating activities			
Profit before taxation		**1,432,857**	1,724,905
Adjustments for non-cash items		**527,703**	580,974
Operating profit before working capital changes		**1,960,560**	2,305,879
Net changes in working capital		**103,356**	1,276,574
Cash from operations		**2,063,916**	3,582,453
Income taxes paid		**(296,644)**	(240,305)
Net cash from operating activities		**1,767,272**	3,342,148
Cash flows from investing activities			
Purchase of property, plant and equipment		**(90,998)**	(450,992)
Addition of intangible assets		**(540,285)**	(385,615)
Addition of prepaid land lease payments		**–**	(180,043)
Proceeds from disposal of property, plant and equipment		**17,991**	18,238
Proceeds from disposal of intangible assets		**26,216**	26,190
Proceeds from disposal of prepaid land lease payments		**–**	33,792
Change in pledged bank deposits		**3,749**	246,240
Net cash inflow on disposal of subsidiaries	*20*	**–**	163,651
Investments in associates		**–**	(37,333)
Investment in a joint venture		**–**	(500,000)
Interest received		**23,105**	35,563
Net cash used in investing activities		**(560,222)**	(1,030,309)
Cash flows from financing activities			
Proceeds from issuance of shares upon exercise of the share options		**–**	10,679
Proceeds from borrowings		**393,779**	7,932
Repayment of borrowings		**(562,865)**	(709,667)
Interest paid		**(25,860)**	(65,469)
Net cash used in financing activities		**(194,946)**	(756,525)
Net increase in cash and cash equivalents		**1,012,104**	1,555,314
Cash and cash equivalents at beginning of period		**5,477,747**	4,188,862
Effect of foreign exchange rate changes		**(15,454)**	(24,779)
Cash and cash equivalents at end of period		**6,474,397**	5,719,397
Analysis of cash and cash equivalents			
Bank balances and cash		**6,338,595**	5,719,397
Bank balances and cash included in a disposal group classified as held for sale	*9*	**135,802**	–
Cash and cash equivalents at the end of period		**6,474,397**	5,719,397

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial report (the "Interim Financial Report") has 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 Interim Financial Report is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2013 except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("HKFRSs") and the change in segment presentation as disclosed in notes 2 and 3 respectively to this Interim Financial Report.

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

2. ADOPTION OF NEW OR AMENDED HKFRSS

In the current period, the Group has applied for the first time the following new and revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2014:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting

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.

3. SEGMENT INFORMATION

The Group previously managed its business by business lines and two reportable segments were identified.

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.

During the second quarter of 2013, the Group completed an evaluation of its activities in Gearboxes. As a result, and consistent with the Group's strategic view of its integrated business, the previously reported Gearboxes segment activities are aligned and reported within the Group's core business of automobiles and related parts and components. The Group believes the change in its internal reporting system allows the most senior executive management to assess the Group's performance more effectively.

As the resources allocation and performance assessment of the Group are now carried out by the most senior executive management based on the overall operation of the production and sale of automobiles, automobile parts and related automobile components, the Group has only one business segment for internal reporting purpose. As a result, no segment information has been presented for the periods ended 30 June 2014 and 2013. The Group uses consolidated profit before taxation as a measure of segment profit or loss. The Group's consolidated turnover represents revenue from external customers as the Group has only one segment.

4. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gain on disposal of scrap materials	**21,646**	27,368
Net gain on disposal of subsidiaries	**–**	5,268
Net gain on disposal of property, plant and equipment	**3,452**	–
Net foreign exchange gain	**12,196**	–
Rental income	**13,937**	20,390
Subsidy income from government *(note)*	**478,473**	484,647
Sundry income	**18,323**	14,186
Unrealised gain on financial assets at fair value through profit or loss that are classified as held for trading (listed investments held for trading)	**6,378**	449
	554,405	552,308

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

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income and costs		
Finance costs		
Effective interest expense on convertible bonds	**-**	26,666
Interest on bank borrowings wholly repayable within five years	**25,860**	65,142
Interest expenses paid to a non-controlling shareholder of a subsidiary of the Group	**-**	327
	25,860	92,135
Finance income		
Bank and other interest income	**(23,105)**	(35,563)
Net finance costs	**2,755**	56,572

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**525,969**	636,207
Retirement benefit scheme contributions	**80,822**	69,852
Recognition of share-based payments	**31,089**	46,019
	637,880	752,078

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other items		
Cost of inventories recognised as expense	**8,092,446**	12,008,149
Depreciation	**297,392**	322,692
Net foreign exchange (gain)/loss	**(12,196)**	117,035
Amortisation of prepaid land lease payments	**14,681**	21,063
Amortisation of intangible assets	**140,783**	133,407
Research and development costs	**60,621**	86,331
Net (gain)/loss on disposal of property, plant and equipment	**(3,452)**	21,857
Unrealised gain on financial assets at fair value through profit or loss that are classified as held for trading (listed investments held for trading)	**(6,378)**	(449)

6. TAXATION

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	**584**	-
PRC enterprise income tax	**294,940**	320,652
Other overseas tax	**9,749**	8,475
Overprovision in prior years	**(1,138)**	(3,158)
	304,135	325,969
Deferred taxation	**3,095**	(2,966)
	307,230	323,003

The provision for Hong Kong profits tax for 2014 is calculated at 16.5% (Six months ended 30 June 2013: nil as no estimated assessable profits) of the estimated assessable profits for the period.

