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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 2015

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	Change
	(Unaudited)	(Unaudited)	%
Turnover/Revenue (RMB'000)	**13,806,810**	10,158,351	36
Profit attributable to the equity holders of the Company (RMB'000)	**1,404,595**	1,113,439	26
Earnings per share			
Basic (RMB cents)	**15.96**	12.65	26
Diluted (RMB cents)	**15.90**	12.65	26
Sales volume (Units)	**251,873**	187,296	34
	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)	
Total assets (RMB'000)	**39,886,782**	37,280,150	7
Equity attributable to the equity holders of the Company (RMB'000)	**18,543,705**	17,287,996	7
Net assets per share attributable to the equity holders of the Company (RMB)	**2.11**	1.96	7

Note:

1. At a meeting of the Board held on 19 August 2015, the Directors resolved not to pay an interim dividend to the shareholders of the Company (2014: 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 2015. 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 2015

		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover/Revenue		**13,806,810**	10,158,351
Cost of sales		**(11,371,818)**	(8,092,446)
Gross profit		**2,434,992**	2,065,905
Other income	*4*	**650,076**	554,405
Distribution and selling expenses		**(782,075)**	(556,708)
Administrative expenses, excluding share-based payments		**(558,924)**	(598,982)
Share-based payments		**(29,034)**	(31,089)
Finance costs, net	*5*	**(21,043)**	(2,755)
Share of results of associates		**22,796**	(5,249)
Share of results of joint ventures		**20,646**	7,330
Profit before taxation		**1,737,434**	1,432,857
Taxation	*6*	**(317,887)**	(307,230)
Profit for the period	*5*	**1,419,547**	1,125,627
Attributable to:			
Equity holders of the Company		**1,404,595**	1,113,439
Non-controlling interests		**14,952**	12,188
		1,419,547	1,125,627
Earnings per share			
Basic	*8*	**RMB15.96 cents**	RMB12.65 cents
Diluted	*8*	**RMB15.90 cents**	RMB12.65 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,419,547**	1,125,627
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations recognised	**(5,072)**	33,230
Loss arising on revaluation of available-for-sale financial assets	**–**	(8)
Total comprehensive income for the period	**1,414,475**	1,158,849
Attributable to:		
Equity holders of the Company	**1,399,544**	1,146,661
Non-controlling interests	**14,931**	12,188
	1,414,475	1,158,849

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	**At 30 June 2015** *RMB'000* **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*10*	**7,389,290**	5,860,705
Intangible assets	*11*	**4,565,706**	4,208,230
Prepaid land lease payments		**1,560,806**	1,131,286
Goodwill		**2,584**	6,222
Interests in associates	*12*	**274,878**	252,082
Interests in joint ventures	*13*	**1,616,331**	438,547
Available-for-sale financial assets		**28,270**	28,270
Deferred tax assets		**56,050**	51,709
		15,493,915	11,977,051
Current assets			
Prepaid land lease payments		**37,156**	28,758
Inventories	*14*	**1,507,085**	1,619,505
Trade and other receivables	*15*	**14,716,925**	16,385,192
Financial assets at fair value through profit or loss		**16,796**	15,294
Tax recoverable		**22,919**	3,723
Pledged bank deposits		**65,848**	47,451
Bank balances and cash		**7,822,502**	7,203,176
		24,189,231	25,303,099
Assets held for sale	*9*	**203,636**	–
		24,392,867	25,303,099
Current liabilities			
Trade and other payables	*17*	**18,622,692**	17,016,666
Taxation		**248,182**	136,645
Borrowings	*18*	**300,000**	691,616
		19,170,874	17,844,927
Net current assets		**5,221,993**	7,458,172
Total assets less current liabilities		**20,715,908**	19,435,223

	Note	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	*19*	**161,351**	161,346
Reserves		**18,382,354**	17,126,650
Equity attributable to equity holders of the Company		**18,543,705**	17,287,996
Non-controlling interests		**202,525**	178,354
Total equity		**18,746,230**	17,466,350
Non-current liabilities			
Senior notes	*16*	**1,807,372**	1,820,138
Deferred tax liabilities		**162,306**	148,735
		1,969,678	1,968,873
		20,715,908	19,435,223

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before taxation		**1,737,434**	1,432,857
Adjustments for non-cash items		**433,925**	527,703
Operating profit before working capital changes		**2,171,359**	1,960,560
Net changes in working capital		**2,299,830**	103,356
Cash from operations		**4,471,189**	2,063,916
Income taxes paid		**(217,339)**	(296,644)
Net cash from operating activities		**4,253,850**	1,767,272
Cash flows from investing activities			
Purchase of property, plant and equipment		**(441,818)**	(90,998)
Addition of intangible assets		**(760,067)**	(540,285)
Addition of prepaid land lease payments		**(29,252)**	–
Proceeds from disposal of property, plant and equipment		**47,851**	17,991
Proceeds from disposal of intangible assets		**–**	26,216
Government grants received		**52,221**	–
Change in pledged bank deposits		**(18,397)**	3,749
Net cash outflow on acquisition of a subsidiary	*21*	**(1,133,895)**	–
Net cash outflow on disposal of a subsidiary	*20*	**(3,047)**	–
Investments in financial assets at fair value through profit or loss		**(609)**	–
Investments in a joint venture		**(720,000)**	–
Interest received		**28,502**	23,105
Net cash used in investing activities		**(2,978,511)**	(560,222)
Cash flows from financing activities			
Proceeds from issuance of shares upon exercise of the share options		**965**	–
Proceeds from borrowings		**–**	393,779
Repayment of borrowings		**(391,616)**	(562,865)
Interest paid		**(56,052)**	(25,860)
Dividend paid		**(173,834)**	–
Capital contribution from a non-controlling shareholder		**8,931**	–
Net cash used in financing activities		**(611,606)**	(194,946)
Net increase in cash and cash equivalents		**663,733**	1,012,104
Cash and cash equivalents at beginning of period		**7,203,176**	5,477,747
Effect of foreign exchange rate changes		**(44,407)**	(15,454)
Cash and cash equivalents at end of period		**7,822,502**	6,474,397
Analysis of cash and cash equivalents			
Bank balances and cash		**7,822,502**	6,338,595
Bank balances and cash included in a disposal group classified as held for sale		**–**	135,802
Cash and cash equivalents at end of period		**7,822,502**	6,474,397

