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 2010

FINANCIAL HIGHLIGHTS:

	Six months ended 30 June		
	2010	2009	
	RMB'000	*RMB'000*	*Change %*
	(Unaudited)	(Unaudited)	
Turnover	**9,235,733**	5,948,690	55
Other income	**583,097**	248,395	135
Share of results of an associate	**(7,302)**	(1,887)	287
Profit attributable to the equity holders of the Company	**804,848**	595,910	35
Earnings per share			
Basic	**RMB10.99 cents**	RMB9.00 cents	22
Diluted	**RMB9.96 cents**	RMB8.93 cents	12

At a meeting of the Board held on 25 August 2010, the Directors resolved not to pay an interim dividend to shareholders of the Company (2009: 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 2010. 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.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover/Revenue		**9,235,733**	5,948,690
Cost of sales		**(7,487,314)**	(4,819,092)
Gross profit		**1,748,419**	1,129,598
Other income	*4*	**583,097**	248,395
Distribution and selling expenses		**(493,062)**	(318,266)
Administrative expenses		**(448,383)**	(243,153)
Share-based payments		**(162,390)**	(7,337)
Finance costs	*5*	**(116,354)**	(33,433)
Loss on early redemption of convertible bonds	*14*	**–**	(15,987)
Share of results of an associate	*11*	**(7,302)**	(1,887)
Gain on deemed disposal of interest in an associate	*11*	**–**	5,245
Profit before taxation		**1,104,025**	763,175
Taxation	*6*	**(192,052)**	(109,038)
Profit for the period	*5*	**911,973**	654,137
Attributable to:			
Equity holders of the Company		**804,848**	595,910
Non-controlling interests		**107,125**	58,227
		911,973	654,137
Earnings per share			
Basic	*8*	**RMB10.99 cents**	RMB9.00 cents
Diluted	*8*	**RMB9.96 cents**	RMB8.93 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**911,973**	654,137
Other comprehensive income:		
Exchange differences on translation of foreign operations recognised	**(26,964)**	(22,754)
Total comprehensive income for the period	**885,009**	631,383
Attributable to:		
Equity holders of the Company	**777,884**	573,156
Non-controlling interests	**107,125**	58,227
	885,009	631,383

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010

	Note	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*9*	**4,934,237**	4,328,102
Intangible assets	*10*	**1,241,127**	1,069,679
Goodwill		**6,222**	6,222
Interest in an associate	*11*	**–**	7,302
Prepaid land lease payments		**1,367,502**	1,171,473
		7,549,088	6,582,778
Current assets			
Prepaid land lease payments		**29,322**	29,322
Inventories	*12*	**916,132**	640,504
Trade and other receivables	*13*	**5,635,893**	6,144,929
Financial assets at fair value through profit or loss		**12,183**	12,209
Tax recoverable		**5,779**	–
Pledged bank deposits		**823,758**	894,292
Bank balances and cash		**5,482,178**	4,498,155
		12,905,245	12,219,411
Current liabilities			
Trade and other payables	*15*	**7,224,490**	7,328,825
Taxation		**152,933**	69,329
Bank borrowings, secured	*16*	**1,383,622**	1,509,635
		8,761,045	8,907,789
Net current assets		**4,144,200**	3,311,622
Total assets less current liabilities		**11,693,288**	9,894,400
CAPITAL AND RESERVES			
Share capital	*17*	**137,852**	136,993
Reserves		**7,069,037**	6,238,620
Equity attributable to equity holders of the Company		**7,206,889**	6,375,613
Non-controlling interests		**981,644**	720,907
Total equity		**8,188,533**	7,096,520
Non-current liabilities			
Convertible bonds	*14*	**1,462,216**	1,442,153
Long-term bank borrowings, secured	*16*	**1,984,094**	1,318,000
Deferred taxation		**58,445**	37,727
		3,504,755	2,797,880
		11,693,288	9,894,400

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Net cash from operating activities		**1,469,993**	982,446
Net cash used in investing activities			
Purchase of property, plant and equipment		**(338,445)**	(285,355)
Addition of intangible assets		**(236,346)**	(157,523)
Purchase of prepaid land leases		**(14,020)**	–
Proceeds from disposal of property, plant and equipment		**100,914**	–
Change in pledged bank deposits		**70,534**	(202,532)
Investment of additional interest in an associate		**–**	(8,077)
Acquisition of a subsidiary	*19*	**(134,447)**	(293,696)
Interest received		**19,664**	25,292
		(532,146)	(921,891)
Net cash from financing activities			
Dividend paid	*7*	**(148,352)**	(91,376)
Capital contribution from non-controlling shareholders		**153,612**	–
Proceeds from the issuance of shares		**–**	677,160
Share issuance costs		**–**	(14,721)
Shares issued upon exercise of the share options		**39,354**	–
Redemption of convertible bonds	*14*	**–**	(322,069)
Proceeds from borrowings		**907,000**	962,600
Repayment of borrowings		**(531,638)**	(239,216)
Other financing activities		**(369,661)**	(42,283)
		50,315	930,095
Net increase in cash and cash equivalents		**988,162**	990,650
Cash and cash equivalents at beginning of period		**4,498,155**	889,408
Effect of foreign exchange rate changes		**(4,139)**	(494)
Cash and cash equivalents at end of period, represented by bank balances and cash		**5,482,178**	1,879,564