The income tax provision of the Group in respect of its operations in the People's Republic of China (the "PRC") has been calculated at the applicable tax rate on the estimated assessable profits for the period based on the existing legislation, interpretations and practises in respect thereof. The applicable tax rate is the PRC enterprise income tax rate of 25%.

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries obtained the High and New Technology Enterprises qualification and accordingly, enjoyed preferential income tax rate of 15%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDEND

During the current period, a final dividend for the year ended 31 December 2013 of HK$0.046 per share (Six months ended 30 June 2013: HK$0.039), amounting to approximately RMB319,845,000 (Six months ended 30 June 2013: RMB261,353,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2013 final dividend was paid in July 2014 and is reflected as a dividend payable in the Interim Financial Report.

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 RMB1,113,439,000 (Six months ended 30 June 2013: RMB1,398,468,000) and the weighted average number of ordinary shares of 8,801,446,540 shares (2013: 8,266,868,105 shares), calculated as follows:

(i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**8,801,446,540**	8,258,948,934
Effect of shares issued upon exercise of share options	**–**	7,919,171
Weighted average number of ordinary shares at 30 June	**8,801,446,540**	8,266,868,105

(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 RMB1,113,439,000 (Six months ended 30 June 2013: RMB1,425,134,000) and the weighted average number of ordinary shares of 8,801,446,540 shares (2013: 8,817,438,996 shares), calculated as follows:

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (profit attributable to equity holders of the Company)	**1,113,439**	1,398,468
After tax effect of effective interest on the liability component of convertible bonds	**–**	26,666
Earnings for the purpose of diluted earnings per share	**1,113,439**	1,425,134

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,801,446,540**	8,266,868,105
Effect of deemed conversion of convertible bonds	**–**	550,570,891
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,801,446,540**	8,817,438,996

Diluted earnings per share for the six months ended 30 June 2014 equals to the basic earnings per share as the potential ordinary shares of share options are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

9. ASSETS HELD FOR SALE

Disposal group is classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets of the disposal group are generally stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through their continuing use.

On 30 May 2014, the Company has entered into a memorandum of understanding (the "Memorandum") on a proposed disposal of DSI Holdings Pty Limited, Hunan Jisheng International Drivetrain System Company Limited and Shandong Geely Gearbox Company Limited, the indirect wholly-owned subsidiaries of the Company (collectively the "disposal group"), to related companies with a common beneficiary shareholder. Subsequent to the reporting date, formal sales and purchase agreements of the disposal of the disposal group were entered into between the members of the Group and the related companies.

The assets and liabilities of the disposal group are as follows:

(a) Assets held for sale

	Note	**As at 30 June 2014** *RMB'000* **(Unaudited)**
Non-current assets		
Property, plant and equipment	*10*	**454,216**
Intangible assets	*11*	**38,187**
Available-for-sale financial assets		**2,509**
Prepaid land lease payments		**38,694**
Deferred tax assets		**5,180**
		538,786
Current assets		
Prepaid land lease payments		**876**
Inventories		**103,225**
Trade and other receivables		**164,820**
Bank balances and cash		**135,802**
		404,723
Total assets		**943,509**

(b) Liabilities directly associated with assets held for sale

	As at 30 June 2014 *RMB'000* **(Unaudited)**
Current liabilities	
Trade and other payables	**522,028**
Taxation	**384**
Total liabilities	**522,412**

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB420,777,000 (Six months ended 30 June 2013: RMB392,449,000). Property, plant and equipment with net book value of approximately RMB21,443,000 (Six months ended 30 June 2013: RMB40,095,000) were disposed of during the period, resulting in a gain on disposal of approximately RMB3,452,000 (Six months ended 30 June 2013: a loss of approximately RMB21,857,000, excluding the amounts through disposal of subsidiaries for the six months ended 30 June 2013 as set out in note 20.) During the six months ended 30 June 2014, property, plant and equipment with net book value of approximately RMB454,216,000 (Six months ended 30 June 2013: Nil) were classified as assets held for sale (note 9(a)).