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2014 except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("HKFRSs") and the accounting for assets classified as held for sale as disclosed in notes 2 and 9 respectively.

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 2014.

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 2015:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle

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 only operating segment of the Group is the production and sale of automobiles, automobile parts and related automobile components. No separate analysis of the reportable segment results by operating segment is necessary.

4. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gain on disposal of scrap materials	**7,624**	21,646
Net gain on disposal of a subsidiary *(note 20)*	**62,879**	–
Net gain on disposal of property, plant and equipment	**–**	3,452
Net foreign exchange gain	**–**	12,196
Rental income	**23,755**	13,937
Subsidy income from government *(note)*	**532,622**	478,473
Sundry income	**1,677**	18,323
Unrealised gain on financial assets at fair value through profit or loss that are classified as held for trading (listed investments held for trading)	**21,519**	6,378
	650,076	554,405

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	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income and costs		
Finance costs		
Effective interest expense on senior notes	**1,979**	–
Coupon interest expense on senior notes	**47,566**	–
Interest on bank borrowings wholly repayable within five years	**–**	25,860
	49,545	25,860
Finance income		
Bank and other interest income	**(28,502)**	(23,105)
Net finance costs	**21,043**	2,755

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**555,627**	525,969
Retirement benefit scheme contributions	**63,436**	80,822
Recognition of share-based payments	**29,034**	31,089
	648,097	637,880

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other items		
Cost of inventories recognised as expense	**11,371,818**	8,092,446
Depreciation	**274,414**	297,392
Net foreign exchange loss/(gain)	**60,431**	(12,196)
Amortisation of prepaid land lease payments	**16,067**	14,681
Amortisation of intangible assets	**157,102**	140,783
Research and development costs	**–**	60,621
Net loss/(gain) on disposal of property, plant and equipment	**2,268**	(3,452)
Loss on written off of intangible assets	**14,252**	–
Unrealised gain on financial assets at fair value through profit or loss that are classified as held for trading (listed investments held for trading)	**(21,519)**	(6,378)

6. TAXATION

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	**–**	584
PRC enterprise income tax	**310,284**	294,940
Other overseas tax	**–**	9,749
Under/(Over) provision in prior years	**759**	(1,138)
	311,043	304,135
Deferred taxation	**6,844**	3,095
	317,887	307,230

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 for the period (Six months ended 30 June 2014: 16.5%).

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 2014 of HK$0.025 per share (Six months ended 30 June 2014: HK$0.046), amounting to approximately RMB173,834,000 (Six months ended 30 June 2014: RMB319,845,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2014 final dividend was paid in July 2015 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 RMB1,404,595,000 (Six months ended 30 June 2014: RMB1,113,439,000) and the weighted average number of ordinary shares of 8,801,545,822 shares (2014: 8,801,446,540 shares), calculated as follows:

(i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**8,801,446,540**	8,801,446,540
Effect of shares issued upon exercise of share options	**99,282**	–
Weighted average number of ordinary shares at 30 June	**8,801,545,822**	8,801,446,540

(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 RMB1,404,595,000 (Six months ended 30 June 2014: RMB1,113,439,000) and the weighted average number of ordinary shares of 8,834,646,540 shares (2014: 8,801,446,540 shares), calculated as follows:

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,801,545,822**	8,801,446,540
Effect of shares issued upon exercise of share options	**33,100,718**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,834,646,540**	8,801,446,540

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

	As at 30 June 2015 *RMB'000* (Unaudited)
Property, plant and equipment	**42,309**
Intangible assets	**161,327**
	203,636

Non-current assets are 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 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 4 March 2015, the Company and Zhejiang Wanliyang Transmission Co. Ltd. ("WLY", a leading transmission company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ002434)) entered into an agreement to dispose of assets, mainly the plant and machinery and intangible assets, relating to automotive manual transmissions technology at a consideration of RMB300,000,000, which was determined after the arm's length negotiations between the parties. Property, plant and equipment and intangible assets classified as assets held for sale are not depreciated or amortised.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB738,528,000 (Six months ended 30 June 2014: RMB420,777,000). Property, plant and equipment with net book value of approximately RMB102,340,000 (Six months ended 30 June 2014: RMB21,443,000) were disposed of during the period, resulting in a loss on disposal of approximately RMB2,268,000 (Six months ended 30 June 2014: a gain of approximately RMB3,452,000), excluding the amounts through disposal of a subsidiary for the six months ended 30 June 2015 as set out in note 20. During the six months ended 30 June 2015, property, plant and equipment with net book value of approximately RMB42,309,000 were classified as assets held for sale (note 9).