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. BASIS OF PREPARATION

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

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

These condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs" which term collectively includes individual HKFRSs, HKASs and Interpretations) that are effective for accounting periods beginning on or after 1 January 2010. The Group has applied for the first time the following new and revised HKFRSs which are relevant to and effective for Group's financial statements for the annual financial period beginning on 1 January 2010:

HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements

Other than as noted below, the adoption of these new and revised HKFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

HKFRS 3 (Revised) – Business Combinations

The revised standard (HKFRS 3R) introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in HKFRS 3R that had an impact on the Group's acquisitions in 2010 are as follows:

- Acquisition-related costs of the combination are recorded as an expense in the income statement. Previously, these costs would have been accounted for as part of the cost of the acquisition.

- The assets acquired and liabilities assumed are generally measured at their acquisition-date fair values unless HKFRS 3R provides an exception and provides specific measurement rules.

- Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in profit or loss. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

HKFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010. For the six months ended 30 June 2010, the adoption of HKFRS 3R changed the Group's accounting for the business combination during this interim period (see note 19) but did not result in material impacts on the Group's results for the period and its financial position as of 30 June 2010.

Business combinations for which the acquisition date is before 1 January 2010 have not been restated.

HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The adoption of HKFRS 3R required that the revised HKAS 27 (HKAS 27R) is adopted at the same time. HKAS 27R introduced changes to the accounting requirements for transactions with non-controlling (formerly called 'minority') interests and the loss of control of a subsidiary. Similar to HKFRS 3R, HKAS 27R has been applied since 1 January 2010. The adoption of HKAS 27R did not have an impact in the current period financial statements.

HKFRSs (Amendments) – Improvements to HKFRSs 2009

The Improvements to HKFRSs 2009 made several minor amendments to HKFRSs. The only amendment relevant to the Group relates to HKAS 17 Leases. The amendment requires that leases of land are classified as finance or operating applying the general principles of HKAS 17. Prior to this amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The Group has reassessed the classification of the land elements of its unexpired leases at 1 January 2010 on the basis of information existing at the inception of those leases and has determined that none of its leases require reclassification.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKFRS 9	Financial Instruments[5]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

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

3. SEGMENT INFORMATION

The Group is principally engaged in manufacturing and trading of automobiles and automobile parts and related automobile components which accounts for the total turnover and trading profits of the Group for the current and prior periods and no segment information has been presented in previous financial statements. After the acquisition of automatic transmissions business (Note 19) during the year ended 31 December 2009, the Group re-organises its management structure and business lines. As a result, the Group manages its businesses by business lines and starts to report segment information from the current period. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Automobiles and related parts and components: Manufacture and sale of automobiles, automobile parts and related automobile components.

Gearboxes: Manufacture and sale of gear boxes.

The accounting policies of the reportable segment are the same as the Group's accounting policies described in the Company's annual financial statements for the year ended 31 December 2009 and note 2 above. Segment profit represents the profit earned by each segment without allocation of corporate expenses, directors' emoluments, share of results of an associate, interest income, interest expenses and income tax expenses. Segment assets include all tangible, intangible assets and current assets with the exception of interest in an associate, deferred tax assets and other corporate assets. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments is set out below. Comparative segment information has been restated to reflect the change in the Group's management structure and business lines.

For the six months ended 30 June 2010 (Unaudited)

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

At 30 June 2010 (Unaudited)

	Automobiles and related parts and components *RMB'000*	**Gearboxes** *RMB'000*	**Unallocated** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
Segment assets	**19,361,167**	**851,970**	**247,739**	**(6,543)**	**20,454,333**
Interest in an associate	**–**	**–**	**–**	**–**	**–**
Total	**19,361,167**	**851,970**	**247,739**	**(6,543)**	**20,454,333**

For the six months ended 30 June 2009 (Unaudited) (Restated)

	Automobiles and related parts and components *RMB'000*	Gearboxes *RMB'000*	Unallocated *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Sales to external customers	5,948,690	–	–	–	5,948,690
Inter-segment	1,247	156,781	–	(158,028)	–
Total segment revenue	5,949,937	156,781	–	(158,028)	5,948,690
Segment results	809,205	14,727	–	–	823,932
Interest income	24,202	902	188	–	25,292
Finance costs	(26,930)	(942)	(5,561)	–	(33,433)
Corporate and other unallocated expenses	–	–	(55,974)	–	(55,974)
Share of results of an associate	(1,887)	–	–	–	(1,887)
Gain on deemed disposal of interest in an associate	5,245	–	–	–	5,245
Profit before tax					763,175
Income tax expense					(109,038)
Profit for the period					654,137