11. INTANGIBLE ASSETS

During the period, additions to intangible assets by acquisition and capitalisation in respect of development costs amounted to approximately RMB540,285,000 (Six months ended 30 June 2013: RMB385,615,000). During the six months ended 30 June 2013, certain intangible assets were disposed of through disposal of subsidiaries as set out in note 20. Intangible assets with net book value of approximately RMB38,187,000 (Six months ended 30 June 2013: Nil) were classified as assets held for sale (note 9(a)).

12. INTERESTS IN ASSOCIATES

	At 30 June 2014 *RMB'000* **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
Share of net assets	**256,136**	261,385
Goodwill	**663**	663
Impairment loss recognised	**(663)**	(663)
	256,136	261,385

	At 30 June 2014 *RMB'000* **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
Represented by:		
Cost of unlisted investments	**271,146**	271,146
Share of post-acquisition losses and reserves	**(14,347)**	(9,098)
Impairment loss recognised	**(663)**	(663)
	256,136	261,385

At the reporting dates, the Group's interest in Manganese Bronze Holdings plc ("MBH") (being put under administration on 30 October 2012) is 19.97%. In prior years, the Group retained significant influence over MBH through the power to nominate representatives on their respective boards. During the year ended 31 December 2013, the Group ceased to exercise significant influence over MBH and has reclassified its investment to available-for-sale financial assets and carried at cost less impairment. The net carrying amount of MBH was considered to be nil as at 30 June 2014 and 31 December 2013.

After considering the unsatisfactory projected future profitability and cash flows of Hangzhou Xuan You Network Technology Limited, the directors determined to recognise an impairment loss of RMB663,000 during the year ended 31 December 2013.

13. INTERESTS IN A JOINT VENTURE

During the year ended 31 December 2013, the Group has invested in a joint venture, namely Kandi Electric Vehicles Group Co., Ltd. (formerly known as "Zhejiang Kandi Electric Vehicles Co., Ltd.") ("Kandi Electric"), at an investment cost of RMB500,000,000. At the reporting date, Kandi Electric is engaged in the manufacture of electric vehicles and investment holding and the Group's interest in Kandi Electric is approximately 50%.

Details of interests in a joint venture are as follows:

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Share of net assets	**419,114**	411,784

14. INVENTORIES

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At costs:		
Raw materials	**317,902**	506,858
Work in progress	**145,508**	430,903
Finished goods	**1,414,940**	845,931
	1,878,350	1,783,692

15. TRADE AND OTHER RECEIVABLES

	Note	At **30 June 2014** *RMB'000* **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
Trade and notes receivables			
Trade receivables			
– Third parties		**3,133,898**	2,050,463
– Associates		**114,366**	392,781
– Related parties controlled by the substantial shareholder of the Company		**1,556,378**	1,348,683
	(a)	**4,804,642**	3,791,927
Notes receivable	*(b)*	**3,577,146**	8,060,190
		8,381,788	11,852,117
Deposits, prepayment and other receivables			
Prepayment to suppliers			
– Third parties		**126,969**	167,665
– Related parties controlled by the substantial shareholder of the Company		**960,594**	527,987
		1,087,563	695,652
Deposits paid for acquisition of property, plant and equipment		**405,430**	249,996
VAT and other taxes receivables		**879,627**	1,171,576
Utility deposits and other receivables		**510,867**	184,142
		2,883,487	2,301,366
Amounts due from related parties controlled by the substantial shareholder of the Company	*(c)*	**183,241**	189,150
Amount due from ultimate holding company	*(c)*	**306**	2,202
Amount due from a joint venture	*(d)*	**259,550**	440,651
Amount due from an associate	*(c)*	**49,150**	–
		3,375,734	2,933,369
		11,757,522	14,785,486

(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 reporting dates:

	At 30 June 2014 *RMB'000* **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
0 – 60 days	**1,067,795**	1,289,513
61 – 90 days	**389,223**	113,540
Over 90 days	**544,451**	114,720
	2,001,469	1,517,773

For overseas trade customers, the Group allows credit period of 180 days to over 1 year. The following is an aged analysis of the trade receivables of overseas trade customers based on invoice dates at the reporting dates:

	At 30 June 2014 *RMB'000* **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
0 – 60 days	**261,918**	254,121
61 – 90 days	**464,348**	602,171
91 – 365 days	**1,903,895**	1,275,429
Over 1 year	**173,012**	142,433
	2,803,173	2,274,154

(b) Notes receivable

All notes receivable are denominated in Renminbi and are notes received from third parties for settlement of trade receivable balances. At 30 June 2014 and 31 December 2013, all notes receivable are guaranteed by established banks in the PRC and have maturities of six months or less from the reporting dates.

(c) Amounts due from related parties/ultimate holding company/an associate

The amounts due from related parties/ultimate holding company/an associate are unsecured, interest-free and repayable on demand.

(d) Amount due from a joint venture

The amount due from a joint venture is unsecured, interest-free and repayable within one year.