11. INTANGIBLE ASSETS

During the period, additions to intangible assets by acquisition and capitalisation in respect of development costs amounted to approximately RMB760,067,000 (Six months ended 30 June 2014: RMB540,285,000). No intangible assets were disposed of during the period. During the six months ended 30 June 2014, intangible assets with net book value of approximately RMB26,216,000 were disposed of, no gain or loss on disposal was resulted. During the period, the Group has written off the capitalised development costs amounted to approximately RMB14,252,000 (Six months ended 30 June 2014: Nil) in relation to particular projects which would not be put into commercialisation in view of the change in market conditions. During the six months ended 30 June 2015, certain intangible assets were disposed of through disposal of a subsidiary as set out in note 20. Intangible assets with net book value of approximately RMB161,327,000 were classified as assets held for sale (note 9).

12. INTERESTS IN ASSOCIATES

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Share of net assets	**274,878**	252,082
Goodwill	**663**	663
Impairment loss recognised	**(663)**	(663)
	274,878	252,082
Represented by:		
Cost of unlisted investments	**271,391**	271,391
Share of post-acquisition profits/(losses) and reserves	**4,150**	(18,646)
Impairment loss recognised	**(663)**	(663)
	274,878	252,082

13. INTERESTS IN JOINT VENTURES

During the period, the Group has invested in two new joint ventures, namely Ninghai Zhidou Electric Vehicles Company Limited (formerly known as Xin Dayang Electric Vehicles Company Limited) ("Ninghai Zhidou") and Genius Auto Finance Company Limited ("Genius AFC"), at investment costs of RMB500,000,000 and RMB720,000,000 respectively.

On 16 December 2013, the Group entered into a joint venture agreement ("JV Agreement") with BNP Paribas Personal Finance, a third party, for the establishment of a joint venture company, Genius AFC, to engage in the vehicles financing business in the PRC. Genius AFC with a registered capital of RMB900,000,000 will be owned as to 80% (or RMB720,000,000) by the Group and as to 20% (or RMB180,000,000) by BNP Paribas Personal Finance. Pursuant to the JV Agreement, the board of Genius AFC will consist of five directors, of whom four will be nominated by the Group, and one will be nominated by BNP Paribas Personal Finance, respectively. However, as certain key corporate matters of Genius AFC require a positive vote from BNP Paribas Personal Finance or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC, therefore Genius AFC is under the joint control of the Group and BNP Paribas Personal Finance. Accordingly, the investment in Genius AFC will be treated as a joint venture of the Group and measured using the equity method. During the period, the Group has paid up the agreed 80% of registered capital of Genius AFC. Subsequent to the reporting date, Genius AFC received the approval to commence operations on 3 August 2015. The wholesale financing business of Genius AFC is expected to launch first whilst the retail financing business will follow by the end of 2015.

At the reporting date, Ninghai Zhidou is engaged in the research and production of automobile parts, components and engines, production of electric vehicles and the provision of related after-sale services in China and the Group's interests in Ninghai Zhidou is approximately 50%. The Group has contributed the entire equity interest in Lanzhou Zhidou Electric Vehicles Company Limited (formerly known as Lanzhou Geely Automobile Industrial Company Limited) ("Lanzhou Zhidou"), its indirect 99% owned subsidiary, valued at RMB500,000,000 as its contribution to the registered capital of Ninghai Zhidou (note 20).

Details of interests in joint ventures are as follows:

	At **30 June 2015** ***RMB'000*** **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
Share of net assets	**1,616,331**	438,547
Represented by:		
Cost of unlisted investments	**1,720,000**	500,000
Share of post-acquisition profits and reserves	**34,420**	13,774
Unrealised gain on disposal of prepaid land lease payments to a joint venture	**(75,210)**	(75,227)
Unrealised gain on disposal of a subsidiary to a joint venture	**(62,879)**	–
	1,616,331	438,547

14. INVENTORIES

	At **30 June 2015** ***RMB'000*** **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
At costs:		
Raw materials	**372,836**	436,686
Work in progress	**102,532**	138,054
Finished goods	**1,031,717**	1,044,765
	1,507,085	1,619,505

15. TRADE AND OTHER RECEIVABLES

	Note	At **30 June 2015** *RMB'000* **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
Trade and notes receivables			
Trade receivables			
– Third parties		**898,861**	1,822,383
– Joint venture		**32,786**	29,126
– Associates		**329,068**	424,208
– Related parties controlled by the substantial shareholder of the Company		**1,966,321**	1,319,427
	(a)	**3,227,036**	3,595,144
Notes receivable	*(b)*	**6,502,139**	9,221,000
		9,729,175	12,816,144
Deposits, prepayment and other receivables			
Prepayment to suppliers			
– Third parties		**89,721**	47,977
– Related parties controlled by the substantial shareholder of the Company		**1,984,093**	904,396
		2,073,814	952,373
Deposits paid for acquisition of property, plant and equipment		**236,051**	430,498
VAT and other taxes receivables		**1,214,652**	1,435,122
Utility deposits and other receivables		**478,221**	228,180
		4,002,738	3,046,173
Amounts due from related parties controlled by the substantial shareholder of the Company	*(c)*	**985,012**	502,180
Amount due from ultimate holding company	*(c)*	**–**	61
Amount due from a joint venture	*(d)*	**–**	20,634
		4,987,750	3,569,048
		14,716,925	16,385,192