At 31 December 2009 (Unaudited) (Restated)

	Automobiles and related parts and components *RMB'000*	Gearboxes *RMB'000*	Unallocated *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment assets	16,227,350	893,010	1,689,335	(14,808)	18,794,887
Interest in an associate	7,302	–	–	–	7,302
Total	16,234,652	893,010	1,689,335	(14,808)	18,802,189

4. OTHER INCOME

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**19,664**	25,292
Unrealised gain on financial assets at fair value through profit or loss that are classified as held for trading (investments held for trading)	**–**	1,080
Rental income	**3,853**	97
Net claims income on defected materials purchased	**14,389**	12,335
Gain on disposal of scrap materials	**28,196**	30,393
Net exchange gain	**–**	156
Subsidy income from government *(Note 1)*	**510,639**	149,001
Sundry income	**6,356**	30,041
	583,097	248,395

Note:

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

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Finance costs		
Effective interest expense on convertible bonds	**44,898**	5,383
Interest on bank borrowings wholly repayable within five years	**71,377**	28,050
Interest paid to a related company	**79**	–
Total finance costs	**116,354**	33,433
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**343,408**	189,992
Retirement benefit scheme contributions	**26,787**	13,509
Recognition of share-based payments	**162,390**	7,337
Total staff costs	**532,585**	210,838
Other items		
Cost of inventories recognised as expenses	**7,487,314**	4,819,092
Depreciation	**211,942**	122,329
Amortisation of prepaid land lease payments	**16,804**	13,216
Amortisation of intangible assets	**43,829**	24,516
Research and development costs	**47,794**	29,301
Unrealised loss on financial assets at fair value through profit or loss that are classified as held for trading (investments held for trading)	**26**	–

6. TAXATION

	Six months ended 30 June 2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Current tax:		
– PRC enterprise income tax	**175,016**	96,860
– Other overseas tax	**1,164**	–
Overprovision in prior years	**(5,154)**	–
	171,026	96,860
Deferred taxation	**21,026**	12,178
	192,052	109,038

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.

7. DIVIDEND PAID

During the current period, a final dividend for the year ended 31 December 2009 of HK$0.023 per share (2009: HK$0.016 per share), amounting to approximately RMB148,352,000 (2009: RMB91,376,000), were paid to the shareholders of the Company.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the period is based on the profit attributable to equity holders of the Company of RMB804,848,000 (2009: RMB595,910,000) and weighted average number of ordinary shares of 7,324,626,721 shares (2009: 6,618,871,472 shares), calculated as follows:

(i) Weighted average number of ordinary shares

	Six months ended 30 June 2010 (Unaudited)	2009 (Unaudited)
Issued ordinary shares at 1 January	**7,310,855,450**	6,489,755,450
Effect of new shares issued	**–**	129,116,022
Effect of shares issued upon exercise of share options	**13,771,271**	–
Weighted average number of ordinary shares at 30 June	**7,324,626,721**	6,618,871,472

(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 RMB849,746,000 (2009: RMB595,910,000) and the weighted average number of ordinary shares of 8,530,697,833 shares (2009: 6,675,465,020 shares), calculated as follows:

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (profit attributable to equity holders)	**804,848**	595,910
After tax effect of effective interest on the liability component of convertible bonds	**44,898**	–
Earnings for the purpose of diluted earnings per share	**849,746**	595,910

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

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,324,626,721**	6,618,871,472
Effect of deemed conversion of convertible bonds	**998,484,894**	–
Effect of deemed exercise of warrants	**101,145,065**	–
Effect of deemed issue of shares under the Company's share option scheme	**106,441,153**	56,593,548
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,530,697,833**	6,675,465,020

The effect of deemed conversion of convertible bonds redeemed during the six months ended 30 June 2009 is anti-dilutive up to the date of redemption.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB765,268,000 (2009: RMB285,355,000).

10. INTANGIBLE ASSETS

During the period, additions to intangible assets by acquisition and capitalisation in respect of development costs of approximately RMB216,144,000 (2009: RMB157,523,000).

11. INTEREST IN AN ASSOCIATE

	At 30 June 2010 *RMB'000* (Unaudited)	At 31 December 2009 *RMB'000* (Audited)
Share of net assets	**81,818**	89,120
Goodwill	**18,182**	18,182
Impairment loss recognised	**(100,000)**	(100,000)
	–	7,302
Represented by:		
Cost of investments in an associate		
Listed in overseas	**197,788**	197,788
Share of post-acquisition losses and reserves	**(97,788)**	(90,486)
Impairment loss recognised	**(100,000)**	(100,000)
	–	7,302
Fair value of listed investments	**22,255**	69,595

During the period ended 30 June 2009, the Group and other parties subscribed for additional shares in the associate. Therefore, the Group's interest in the associate decreases from 22.69% to 19.97% and a gain on deemed disposal amounting to RMB5,245,000 was recognised. The Group retains significant influence over the associate through the power to nominate representations on the board.