16. CONVERTIBLE BONDS

The convertible bonds ("CB 2014") contain a liability component and a conversion option which is included in the equity of the Company. Details of the terms of the CB 2014 are set out in the Group's annual financial statements for the year ended 31 December 2013.

During the year ended 31 December 2012, the investors partially converted CB 2014 in the principal amount of RMB769,834,000 (approximately HK$873,878,000) into ordinary shares at a conversion price of HK$1.8583 per share. CB 2014 was issued together with the Warrants under the general mandate in 2009. The original general mandate limit was 1,297,951,090 Shares (the "General Mandate"). Upon partial conversion of CB2014 (470,256,584 Shares were issued) and full exercise of the Warrants (299,526,900 Shares were issued) in prior years, the unutilised General Mandate left was 528,167,606 Shares (the "Unutilised General Mandate").

During the year ended 31 December 2013, the investors converted all the outstanding CB 2014 in the principal amount of RMB901,313,000 (approximately HK$1,023,126,000). The number of shares to be issued under the outstanding CB 2014 is 555,805,023 (the "Outstanding Conversion Shares").

As the Outstanding Conversion Shares exceed the Unutilised General Mandate by 27,637,417 Shares (the "Excess Conversion Shares"), the Investors have the right to request the Company, pursuant to the terms of CB 2014, to pay in cash for any Outstanding Conversion Shares that the Company was unable to deliver upon the conversion of the outstanding Bonds.

Accordingly, upon the conversion of all the outstanding CB 2014 during the year ended 31 December 2013, the Company allotted and issued a total of 528,167,606 ordinary shares to the Investors at the conversion price of HK$1.8408 per share and the Company has paid in cash of approximately RMB98 million (equivalent to approximately HK$121 million) to the Investors to satisfy the Excess Conversion Shares in lieu of delivery of the Excess Conversion Shares.

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

	At 30 June 2014 *RMB'000* **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
Liability component		
Carrying amount brought forward	–	854,590
Accrued effective interest charges	–	14,206
Conversion during the period/year	–	(770,745)
Compensation paid in lieu of delivery of the Excess Conversion Shares	–	(98,051)
	–	–
Liability component is represented by:		
Convertible bonds	–	–
Accrued interests included in trade and other payables	–	–
	–	–

The principal amount outstanding at 30 June 2014 is Nil (31 December 2013: Nil).

CB 2014 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 CB 2014 is included as a liability component and not separately recognised. The liability component is measured at amortised cost.

17. TRADE AND OTHER PAYABLES

	Note	**At 30 June 2014** *RMB'000* **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
Trade and notes payables			
Trade payables			
– Third parties		**6,368,561**	7,744,569
– An associate		**372,458**	425,649
– Related parties controlled by the substantial shareholder of the Company		**1,882,178**	2,408,220
	(a)	**8,623,197**	10,578,438
Notes payable	*(b)*	**422,180**	644,003
		9,045,377	11,222,441
Other payables			
Accrued charges and other creditors			
Receipts in advance from customers			
– Third parties		**676,840**	1,090,384
– Related parties controlled by the substantial shareholder of the Company		**85,369**	468,673
		762,209	1,559,057
Deferred income related to government grants which conditions have not been satisfied		**876,498**	467,598
Payables for acquisition of property, plant and equipment		**36,778**	366,557
Accrued staff salaries and benefits		**176,028**	274,679
VAT and other taxes payables		**238,540**	725,054
Dividend payables		**323,015**	–
Other payables and accrued charges		**1,083,477**	819,134
		3,496,545	4,212,079
Amounts due to related parties controlled by the substantial shareholder of the Company	*(c)*	**410,574**	640,095
Amount due to ultimate holding company	*(c)*	**270,000**	193
		4,177,119	4,852,367
		13,222,496	16,074,808

(a) Trade payables

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

	At **30 June 2014** ***RMB'000*** **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
0 – 60 days	**6,662,387**	8,763,174
61 – 90 days	**1,189,408**	1,023,405
Over 90 days	**771,402**	791,859
	8,623,197	10,578,438

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

(b) Notes payable

All notes payable are denominated in Renminbi and are notes paid to third parties for settlement of trade payable balances. As at 30 June 2014 and 31 December 2013, all notes payable have maturities of less than 1 year from the reporting dates.

(c) Amounts due to related parties/ultimate holding company

The amounts due to related parties/ultimate holding company are unsecured, interest-free and repayable on demand.

18. BANK BORROWINGS

	At **30 June 2014** ***RMB'000*** **(Unaudited)**	At 31 December 2013 *RMB'000* (Audited)
Bank loans secured by the Group's assets	**–**	75,000
Bank loans guaranteed by the ultimate holding company	**693,779**	785,000
Bank loans, unsecured	**102,700**	105,565
Total bank borrowings	**796,479**	965,565

At the reporting date, there are demand clauses in the banking facilities and, therefore, all the bank borrowings are classified as current liabilities.