(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 2015 *RMB'000* **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
0 – 60 days	**1,172,233**	901,467
61 – 90 days	**486,682**	80,922
Over 90 days	**1,073,451**	525,465
	2,732,366	1,507,854

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 2015 *RMB'000* **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
0 – 60 days	**169,959**	502,991
61 – 90 days	**18,170**	30,042
91 – 365 days	**43,712**	1,383,770
Over 1 year	**262,829**	170,487
	494,670	2,087,290

(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 2015 and 31 December 2014, 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

The amounts due from related parties/ultimate holding company 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. SENIOR NOTES

On 6 October 2014, the Company issued senior notes with an aggregate principal amount of USD300,000,000 (equivalent to approximately RMB1,836,750,000) (the "Senior Notes"). The Senior Notes are listed on the Hong Kong Exchanges and Clearing Limited. Details of the terms of the Senior Notes have been set out in the Group's annual financial statements for the year ended 31 December 2014.

The movement of the Senior Notes for the period are set out below:

	RMB'000
Initial fair value on the date of issuance on 6 October 2014	1,814,165
Exchange loss	4,738
Interest expenses	1,235
Carrying amount as at 31 December 2014	1,820,138
Exchange gain	(14,745)
Interest expenses	1,979
Carrying amount as at 30 June 2015	**1,807,372**

The fair value of the Senior Notes as at 30 June 2015 amounted to approximately RMB1,875,783,000 with reference to unadjusted quoted prices in active market for identical assets (Level 1 valuation) (At 31 December 2014: RMB1,839,153,000).

17. TRADE AND OTHER PAYABLES

	Note	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Audited)
Trade and notes payables			
Trade payables			
– Third parties		**7,921,482**	7,757,246
– An associate		**611,691**	596,489
– Related parties controlled by the substantial shareholder of the Company		**3,188,732**	2,400,232
	(a)	**11,721,905**	10,753,967
Notes payable	*(b)*	**35,562**	364,916
		11,757,467	11,118,883
Other payables			
Accrued charges and other creditors			
Receipts in advance from customers			
– Third parties		**842,763**	1,983,648
– Related parties controlled by the substantial shareholder of the Company		**1,716,463**	75,387
		2,559,226	2,059,035
Deferred income related to government grants which conditions have not been satisfied		**1,620,753**	1,164,773
Payables for acquisition of property, plant and equipment		**190,840**	293,103
Accrued staff salaries and benefits		**156,092**	272,784
VAT and other taxes payables		**76,778**	207,207
Dividend payables		**3,065**	–
Other payables and accrued charges		**1,423,727**	1,153,947
		6,030,481	5,150,849
Amounts due to related parties controlled by the substantial shareholder of the Company	*(c)*	**564,744**	476,934
Amount due to ultimate holding company	*(c)*	**270,000**	270,000
		6,865,225	5,897,783
		18,622,692	17,016,666

(a) Trade payables

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

	At 30 June 2015 *RMB'000* **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
0 – 60 days	**8,606,210**	8,644,894
61 – 90 days	**1,139,436**	723,267
Over 90 days	**1,976,259**	1,385,806
	11,721,905	10,753,967

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 2015 and 31 December 2014, 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. BORROWINGS

	At 30 June 2015 *RMB'000* **(Unaudited)**	At 31 December 2014 *RMB'000* (Audited)
Bank loans secured by the Group's assets	**–**	391,616
Bank loans guaranteed by the ultimate holding company	**300,000**	300,000
Total bank borrowings	**300,000**	691,616

At the reporting date, there are demand clauses in the bank 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 2014 and 30 June 2015 (Unaudited)	**12,000,000,000**	**246,720**
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At 1 January 2014, 30 June 2014 and 1 January 2015	8,801,446,540	161,346
Shares issued under share option scheme	300,000	5
At 30 June 2015 (Unaudited)	**8,801,746,540**	**161,351**

20. DISPOSAL OF A SUBSIDIARY

On 8 January 2015, the Company entered into a joint venture agreement with independent third parties for the establishment of a joint venture company, Ninghai Zhidou Electric Vehicles Company Limited (formerly known as Xin Dayang Electric Vehicles Company Limited) ("Ninghai Zhidou") (note 13). The registered capital of the joint venture is RMB1,000,000,000 and the Group has contributed the entire equity interest in Lanzhou Zhidou Electric Vehicles Company Limited (formerly known as Lanzhou Geely Automobile Industrial Company Limited) ("Lanzhou Zhidou"), its indirect 99% owned subsidiary, valued at RMB500,000,000 as its contribution to the registered capital of Ninghai Zhidou. The contribution of Lanzhou Zhidou to Ninghai Zhidou is a deemed disposal of a subsidiary for the Company. The disposal of Lanzhou Zhidou was completed in April 2015.