The summarised financial information in respect of the Group's associate is set out below:

	At 30 June 2010 *RMB'000* (Unaudited)	At 31 December 2009 *RMB'000* (Audited)
Total assets	**727,706**	757,721
Total liabilities	**(353,585)**	(320,856)
Net assets	**374,121**	436,865
Group's share of net assets of an associate	**81,818**	89,120

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**339,604**	414,889
Loss for the period attributable to equity holders of the associate	**(42,194)**	(8,316)
Group's share of results of an associate for the period	**(7,302)**	(1,887)

12. INVENTORIES

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At costs:		
Raw materials	**389,188**	272,498
Work in progress	**137,925**	111,571
Finished goods	**389,019**	256,435
	916,132	640,504

13. TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Trade and notes receivables			
Trade receivables			
– From third parties		**661,678**	558,769
– From related companies controlled by the substantial shareholder of the Company		**256,477**	179,686
	(a)	**918,155**	738,455
Notes receivable	*(b)*	**2,578,455**	4,432,019
		3,496,610	5,170,474
Deposits, prepayments and other receivables			
– Advance payment to suppliers		**301,802**	380,843
– Deposits paid for acquisition of property, plant and equipment		**590,219**	294,974
– Utility deposits and other receivables		**304,376**	275,403
		1,196,397	951,220
Amounts due from related parties	*(c)*	**942,886**	23,235
		5,635,893	6,144,929

(a) Trade receivables

The Group allows a credit period of 30 days to 90 days to its local PRC trade customers. For overseas trade customers, the Group may allow a credit period of over 1 year. The following is an aged analysis of the trade receivables based on invoice dates at the balance sheet dates:

	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
0 – 60 days	**404,927**	419,146
61- 90 days	**41,901**	59,751
Over 90 days	**471,327**	259,558
	918,155	738,455

(b) **Notes receivable**

All notes receivable are denominated in Renminbi and are primarily notes received from third parties for settlement of trade receivable balances. At 30 June 2010 and 31 December 2009, all notes receivable were guaranteed by established banks in the PRC and have maturities of six months or less from the balance sheet date.

(c) **Amounts due from related parties**

Amounts due from related parties namely represent deposits paid for purchases of raw materials from entities controlled by the substantial shareholder of the Company. The amounts due are unsecured and interest-free.

14. CONVERTIBLE BONDS

All the convertible bonds outstanding at 1 January 2009 have been early redeemed at HK$365,988,000 (approximately RMB322,069,000) by the bondholders during the six months ended 30 June 2009. The loss on early redemption which represented the difference between the redemption amount and total carrying amounts of liability component and embedded derivatives amounting to RMB15,987,000 has been recognised in the income statement. Details of the terms of these convertible bonds redeemed are set out in the Company's annual report for the year ended 31 December 2008.

The convertible bonds outstanding at 1 January 2010 ("CB2014") 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 Company's annual report for the year ended 31 December 2009. Upon the payment of final dividends for the year ended 31 December 2009, the conversion price of the CB2014 was changed from RMB1.67 (equivalent to HK$1.90) to RMB1.66 (equivalent to HK$1.8894) from 29 June 2010 in accordance with the provisions of CB2014.

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

	At **30 June 2010** ***RMB'000*** **(Unaudited)**	At 31 December 2009 *RMB'000* (Audited)
Liability component		
Carrying amount brought forward	**1,449,150**	288,267
Issued during the period/year	**–**	1,436,499
Accrued effective interest charges	**44,898**	18,034
Redeemed during the period/year	**–**	(293,650)
	1,494,048	1,449,150
Fair value of embedded derivative in respect of the put option and conversion option		
Carrying amount brought forward	**–**	37,770
Eliminated upon redemption	**–**	(37,770)
	–	–
Less: Fair value of embedded derivative in respect of the call option		
Carrying amount brought forward	**–**	25,338
Eliminated upon redemption	**–**	(25,338)
	–	–
	–	–
Liability component is represented by:		
Convertible bonds	**1,462,216**	1,442,153
Accrued interests included in trade and other payables	**31,832**	6,997
	1,494,048	1,449,150