19. SHARE CAPITAL

	Number of shares	Nominal value *RMB'000*
Authorised:		
Ordinary shares of HK$0.02 each		
At 31 December 2013 and 30 June 2014 (Unaudited)	**12,000,000,000**	**246,720**
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At 1 January 2013	8,258,948,934	152,557
Shares issued under share option scheme	14,330,000	232
At 30 June 2013	8,273,278,934	152,789
Shares issued upon conversion of convertible bonds	528,167,606	8,557
At 31 December 2013, 1 January 2014 and 30 June 2014 (Unaudited)	**8,801,446,540**	**161,346**

20. DISPOSAL OF SUBSIDIARIES

In February 2013, the Group disposed of its 51% indirect interest in Shanghai LTI Automobile Components Company Limited ("Shanghai LTI") to Shanghai Maple Automobile Company Limited, a related company controlled by the substantial shareholder of the Company, and disposed of the entire interest in Shanghai Maple Automobile Moulds Manufacturing Company Limited ("Shanghai Maple Moulds"), a wholly owned subsidiary of Shanghai LTI, to an independent third party. The considerations of the disposal of Shanghai LTI and Shanghai Maple Moulds were RMB173,350,000 and RMB50,000,000 respectively. The disposals of Shanghai LTI and Shanghai Maple Moulds were completed in June and February 2013, respectively.

	RMB'000
Aggregated net assets disposed of:	
Property, plant and equipment	**201,718**
Intangible assets	**36,483**
Inventories	**81,325**
Trade and other receivables	**357,910**
Bank balances and cash	**9,699**
Trade and other payables	**(305,045)**
Taxation	**(1,036)**
	381,054
Net gain on disposal of subsidiaries:	
Cash consideration received/receivable	**223,350**
Net assets disposed of	**(381,054)**
Non-controlling interests	**162,972**
	5,268
Aggregated net cash inflow arising on disposal:	
Cash consideration received (note)	**173,350**
Bank balances and cash disposed of	**(9,699)**
	163,651

Note:

The consideration for the disposal of Shanghai Maple Moulds was included under other receivables of Shanghai LTI.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's performance in the first half of 2014 did not meet the management's expectations due to weakening demand for indigenous brand vehicles in China and a sharp decline in vehicle sales in some of the Group's major export markets. The sales volume of the local brand sedans in China in the first half of 2014 was down 15% from the previous year, compared with an increase of 13% in the same period last year over the first half of 2012. Further, the Group was in the midst of a major product upgrading cycle and has embarked on a major reshuffle of its sales and marketing system. These also affected its sales performance during the period. The Group's sales volume in the China market was down 28% from the same period in 2013. The Group's export sales volume slid 32% to 34,440 units in the first half of 2014 compared to the first half of 2013, amidst the political and social instability in some of the Group's major export markets in the Middle East and Eastern Europe. The Group sold a total of 187,296 units of vehicles in the first six months of 2014, down 29% from the same period in the previous year, achieving only 32% of the Group's full year sales volume target of 580,000 units. Total revenues decreased by 32% to RMB10,158 million during the period compared to the first half of 2013. Profit attributable to the equity holders of the Company for the first half of 2014 was down 20% to RMB1,113 million compared to the first half of 2013. During the period, benefits from lower automobile component costs in vehicle sales more than offset the decrease in total revenues and sales volume, resulting in higher gross margin ratio. This, together with stable subsidy incomes and lower distribution and selling expenses, resulted in smaller decline in net profit. Fully diluted earnings per share (EPS) was down 22% to RMB12.65 cents.

Financial Resources

Despite lower revenues and operating profits in the first half of 2014, the Group's financial position continued to be strong at the end of the first half of 2014 due to the consistent operational cash inflow from its manufacturing operation. The Group's total cash level (cash and bank balances + pledged bank deposits) increased by 15% from the end of 2013 to RMB6,440 million at the end of June 2014, while its bank borrowings decreased by 18% to RMB796 million during the same period. Net cash on hand (total cash level – bank borrowings) amounted to RMB5,644 million, the highest level in the Group's history. In addition, net notes receivable (bank notes receivable – bank notes payable) at the end of June 2014 amounted to RMB3,155 million, which could provide the Group with additional cash reserves when needed through discounting the notes with the banks.

Vehicle Manufacturing

The Group sold a total of 187,296 units of vehicles in the first half of 2014, down 29% from the same period last year. In additional to weaker demand for indigenous brand vehicles in China, key factors behind the Group's weaker sales in the first half of 2014 also include the ongoing reshuffle of its sales and marketing system in China, the imminent launch of upgraded versions of the Group's major models such as "EC7" and "GX7" and the sharp drop in export sales during the period.