	RMB'000
Net assets disposed of:	
Property, plant and equipment	**298,413**
Goodwill	**6,222**
Intangible assets	**69,910**
Prepaid land lease payments	**12,198**
Inventories	**460**
Trade and other receivables	**62,173**
Bank balances and cash	**3,047**
Trade and other payables	**(77,127)**
Taxation	**(1,363)**
	373,933
Net gain on disposal of a subsidiary:	
Equity interest of Ninghai Zhidou acquired	**500,000**
Net assets disposed of	**(373,933)**
Non-controlling interests	**(309)**
Unrealised gain on disposal of a subsidiary to a joint venture	**(62,879)**
	62,879
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	**(3,047)**

21. BUSINESS COMBINATIONS

For the six months ended 30 June 2015

On 6 February 2015, Zhejiang Jirun Automobile Company Limited ("Jirun Automobile"), a 99% owned subsidiary of the Company, and a fellow subsidiary owned by the ultimate holding company entered into an agreement to acquire 100% equity interest of Zhejiang Jirun Chunxiao Automobile Components Company Limited ("Chunxiao Automobile"). The acquisition of Chunxiao Automobile was completed in May 2015. Details of the acquisition have been set out in the Company's circular dated 16 March 2015.

The net assets acquired in the acquisition of Chunxiao Automobile at the acquisition date are as follows:

	Carrying amount *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
The net assets acquired:			
Property, plant and equipment	1,508,483	(950)	1,507,533
Prepaid land lease payments	389,902	47,029	436,931
Trade and other receivables	293,378	–	293,378
Inventories	143,205	–	143,205
Cash and cash equivalents	3,946	–	3,946
Trade and other payables	(1,249,736)	–	(1,249,736)
	1,089,178	46,079	1,135,257
Goodwill			2,584
			1,137,841
Total consideration satisfied by cash			1,137,841
Net cash outflow arising on acquisition:			
Cash consideration paid			(1,137,841)
Bank balances and cash acquired			3,946
			(1,133,895)

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the businesses acquired.

During the period from the acquisition date to 30 June 2015, Chunxiao Automobile has contributed a total revenue of Nil and a net profit of RMB14,463,000.

If the acquisition had occurred on 1 January 2015, the consolidated revenue and net profit of the Group for the period ended 30 June 2015 would have been decreased by Nil and RMB52,597,000 respectively. The proforma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition has been completed 1 January 2015 and could not serve as a basis for the forecast of future operation result.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's performance in the first half of 2015 met the management's expectations. Our domestic sales continued to recover, helped by the good market response to new models like "New Emgrand" and "New Vision". This is despite the sluggish automobile market in China and the challenges remained in some of the Group's major export markets. Sales performance of Chinese indigenous brand passenger vehicles improved during the period, with their overall sales volume growing 14.6% year-on-year ("YoY") in the first half of 2015, compared with the 4.8% YoY growth of the overall China passenger vehicle market, according to China Association of Automobile Manufacturers. As a result of the Group's restructuring of the sales and marketing system in 2014, the Group's sales performance in the China market maintained its strong momentum, with the total sales volume up 53.1% YoY to 233,990 units in the first half of 2015. The Group's export sales volume, however, slid 48.1% YoY to 17,883 units in the first half of 2015 due to the challenging market environment in some of the Group's major export markets in Africa and Eastern Europe, principally caused by the relative strength of RMB exchange rates and political and economic instability in these countries. The Group sold a total of 251,873 units of vehicles in the first six months of 2015, achieved a 34.5% YoY growth in the period under review. Total revenues increased by 36% to RMB13,807 million during the period. Profit attributable to the equity holders of the Company for the first half of 2015 was up 26% to RMB1,405 million compared to the first half of 2014. In the first half of 2015, benefits from lower automobile component costs were more than offset by the increased sales volume of newly launched models like "New Emgrand", "New Vision" and "Geely GC9", which usually carry lower margins at the early stage of product cycle, resulted in lower gross margin ratio during the period. This, together with higher selling and distribution expenses, mainly caused by higher promotional expenses for new models, resulted in only moderate growth in net profit. Fully diluted earnings per share (EPS) was up 26% to RMB15.90 cents.

Financial Resources

As a result of higher revenues and operating profits in the first half of 2015, the Group's financial position continued to be strong at the end of the first half of 2015. The Group's total cash level (cash and bank balances + pledged bank deposits) increased by 9% from the end of 2014 to RMB7,888 million at the end of June 2015, while its total borrowings (including bank borrowings and senior notes) decreased by 16% to RMB2,107 million during the same period. Net cash on hand (total cash level – bank borrowings – senior notes) amounted to RMB5,781 million, the highest level in the Group's history, versus a net cash level of RMB4,739 million six months ago. In addition, net notes receivable (bank notes receivable – bank notes payable) at the end of June 2015 amounted to RMB6,467 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 251,873 units of vehicles in the first half of 2015, up 34.5% YoY, thanks to the good market response to the Group's new models like "New Emgrand", "New Vision" and "Geely GC9". The decent volume growth was despite the sluggish automobile market in China and the slump in export sales during the period, but helped by low base for comparison during the same period in 2014.

The Group's domestic sales volume in the first half of 2015 surged 53.1% YoY to 233,990 units, much stronger than the overall passenger vehicle market in China, which was up 4.8% during the period, according to China Association of Automobile Manufacturers. The Group's market share in China's overall passenger vehicle market increased to around 2.5% in the first half of 2015, according to China Association of Automobile Manufacturers. Export sales volume was down 48.1% to 17,883 units in the first half of 2015, mainly affected by the challenging economic and market environment in the Group's major export markets like Ukraine, Russia and Egypt. Export sales accounted for 7.1% of the Group's total sales volume in the first half of 2015, compared with 18.4% in the same period in 2014.