15. TRADE AND OTHER PAYABLES

	Note	At **30 June 2010** ***RMB'000*** **(Unaudited)**	At 31 December 2009 *RMB'000* (Audited)
Trade and notes payables			
Trade payables			
– To third parties		**1,493,988**	1,600,761
– To related companies controlled by the substantial shareholder of the Company		**935,792**	901,450
	(a)	**2,429,780**	2,502,211
Notes payable	*(b)*	**1,501,565**	1,734,565
		3,931,345	4,236,776
Other payables			
Accrued charges and other creditors			
– Receipts in advance from customers		**1,156,619**	1,460,015
– Deferred income related to government grants which conditions have not yet been satisfied		**782,885**	453,976
– Payables for acquisition of property, plant and equipment		**707,674**	280,851
– Accrued staff salaries and benefits		**101,590**	120,313
– Business and other taxes		**19,425**	95,410
– Other accrued charges		**260,588**	507,529
		3,028,781	2,918,094
Amounts due to related parties		**51,705**	902
Loan from a related company		**3,132**	3,053
Amount due to ultimate holding company		**209,527**	170,000
		3,293,145	3,092,049
		7,224,490	7,328,825

(a) Trade payables

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

	At 30 June 2010 *RMB'000* **(Unaudited)**	At 31 December 2009 *RMB'000* (Audited)
0 – 60 days	**1,844,031**	2,191,688
61 – 90 days	**254,936**	211,281
Over 90 days	**330,813**	99,242
	2,429,780	2,502,211

(b) Notes payable

At 30 June 2010 and 31 December 2009, all notes payable have maturities of less than 1 year.

16. BANK BORROWINGS

	At 30 June 2010 *RMB'000* **(Unaudited)**	At 31 December 2009 *RMB'000* (Audited)
Bank loans secured by the Group's assets	**1,646,116**	1,220,000
Bank loans guaranteed by the ultimate holding company	**1,387,000**	1,037,000
Other bank loans	**334,600**	522,881
Collateralised borrowings, secured	**–**	47,754
	3,367,716	2,827,635

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

	At 30 June 2010 *RMB'000* **(Unaudited)**	At 31 December 2009 *RMB'000* (Audited)
On demand or within one year	**1,383,622**	1,509,635
In the second year	**1,542,229**	485,000
In the third to fifth year	**441,865**	833,000
	3,367,716	2,827,635
Less: amounts due within one year shown under current liabilities	**(1,383,622)**	(1,509,635)
	1,984,094	1,318,000

17. SHARE CAPITAL

	Number of shares	Nominal value
		RMB'000
Authorised:		
Ordinary shares of HK$0.02 each		
At 31 December 2009 and **30 June 2010 (Unaudited)**	12,000,000,000	246,720
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At 1 January 2009	6,489,755,450	122,542
Issue of shares for cash	570,000,000	10,032
Balance at 30 June 2009	7,059,755,450	132,574
Shares issued under share option scheme	251,100,000	4,419
Balance at 31 December 2009 and 1 January 2010	7,310,855,450	136,993
Shares issued under share option scheme	48,800,000	859
Balance at 30 June 2010 (Unaudited)	**7,359,655,450**	**137,852**

During the period, options were exercised to subscribe for 48,800,000 ordinary shares in the Company at a consideration of approximately RMB39,354,000 of which approximately RMB859,000 was credited to share capital and the balance of RMB38,495,000 was credited to the share premium account. Upon exercise of share options, RMB7,568,000 has been transferred from the share option reserve to the share premium account in accordance with the accounting policy set out in Company's 2009 annual report.

18. WARRANTS

For the year ended 31 December 2009, the Company issued 299,526,900 warrants to certain investors with a subscription price of HK$1 for all the warrants. The warrants are convertible into fully paid ordinary shares of HK$0.02 each of the Company at an initial exercise price of RMB2.0262 (equivalent to HK$2.3) per share, subject to adjustment in certain events. Upon the payment of final dividends for the year ended 31 December 2009, the exercise price of the warrants were adjusted to RMB2.0148 (equivalent to HK$2.2871) per share from 29 June 2010 in accordance with the provisions of the warrants. The warrants are exercisable in part or in whole at any time from the issue date of the warrants on 11 November 2009 to the fifth anniversary of the issuance of the warrants and are freely transferable, but in minimum tranches of 250,000 warrants. The warrants have been classified as equity instruments of the Company.

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

19. BUSINESS COMBINATION

For the six months ended 30 June 2010

On 27 October 2009, the Company entered into agreement with Zhejiang Geely Holding Group Company Limited and its subsidiary to acquire 100% interests in Jinan Geely Automobile Company Limited ("Jinan Geely"). The acquisition of Jinan Geely was completed on 7 January 2010. Details of the acquisition have been set out in the Company's circular dated 17 November 2009.

Net cash outflow in respect of the acquisition of Jinan Geely is approximately RMB134,447,000.

The business acquired did not make any significant contribution to the revenue or profit of the Group for the period between the acquisition date/beginning period date and the balance sheet date. Jinan Geely is not material to the Group and therefore its financial information is not presented.