The Group's domestic sales volume in the first half of 2014 was down 28% to 152,856 units, weaker than the overall passenger vehicle market in China, which was up 11% during the period, according to China Association of Automobile Manufacturers. The Group's market share in China's passenger vehicle market dropped to around 2% in the first half of 2014 according to China Association of Automobile Manufacturers. Export sales volume was down 32% to 34,440 units in the first half of 2014, mainly caused by the political and social instability in the Group's major export markets like Ukraine, Russia and Iraq. Export sales accounted for 18% of the Group's total sales volume in the first half of 2014, compared with 19% in the same period in 2013.

The sales volume of "EC7" was down 26% to 64,046 units in the first half of 2014. Despite this, "EC7" continued to be the Group's best-selling model, accounting for 34% of the Group's total sales volume during the period. Sales of aging models such as "Free Cruiser" and "Vision" continued their downward trends in the first half of 2014. Their sales volume declined by 53% and 70%, respectively from the same period in the previous year.

Helped by the launch of an upgraded version of "Geely Kingkong" in April 2014, the sales volume of "Geely Kingkong" recorded a growth of 16% to 30,657 units in the first half of 2014. The sales of "GC7" continued to be stable and its sales volume reached 10,004 units in the first half of 2014. The sales performance of "EC7", "EC8", "SC3" and "SC6", however, has been less than satisfactory, ahead of the planned launches of their upgraded models in the second half of 2014. Helped by the launch of an upgraded version of "GX7" in March this year, sales performance of the Group's SUV models, "GX7" and "SX7", continued to achieve growth in the first half of 2014. The Group's two SUV models together achieved a 4% growth in sales volume of 29,333 units during the period. As a result of the drop in sales volume of "EC7" ahead of the launches of its upgraded version, the Group's ex-factory average sales price decreased by around 3% during the first half of 2014 from the same period last year.

The Group started a major restructuring of its distribution system in early 2014: we expect that the current three product brands will gradually be consolidated into a single brand called "Geely" within 2 years. In this respect, the existing sales channels would be evaluated before further integration or streamlining, thus enabling the Group to provide its customers with better quality services. At the end of June 2014, the Group's sales network in China comprised a total of 838 shops, including 723 4S stores and 115 exclusive franchisee stores.

In May 2014, the Group initiated a significant marketing campaign, namely "Geely Across China Trip" to promote the new "Geely" brand. Such campaign is expected to be the longest in terms of duration and the most comprehensive in terms of scale and scope in the Group's history. It aims not only to expand the Group's sales and distribution channel covering the third and fourth-tier cities in China, but also exhibit the new image of "Geely" brand and competitive edges of the Group's products.

In Beijing Auto Show in April 2014, the Group exhibited its new hybrid technology in two new models: "Emgrand Cross" and "EC7 Hybrid". This signifies the Group's achievement in the development of hybrid technologies, which we expect will help to speed up the commercialization of the Group's new energy vehicles in the near future.

In "J.D. Power Asia Pacific 2014 China Customer Service Index (CSI) Study[SM]", which analyzed after-sales dealer service satisfaction by vehicle owners, the "Geely" brand continued to score above the industry average with its score improving to 847 compared with the average score of 839 achieved by the Group's three brands in 2013. Amongst all the local brands in China, "Geely" ranked number five. In terms of overall ranking, "Geely" achieved number 17 position among the 67 passenger vehicle brands examined by the study.

New Products

The Group launched the upgraded version of "GX7", "SC7", "Geely Panda Cross" and "Geely Kingkong" in the first half of 2014. In the second half of 2014, the Group plans to launch the following new products:

"Xindihao" mid side sedan
"GX9" full size SUV
"GC9" large size sedan ("KC")

In addition, the Group is preparing for the commercial launches of a series of new energy vehicles in the coming year in view of the expected increase in demand for these vehicles in China.

Exports

The Group exported a total of 34,440 units of vehicles in the first six months of 2014, down 32% from the same period last year, and accounted for 18% of the Group's total sales volume during the period. Such decrease was mainly driven by the political and social instability in some of the Group's major export markets in the Middle East and Eastern Europe. The Group's share of China's total exports of sedans and SUVs was maintained at around 15% in the first half of 2014, according to China Association of Automobile Manufacturers. "Emgrand 7" (also known as "EC7" in the domestic market) continued to be the Group's most popular export models in terms of sales volume in the first half of 2014. Export volume of "Emgrand 7" amounted to 16,401 units and accounted for 48% of the Group's total export sales volume during the first six months of 2014. Also, the Group's SUV model "Emgrand X7" (also known as "GX7" in the domestic market) recorded a total export volume of 7,266 units in the first half of 2014.