In the first half of 2015, the combined sales volume of "EC7" and "New Emgrand" was 99,999 units, an increase of about 56.1% YoY. The two models continued to be the Group's best-selling models, accounting for 39.7% of the Group's total sales volume during the period. Sales of aging models such as "Free Cruiser" and "Geely Panda" continued their downward trends in the first half of 2015. Their sales volume declined by 26.0% YoY and 40.6% YoY, respectively. The aggregate sales volume of "GX7", "SX7" and "GX9", the Group's Sport Utility Vehicles ("SUVs"), amounted to 34,784 units, increased by 18.6% YoY. The aggregate sales volume of "EC7", "New Emgrand", "GC7", "SC7", "Vision" and "New Vision", the Group's A-segment sedans, amounted to 161,942 units, increased by 67.7% YoY.

Helped by the launch of "New Vision", an upgraded version of "Vision", in November 2014, the combined sales volume of "Vision" and "New Vision" was 54,924 units, more than twofold increase as compared with the same period last year. The Group's newest B-segment sedan, namely "Geely GC9" (吉利博瑞), which was launched in mid-April 2015, achieved a sales volume of 5,790 units during the period. The sales volume of the upgraded version of "Geely Kingkong" also maintained steady at 30,660 units in the first half of 2015. As a result of the improvement in product mix (i.e. higher proportion of higher-priced models), the Group's ex-factory average sales price increased during the first half of 2015 from the same period last year.

The Group's three product brands would gradually be consolidated into a single brand called "Geely" for distribution via a single dealer network within 3 years. The existing sales channels would be evaluated before further integration or streamlining, thus enabling the Group to provide its customers with quality services. At the end of June 2015, the Group's sales network in China comprised a total of 694 shops, including 544 4S stores and 150 exclusive franchisee stores.

In Shanghai Auto Show in April 2015, the Group handed over the initial lot of limited protocol edition (首批禮賓限量版) of "Geely GC9" (吉利博瑞) to the new car owners at its press conference and exhibited its new "Emgrand" concept car. The display of two models signified the Group's achievement in enhancing its brand and product value during the 'New Geely Era' (新吉利時代): "Geely GC9" was the first strategic flagship B-segment car model of the Group under the new "Geely" brand; whereas the new "Emgrand" concept car model fortified further the achievement of the Group's on-going "Strategic Transformation".

In April 2015, the Group's "GX9" full size SUV model achieved a 5-star rating with the high score of 55.2 points in the C-NCAP (China's New Car Assessment Programme) crash test. The "GX9" was designed and manufactured under the Group's "Geely Total Safety Management" (吉利汽車全方位安全管理系統) protocol. The outstanding results achieved by "GX9" model in the test reflected the Group's leading position in terms of vehicle safety in China automobile industry.

In addition, the Group's effort in improving customer satisfaction, vehicle quality, attractiveness, dependability and brand awareness also yielded positive results in recent studies conducted by J.D. Power Asia Pacific. In "J.D. Power Asia Pacific 2014 China Brand Website Evaluation Study^{SM} (BWES)", which measured the usefulness of automotive manufacturer websites during the new-vehicle shopping process by examining their navigation, speed, information and content, and appearance, "Geely" ranked number 2.

In "J.D. Power Asia Pacific 2015 China Customer Service Index (CSI) Study^{SM}", which analysed after-sales dealer service satisfaction by vehicle owners, the "Geely" brand continued to improve its ranking in the study, where "Geely" brand's score reached 715 compared to the Mass Market Segment Average score of 664. Amongst all the local brands in China, "Geely" brand ranked number five. In terms of overall ranking, "Geely" brand achieved number 13 position (from number 17 in 2014) among the 68 passenger vehicle brands examined by the study.

New Products

The Group launched a B-segment sedan namely "Geely GC9" (吉 利 博 瑞), and the upgraded versions of "SC7" and "Vision" in the first half of 2015. In the second half of 2015, the Group plans to launch the following new products:

– "Emgrand" Electric Vehicles; and
– "Emgrand" SUVs.

Exports

The Group exported a total of 17,883 units of vehicles in the first six months of 2015, down 48.1% from the same period last year, and accounted for 7.1% of the Group's total sales volume during the period. The disappointing export sales performance was mainly caused by the relative strength of RMB exchange rates and the deteriorating political and economic environment in some of the Group's major export markets in Africa and Eastern Europe. The Group has adopted a more conservative business strategy in some of the higher risk export markets to preserve our resources and protect our brand name. As a result, the Group's share of China's total exports of passenger vehicles was down to 8.4% in the first half of 2015, compared to 11.2% in 2014, according to China Association of Automobile Manufacturers. "EC7" and "New Emgrand" continued to be the Group's most popular export models in terms of sales volume in the first half of 2015. Export volume of "EC7" and "New Emgrand" amounted to 4,784 units and accounted for 26.8% of the Group's total export sales volume during the first six months of 2015. At the end of June 2015, the Group exported its products to 31 countries through 31 exclusive sales agents and 464 sales and service outlets in these countries.