For the six months ended 30 June 2009

On 15 June 2009, the Group acquired the business of designing, developing and manufacturing automatic transmissions in Australia from an independent third party (with receivers and managers appointed). The consideration is cash of A$47.4 million (approximately RMB226.2 million) plus adjustment on working capital determined on the completion date. The final consideration after adjustment on working capital is A$54.6 million (approximately RMB293,696,000). Details of the acquisition have been set out in the Company's announcement dated 27 March 2009.

The net assets acquired in the transaction are as follows:

	Carrying amount before combination	Adjustments	Fair value
	RMB'000	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 1)*	
Net assets acquired:			
Property, plant and equipment	252,307	38,150	290,457
Intangible assets	–	13,475	13,475
Trade and other receivables	43,082	17,497	60,579
Inventories	11,981	24,218	36,199
Trade and other payables	(19,717)	(71,142)	(90,859)
Deferred taxation	6,043	(22,198)	(16,155)
	293,696	–	293,696
Total consideration satisfied by:			
Cash			293,696
Net cash outflow arising on acquisition:			
Cash consideration paid			(293,696)

Note 1: The above carrying amounts of assets and liabilities of the business acquired are based on the book values of the business acquired as provided by the receivers. In addition to fair value adjustments, certain financial assets and liabilities have also been adjusted based on the final settlement accounts provided by the receivers.

During the six months ended 30 June 2009, the Group acquired the above automatic transmissions business with fair values of identifiable assets, liabilities and contingent liabilities acquired determined provisionally. For the period subsequent to 30 June 2009, the Group made certain adjustments as set out in note 1 above as a result of completing the initial acquisition accounting. The adjustments to the fair values at the acquisition date were made as if initial acquisition accounting had been completed on the acquisition date. The adjustments set out in note 1 above did not result in any significant changes to the depreciation or amortisation and related tax effect for the six months ended 30 June 2009.

The business acquired did not make any significant contribution to the revenue or profit of the Group for the period between the acquisition date/beginning period date and the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

In the first half of 2010, the Group experienced a strong set of results despite continued difficult market conditions in the Group's major export markets. The Group's overall performance in the first half of 2010 was very encouraging, helped by the strong demand for sedans in the China market, more than offsetting the continued weak export sales. The Group sold a total of 195,734 units of vehicles in the first six months of 2010, up 42% from the same period in previous year, achieving 49% of the Group's full year sales volume target of 400,000 units. Total revenues increased by 55% to RMB9,236 million, reflecting both strong growth in sales volume and the improvement in product mix during the period. The profit attributable to shareholders for the first half of 2010 was RMB805 million, 35% higher than the same period in 2009. Diluted EPS was up 12% to RMB9.96 cents. Excluding non-cash expenses related to the recognition of share-based payments to employees, underlying profit attributable to shareholders increased by 60% to RMB967 million.

The Group's 100%-owned subsidiary DSI Holdings Pty Limited ("DSIH") returned to profitability in the first half of 2010 after resuming supply of automatic gearboxes to SsangYong Motor Company ("SsangYong Motor") in early 2010. Total net profit from DSIH was A$0.5 million on revenue of A$49 million. DSIH manufactured and sold a total of 29,769 units of automatic gearboxes to independent OEM customers like SsangYong Motor, Ford Motor Australia and Mahindra & Mahindra, in line with its budget.

51%-owned Shanghai LTI Automobile Components Company Limited ("Shanghai LTI"), the Company's joint venture with Manganese Bronze Holdings Plc ("MBH"), started commercial production of localized TX4 London Taxi vehicles in the third quarter of 2009. In the first half of 2010, Shanghai LTI recorded a net loss of RMB11.4 million for its manufacturing operation.

19.97%-owned MBH reported a net loss of GBP4.1 million for the first half of 2010, mainly due to slower sales in the UK market and exceptional costs of GBP3.5 million, including GBP1 million redundancy costs and a GBP2.5 million impairment for TX4 tooling and presses, which are related to its planned move to import kits of bodies and panels from Shanghai LTI for assembly in its plant in Coventry. MBH's vehicle sales volume was down 11.6% to 915 units and its overall turnover was down 8.9% to GBP33.4 million during the period. The Group's share of loss from MBH was limited to RMB7.3 million in the first half of 2010 after the book value of the Group's investment in MBH was fully depleted by the end of June 2010.

Financial Resources

The Group's net cash position increased further during the first half of 2010 due to continued strong operational cash flow from the Group's manufacturing operation. Total value of cash and bank balances increased from RMB4.5 billion at the end of last year to RMB5.5 billion at the end of June 2010. Total bank borrowings also increased from RMB2.8 billion at the end of 2009 to RMB3.4 billion at the end of June 2010, mainly due to the increase of long-term bank loans by RMB666 million as the Group made use of the low interest rate environment to increase its long-term bank loans to support its expansion. Despite this, the Group's net cash level still increased from RMB1.1 billion at the end of 2009 to RMB1.5 billion at the end of June 2010.