Developing countries in the Eastern Europe, Middle East, and Central and Southern America remained to be the most important markets for the Group's exports. Amongst which, the most important export destinations in terms of sales volume were Russia, Egypt, Belarus, Iran, Ukraine, Uruguay and Saudi Arabia, which together accounted for over 93% of the Group's total exports volume in the first half of 2014. In addition to export of vehicles from China, the Group also assembles some models sold overseas using contract manufacturing arrangements with local partners in Russia, Ukraine, Indonesia, Sri Lanka, Ethiopia, Uruguay and Egypt.

In May 2014, the Group commenced the CKD assembly of "GC2" ("Geely Panda") in Uruguay in cooperation with a local partner, which we expect to improve the Group's market penetration in Central and Southern American market.

Vehicle Financing Joint Venture with BNP Paribas Personal Finance

On 27 January 2014, the Company obtained its shareholders' approval at the extraordinary general meeting on the formation of a joint venture company with BNP Paribas Personal Finance to engage in the vehicles financing business in China.

The official establishment of the joint venture company and its commencement of business are subject to two-phase approvals from the China Banking Regulatory Commission and other relevant government authorities in China. The first phase and second phase approvals are currently expected to be obtained in early January 2015 and mid of 2015, respectively. The management of the Group believes that the joint venture would enable the Group to provide a full range of quality automotive financing services to its customers, which in turn, could help strengthen its competitiveness and promote the sales of its vehicles in the China market.

Disposals of DSI, Hunan International and Shandong Gearbox

On 30 May 2014, the Company entered into a memorandum of understanding on the proposed disposal of (i) the entire issued share capital in DSI Holdings Pty Limited ("DSI"), a direct wholly-owned subsidiary of the Company; (ii) 50% of the issued share capital in Hunan Jisheng International Drivetrain System Company Limited (湖南吉盛國際動力傳動系統有限公司) ("Hunan International") not held by DSI, an indirect wholly-owned subsidiary of the Company which is 50% owned by DSI and 50% owned by Hunan Geely Automobile Components Co. Limited (湖南吉利汽車部件有限公司); and (iii) the entire issued share capital in Shandong Geely Gearbox Company Limited (山東吉利變速器有限公司) ("Shandong Gearbox"), an indirect wholly-owned subsidiary of the Company, (collectively the "disposal group"), to two group members of Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司) ("Geely Holding", together with its subsidiaries, collectively the "Geely Holding Group"), a company wholly-owned by Mr. Li Shu Fu, the chairman and executive director of the Company, and his associate. On 21 July 2014, the Company entered into definitive sales and purchase agreements in relation to the transfers of the disposal group and the transfers of the disposal group are still subject to completion at the date of this announcement. During the first half of 2014, the Group presented the financial information of the disposal group in the condensed consolidated statement of financial position as "Assets held for sale" and "Liabilities directly associated with assets held for sale".

In order to pave the road for the Group with focus on the production of vehicles and related components in China, and the consolidation of all the Chinese-based and overseas research and development and production activities of automatic transmissions with the Geely Holding Group, it is expected that upon completion of the disposals, there would be more efficient pooling of resources that would avoid duplication in costs and investments and eventually create better synergies between the Group and the Geely Holding Group in the future as a result of more distinct segregation in their provision of expertise and nature of services, which in turn, is expected to enhance the Group's profitability in the long term.

Outlook

Challenges remain in the second half of 2014 in view of the rapid changes in economic and regulatory environment in China. Competitive pressure on indigenous brands in the China market should continue to intensify in the coming years as most major international brands have been strengthening their presence in the China market through more products offering, more aggressive pricing strategies, adding new production capacity and improving their marketing and customer services. The implementation of more stringent regulatory requirements in fuel efficiency, product warranty, product recall and emissions standards in China could put tremendous cost pressure on indigenous brands in China. Further, more major cities in China are expected to introduce local policies to restrict new car licenses to ease traffic and combat air pollution, thus restricting the demand for passenger vehicles. The impact could be even bigger for indigenous brands, where their major competitive edges in pricing could be seriously undermined by the introduction of an auction and lottery system to curb the growth of new vehicles.

The exports business for motor vehicles in our major markets like Russia and Ukraine has seen a material slowdown due to political and social instability. It is envisaged these external factors would persist and our exports business could continue to face tremendous challenges in the remainder of 2014.

On the positive front, the Group's competitive advantages, however, have improved, putting the Group in a stronger position to meet with the challenges. Also, the Group's current restructuring of its distribution system, when accomplished, could significantly enhance the service quality and efficiency of the Group's sales channel, thus providing further momentum to support the Group's future growth.