Developing countries in Africa, Asia, Southern America and the Middle East were the most important markets for the Group's exports in the first half of 2015. Amongst which, the most important export destinations in terms of sales volume were Algeria, Cuba, Egypt, Oman, Saudi Arabia, Sri Lanka and Ukraine, which together accounted for over 81.8% of the Group's total exports volume in the first half of 2015. 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.

Formation of Joint Venture – Ninghai Zhidou Electric Vehicles Company Limited (寧海知豆電動汽車有限公司) – to engage in Electric Vehicles Business

On 8 January 2015, the Group agreed with independent third parties to set up a 50:50 joint venture – Ninghai Zhidou Electric Vehicles Company Limited (寧海知豆電動汽車有限公司) (previously referred to as "Xin Dayang Electric Vehicles Company Limited" (新大洋電動車有限公司)). The joint venture is engaged in the research and production of automobile parts, components and engines, production of electric vehicles and the provision of related after-sale services in China. The registered capital of the joint venture was RMB1,000 million and the Group transferred the entire equity interest in its former indirect 99% owned subsidiary, namely Lanzhou Zhidou Electric Vehicles Company Limited (蘭州知豆電動汽車有限公司 or "Lanzhou Zhidou") (formerly known as "Lanzhou Geely Automobile Industrial Company Limited" (蘭州吉利汽車工業有限公司)), which was valued at around RMB500 million, as its contribution to the registered capital of the joint venture. The contribution of Lanzhou Zhidou to the joint venture completed in April 2015 was a deemed disposal of a subsidiary for the Company.

The formation of the joint venture combines the strengths of the Group's expertise on vehicle manufacturing with the expertise of other joint venture partners in the development of the electric vehicles and offers an effective platform for the parties to explore and develop the electric vehicles market in China. Since the Group does not have control of the board of directors of the joint venture and the shareholding interest of the Group is only 50%, the joint venture will be treated as a jointly controlled entity of the Group and the financial results of the joint venture will be equity accounted for in the consolidated financial statements of the Company.

Acquisition of 100% interest in Zhejiang Jirun Chunxiao Automobile Components Company Limited (浙江吉潤春曉汽車部件有限公司 or "Chunxiao Automobile")

On 6 February 2015, the Group agreed to acquire the entire registered capital of Chunxiao Automobile from its parent – Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司) for RMB1,138 million. The consideration was determined with reference to the net assets value of the 100% interest in the registered capital of Chunxiao Automobile as at 31 January 2015 and the Group funded the acquisition through its internal cash reserve. On 31 March 2015, the acquisition had been duly approved by the independent shareholders of the Company at the extraordinary general meeting.

It is expected that the acquisition will enhance the Group's production capabilities for the manufacture of new high-end sedan and SUV models which will expand the Group's products offering and enhance the overall competitive strength of the Group's products. These new high-end products are expected to become one of the key drivers for the Group's future profitability. Subsequent to completion of the acquisition through business combinations in May 2015, Chunxiao Automobile became a wholly owned subsidiary of the Group and its financial results had been consolidated into the financial statements of the Group.

Vehicle Financing Joint Venture with BNP Paribas Personal Finance – Genius Auto Finance Company Limited (吉致汽車金融有限公司 or "Genius AFC")

In February 2015, the Company received the approval from the China Banking Regulatory Commission (the "CBRC") to start the set-up of the joint venture, namely Genius Auto Finance Company Limited (吉致汽車金融有限公司 or "Genius AFC"), to engage in vehicle financing business in China. With a registered capital of RMB900 million, Genius AFC is owned as to 80% (or RMB720 million) by the Company and as to 20% (or RMB180 million) by BNP Paribas Personal Finance. On 3 August 2015, the Company received the approval to commence operations of Genius AFC from the CBRC. The wholesale financing business of Genius AFC is expected to launch first whilst the retail financing business will follow by the end of 2015.

It is expected that Genius AFC will enable the Group to provide a full range of quality automotive financing services to its dealers and end-customers, which in turn, will help strengthen its competitiveness and promote the sales of its vehicles in China.

Disposals of 5-speed manual transmissions ("5MTs") and 6-speed manual transmissions ("6MTs") assets

On 4 March 2015, the Company and Zhejiang Wanliyang Transmission Co., Ltd. ("WLY", a leading transmission company established in China, the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ002434)) entered into an agreement to dispose of the assets, mainly the plant and machinery and intangible assets, relating to the 5MTs and 6MTs at a consideration of RMB300 million, which was determined after the arm's length negotiations between the parties. As at 30 June 2015, the Group presented the financial information of the assets in the condensed consolidated statement of financial position as "Assets held for sale".

The disposal is a step taken by the Group to further consolidate its business and focus on the production of vehicles in the PRC. Upon completion of the disposal in July 2015, the Group will no longer be involved in the development and production of 5MTs and 6MTs as WLY, by leveraging its expertise in transmission business, will supply these products to the Group and also work on their upgrades. It is expected that the disposal will help the Group to streamline its business, reduce costs and avoid the divergence of resources to the non-core business of the Group.

Outlook

The automobile market in China appears to have weakened considerably so far in 2015. The environment for our key export markets remains challenging as political and economic conditions in these markets remain uncertain, in particular in the Eastern Europe and in Southern America. Competitive pressure on indigenous brands in the China market should continue to intensify in the coming years as more international brands started to adopt more aggressive pricing and competitive strategies to safeguard their market shares in China. 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 had introduced local policies to restrict new car licenses to ease traffic and combat air pollution, thus restricting the demand for passenger vehicles in these markets. 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 Egypt has seen a material slowdown due to the uncertain political and economic conditions in these countries. It is envisaged these external factors would persist and our exports business could continue to face tremendous challenges in the remainder of 2015.