Vehicle Manufacturing (91% interests)

During the first half of 2010, the Group sold a total of 195,734 units of vehicles, up 42% from the same period last year, helped by the strong demand for new models like Englon "SC7", "Geely Vision" and Emgrand "EC7" in the China market. Exports sales remained disappointing and were up only 10% to 6,940 units, accounting for 3.5% of the Group's total sales volume in the first half of 2010, compared with close to 6% in 2009.

The sales volume of "Free Cruiser" was down by 9% to 47,772 units in the first half of 2010, ahead of the planned launch of its upgraded version in the coming few months. "Free Cruiser" remained the Group's best selling models during the period, accounting for 24% of the Group's total sales volume. Key drivers for growth during the period, however, were the three models developed from the Group's mid-size car platform: "Geely Vision", Englon "SC7" and Emgrand "EC7". With the choice of engine size of 1.5L and 1.8L, but equipped with only 5-speed manual gearboxes, these three models attracted good demand in the China market with a total sales volume of 83,378 units, accounting for 43% of the Group total sales volume in the first half of 2010. Stronger sales of these higher price models also helped to lift the Group's ex-factory average sales price by over 13% YoY to around RMB44,000 level.

The Group started to implement the "Multi-brand Strategy" in 2008, aiming to improve the Group's overall brand images and to enable tailored-made services and brand positioning for different product lines within the Group. Three new brands: "GLEagle", "Emgrand" and "Englon" and their respective distribution networks were launched since the end of 2008 to gradually replace the existing "Geely" and "Maple" brands. The transition to new brands has progressed smoothly with the number of vehicles sold under the new brands accounted for 38% of total sales volume in the first half of 2010, compared with less than 12% in 2009.

Construction of the distribution networks for the three new brands and the migration of existing franchisee stores to the new brands are well underway. By the end of June 2010, the Group's distribution network in China comprised over 800 independent franchisee stores and over 1,000 independent service stations. To further broaden its distribution capabilities, the Group has teamed up with Alibaba.com, an e-commerce platform, to start selling Geely sedans online next year.

New Products

In the second half of 2010 the Group plans to launch the following new products:

- Emgrand "EC8" large-size sedan (2.0L, 2.4L)
- Emgrand "EC7" mid-size sedan with CVT transmissions (1.8L)
- Emgrand "GC5" mid-size sedan (1.5L)
- Emgrand "EX7" SUV (1.8L)
- Englon "SC5" recreational vehicles (1.3L, 1.5L)

In addition, the Group also plans to launch upgraded models for "Panda", "Jin Yin", "Vision" and "Free Cruiser" in the remainder of the year.

Exports

The Group exported a total of 6,940 units of vehicles in the first six months of 2010, up 10% from the same period last year, but below the Group's original targets. The Group's total export volume in the first half of 2010 accounted for only 3.5% of the Group's total sales volume during the period, compared with 6% in 2009. The Group's share of China's total exports of sedans decreased from 19% in 2009 to less than 10% in the first half of 2010. "Kingkong" and "Free Cruiser" were the most popular export models in terms of sales volume in the first half of 2010, accounting for 33% and 31%, respectively, of the Group's total export sales volume during the period. The lower than expected exports sales volume so far in 2010 has an adverse impact on the operating efficiency and profitability of the Group's export business. Various measures and new strategies have been implemented to improve the Group's export business, including a major reform of the Group's business models in overseas markets and the speeding up of local assembly in major overseas markets. During the period, new arrangements for CKD assembly were started in Russia, Indonesia and Taiwan.

DSI Holdings Pty Limited (100% interests)

DSIH is principally engaged in the design, development and manufacture of automatic transmissions in Australia, supplying major international automobile original equipment manufacturers like Ssangyong Motor Company, Mahindra & Mahindra and Ford Motor Australia. After resuming supply of automatic gearboxes to SsangYong Motor Company in early 2010, DSIH's performance continued to improve in 2010. With no bank borrowing and a strong cash position, DSIH managed to return to profitability in the first half of 2010. DSIH's net profit after tax was A$0.5 million on revenue of A$49 million in the first half of 2010. DSIH manufactured and sold 29,769 sets of automatic gearboxes in the first six months of 2010, on track to achieve its full year sales volume target of 64,000 units in 2010 despite some delay in the supply of automatic gearboxes to the Group's vehicle manufacturing division.

To expand DSIH's sales in China and to improve the cost competitiveness of its products, DSIH set up a 50:50 joint venture with Hunan Geely Automobile Components Company Limited ("Hunan Geely"), one of the Group's 91%-owned operating subsidiaries on 16 November 2009, to develop and manufacture automatic transmissions in China. The joint venture, called Hunan Jisheng International Drivetrain Systems Co., Ltd. ("Hunan Jisheng"), is located in Xiangtan city of Hunan province. Total investment and the registered capital of the joint venture are RMB200 million and RMB80 million, respectively. Construction of the production facilities at Hunan Jisheng is underway with commercial production of automatic gearboxes scheduled to start at 2012. In addition to Hunan Jisheng, DSIH plans to set up two more automatic transmission manufacturing facilities in Jining of Shandong province and Chongqing city in the Central Western part of China.