The Group has started to offer turbo-charged engines in some of its models, which the management of the Group believes will enhance the attractiveness of the Group's products. With the substantial investment in new technologies like turbo-charged engines over the past few years, our powertrain system has become far more fuel efficient and environmentally friendly. The Group plans to continue to replace its old models with more sophisticated new models equipped with more advanced powertrain technologies and designs. Further, a new full size SUV model and a brand new large size sedan model are planned for launch by the Group within the year. These new powertrain technologies and new products are expected to help to revert the Group's overall sales performance in the remainder of 2014. Further, the shift of preference on vehicle procurement by the Chinese Government towards more indigenous brand products should provide additional opportunities for the Group to further expand our sales.

With a series of major structural changes implemented in the Group's product development and sales/marketing functions over the past few months, the Group's management believes that 2014 will become another benchmark year in the Group's on-going "Strategic Transformation".

The Group's cooperation with Volvo Car Corporation ("Volvo Car") has already started across different functional units, enabling the Group to further optimize resource utilization, and speed up the implementation of platform strategy, standardization, and shared modularization in product development, and thereby giving the Group a strong and unique advantage over its competitors. With the new product platforms, new powertrains and high standard new production facilities under development, the Group expects to deliver quality products and outstanding customer satisfaction and experience, thus allowing the Group to participate in global competition with confidence.

Despite fierce competition in China's automobile market and sign of deteriorating market conditions in some of its major export markets in the first half of 2014, the Group's management team expected the overall sales performance should improve in the second half of 2014. But in view of the less than satisfactory performance in the first half of 2014, the Group's management team decided to revise downward our full year sales volume target from 580,000 units to 430,000 units, which represent around 22% decline over 2013.

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 Geely Holding Group and fund raising exercises in the capital market. As at 30 June 2014, the Group's shareholders' fund amounted to approximately RMB16.9 billion (As at 31 December 2013: approximately RMB16.1 billion). No new shares were issued by the Company during the six months ended 30 June 2014.

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 in Renminbi, the functional currency of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group's current ratio (current assets/current liabilities) was 1.43 (As at 31 December 2013: 1.29) and the gearing ratio of the Group was 4.7% (As at 31 December 2013: 6.0%) 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 2014 amounted to approximately RMB0.8 billion (As at 31 December 2013: approximately RMB1.0 billion) were solely the bank borrowings. For the bank borrowings, they were mostly secured, interest-bearing and repaid on maturity. 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 30 June 2014, the total number of employees of the Group was about 16,363 (As at 31 December 2013: approximately 18,138). 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, state-managed retirement benefit scheme in the PRC and defined contribution superannuation funds in other overseas countries. 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 20 August 2014, the Directors resolved not to pay an interim dividend to shareholders of the Company (2013: 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 2014.

CORPORATE GOVERNANCE

The Company has complied with the code provisions ("CPs") of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014, except for CPs E.1.2 and A.6.7 as explained below:

CP E.1.2 stipulates that the chairman of the Board, whilst CP A.6.7 provides that the non-executive directors (including the independent non-executive directors) of the Company, shall attend the general meetings of the Company. With the availability of conference call facility, any directors of the Company who are unable to physically attend the general meetings can participate in the meetings and have direct communication with the Company's shareholders.

Due to other business engagement outside Hong Kong, Mr. Li Shu Fu ("Mr. Li"), the chairman of the Board, and two independent non-executive directors were unable to physically attend the extraordinary general meeting of the Company held on 27 January 2014 in Hong Kong ("EGM"). Nevertheless, three executive directors and one independent non-executive director attended the EGM in person whilst other available directors attended the EGM via conference call. At the annual general meeting of the Company held on 29 May 2014 in Hong Kong ("AGM"), three executive directors and one independent non-executive director attended the AGM in person, whilst Mr. Li and other available directors attended the AGM via conference call. The Board believes the directors who participated in the general meetings via conference call were still able to directly conduct discussion with the Company's shareholders on questions they had and such shareholders' views would be properly channeled to the Board as a whole. In order to ensure that shareholders' questions about the proposed resolutions of the general meetings could be properly addressed, representatives of the Company's financial adviser, China Securities (International) Corporate Finance Company Limited, attended the EGM in person; and representatives of the Company's external auditors, Grant Thornton Hong Kong Limited, attended both the EGM and the AGM in person.

In the interim period under review, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by officers ("Code"). All directors of the Company have confirmed their compliance during the review period with the required standards set out in both 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 2014, the audit committee comprises Messrs. Lee Cheuk Yin, Dannis, Yeung Sau Hung, Alex, Fu Yu Wu, An Qing Heng and Wang Yang 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 2014.

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

Pursuant to the requirements of the Listing Rules regarding the reporting period, the 2014 interim report will set out all information disclosed in the interim results announcement for the first half of 2014 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, 20 August 2014

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 (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Mr. Ran Zhang, Mr. Liu Jin Liang and Ms. Wei Mei, the non-executive director of the Company is Mr. Carl Peter Edmund Moriz Forster and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu, Mr. An Qing Heng and Mr. Wang Yang.