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 restructuring of its distribution system 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. So far in 2015, the Group's performance has been satisfactory. Our focus in raising customer satisfaction through quality product offering and services is making significant progress.

The Group started to offer turbo-charged engines in some of its models in order to 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 replace its old models with more sophisticated new models equipped with more advanced powertrain technologies and designs. In addition, a new SUV model is planned for launch by the Group within the year. These new powertrain technologies and the new product should help to bolster the Group's overall sales performance in the remainder of 2015.

The Group's full cooperation with Volvo Car Corporation has been progressing well, enabling the Group to further optimize resource utilization, and speed up the implementation of platform strategy, standardization, and shared modularization in product development. This should provide the Group with a strong and unique advantage over its competitors.

In view of the expected increase in demand for new electric vehicles, the Group's strategy on new electric vehicles calls for the speeding up of electrification offerings through business partnership and strategic alliance with leading international players with proven core technologies.

Despite the fierce competition in China's automobile market and sign of deteriorating market conditions in some of the Group's major export markets, the Group still managed to achieve its original business plan and targets set for the first half of 2015. Despite recent slowdown in China's automobile market, the management team decided to maintain our full year sales volume target at 450,000 units, up around 8% from 2014.

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 the its parent Geely Holding Group and fund raising exercises in the capital market. As at 30 June 2015, the Group's shareholders' fund amounted to approximately RMB18.5 billion (as at 31 December 2014: approximately RMB17.3 billion). Upon exercise of share options, 0.3 million new shares were issued by the Group during the six months ended 30 June 2015.

EXPOSURE TO FOREIGN EXCHANGE RISK

During the six months ended 30 June 2015, the Group's operations were principally related to domestic sales of automobiles and related automobile parts and components in the Mainland China and the Group's assets and liabilities were mainly denominated in RMB, the functional currency of the Group.

In terms of export operations, most of the Group's export sales were denominated in US$ during the year. Also, the Group could face foreign exchange risk, particularly in emerging markets if it had local subsidiaries, associates or joint ventures in overseas export markets. The devaluation of local currencies in overseas markets could result in foreign exchange losses and affect the Group's competitiveness and therefore its sales volume in these markets. To mitigate the foreign exchange risk, the Group has embarked on plans to build additional overseas plants to increase the proportion of its costs in local currencies to engage in local business activities. Also, to compensate for higher costs in export markets, the Group has speeded up the renewal of its export models, and has started to streamline its export operations displaying comparative advantages with an aim to achieve higher customer satisfaction, better operating efficiency and economies of scale in its export markets.

The Group's management would also closely monitor the market situation and might consider tools to manage foreign exchange risk whenever necessary.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's current ratio (current assets/current liabilities) was 1.27 (as at 31 December 2014: 1.42) and the gearing ratio of the Group was 11.4% (as at 31 December 2014: 14.5%) which was calculated on the Group's total borrowings (including the 5-year US$300 million 5.25% senior notes due 2019 ("Senior Notes") but excluding trade and other payables) to total shareholders' equity (excluding non-controlling interests). Total borrowings (including Senior Notes but excluding the trade and other payables) as at 30 June 2015 amounted to approximately RMB2.1 billion (as at 31 December 2014: approximately RMB2.5 billion) were mainly the Group's borrowings and Senior Notes. At the end of June 2015, the majority of the Group's total borrowings were denominated in RMB and US$. They were well matched by the currencies of the Group's bank balances and cash and currency mix of the Group's revenues, which were mainly denominated in RMB and US$, respectively. For the borrowings, except for Senior Notes issued in October 2014, 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 2015, the total number of employees of the Group was about 19,217 (as at 31 December 2014: approximately 18,481). Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into account the overall performance of the working staff and market conditions. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC. 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 19 August 2015, the Directors resolved not to pay an interim dividend to the shareholders of the Company (2014: 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 six months ended 30 June 2015.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2015, except for CPs E.1.2 and A.6.7 as explained below:

CP E.1.2 stipulates that the chairman of the board, whereas 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. However, with the conference call facility being made available by the Company, 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 of directors of the Company (the "Board") was unable to attend the extraordinary general meeting of the Company held on 31 March 2015 in Hong Kong ("EGM"). Nevertheless, the non-executive director and four independent non-executive directors attended the EGM via conference call. At the annual general meeting of the Company held on 29 May 2015 in Hong Kong ("AGM"), one independent non-executive director attended the AGM in person whilst the non-executive director and two independent non-executive directors attended via conference call in the absence of Mr. Li. The Board believes that the directors who participate in the general meetings via conference call are still able to directly conduct discussion with the Company's shareholders on questions they have and such shareholders' views would be properly channeled to the Board as a whole. In order to ensure that the shareholders' questions about the proposed resolutions of the general meetings were properly addressed, representatives of the Company's financial advisers attended the EGM in person; and representatives of the Company's external auditors 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 2015, 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 2015.

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 2015 interim report will set out all information disclosed in the interim results announcement for the first half of 2015 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, 19 August 2015

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. 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.