Shanghai LTI (51% interests)

51%-owned Shanghai LTI is a production joint venture between the Group and MBH. Shanghai LTI was officially established in June 2007 to achieve volume production of the iconic London Taxies at a significantly lower cost and for the production of other high-end saloon cars for sales to the domestic and the world market.

Shanghai LTI started the production of the localized TX4 models in early 2009 and commenced commercial production and sales of TX4 in both the domestic and overseas markets in the third quarter of 2009. Demand for TX4, however, has been below original expectations due to lack of petroleum automatic version until 2011 and the severe shortage of funding amongst customers in overseas markets. As a result, Shanghai LTI only sold 176 units of TX4 vehicles in the first half of 2010, of which 67% were exported to overseas countries. In the first half of 2010, Shanghai LTI recorded a net loss of RMB11.4 million for its manufacturing operation.

Shanghai LTI also started supplying body kits, chassis and panels to MBH in 2010 for assembly of TX4 models by MBH in its facilities in Coventry, mainly for the UK market. The planned move by MBH to import kits of bodies and panels from Shanghai LTI for assembly in its Coventry facilities should help to improve the utilization of the production facilities at Shanghai LTI in the second half of 2010.

Manganese Bronze Holdings Plc (19.97% interests)

In addition to its 48% stake in Shanghai LTI, MBH derives most of its revenues and profit from the manufacture and sales of London taxies in the UK market. MBH's performance in the first half of 2010 continued to be adversely affected by weak demand in the UK market. As a result, total vehicle sales volume by MBH were down by 11.6% to 915 units and its total revenues was down 8.9% to GBP33.4 million in the first half of 2010. Net loss for the period was GBP4.1 million after including GBP1 million redundancy costs and GBP2.5 million impairment for TX4 tooling and presses, both are related to the planned move from vehicle manufacturing to CKD assembly at the Coventry plant in the second half of 2010. The Group's share of loss from MBH was limited to RMB7.3 million in the first half of 2010 after the book value of the Group's investment in MBH was fully depleted by the end of June 2010.

Outlook

After more than three years of large scale restructuring under its "Strategic Transformation", the Group's overall competitiveness has strengthened significantly, thus putting the Group in a strong position to meet any new market challenges in the future. Despite the Group's strong sales performance in the first half of 2010, the Group's Board of Directors, however, expect competition in both the domestic and export market would continue to intensify and that the Group could face more challenge in the remainder of the year. Despite this, the Group's management team remains confident that our 2010 sales volume target of 22% growth to 400,000 units could still be achieved.

The recent Chinese government policies including the extension of tax incentives for small size cars and the introduction of new subsidies for energy-saving vehicles, should all help to promote the demand for safe, energy-efficient and environmental friendly vehicles. We believe that these favourable policies would stay in place in the near future and should continue to support vehicle demand in China in the remainder of the year.

Longer-term, the Group will continue to invest considerable resources to further strengthen its export business, through continued improvement in distribution capabilities and revamping of its manufacturing arrangements in major export markets and the introduction of more tailor-made models for the exports market. This should provide the Group a cushion to any possible cyclical downturn in the China sedan market in the future, thus enabling the Group to sustain a consistent longer-term profit growth.

In addition to specific measures to enhance its export business, key focuses of the Group in the second half of 2010 also include further effort to open up new markets for the Group's vehicles, improve the Group's cost and quality control capabilities, strengthen internal control and speed up the building of product reserves of alternate energy vehicles. The recent completion of our parent's acquisition of the entire issued share capital of Volvo Car Corporation ("Volvo Car") from Ford Motor Company may offer potential future technical cooperation opportunities between the Group and Volvo Car, and the potential of the Group gaining access to some of the sophisticated technologies of Volvo Car. As of the date of this announcement, no concrete plan has been made and no discussions were underway and no letter of intent or agreement has been entered into with respect to such cooperation. The Company will comply with the requirements of the Listing Rules if and when binding letter of intent or agreement has been entered into.

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

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 2010, the Group's shareholders' fund amounted to approximately RMB7,207 million (As at 31 December 2009: approximately RMB6,376 million). Upon exercise of share options, 48.8 million new shares were issued by the Group during the first six months ended 30 June 2010.

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 most of the assets and liabilities are denominated either in Renminbi or Hong Kong dollars.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group's current ratio (current assets/current liabilities) was 1.47 (As at 31 December 2009: 1.37) and the gearing ratio of the Group was 67% (As at 31 December 2009: 67%) 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 2010 amounted to approximately RMB4.8 billion (As at 31 December 2009: approximately RMB4.3 billion) were mainly the Company's convertible bonds and bank borrowings. For the Company's convertible bonds, they are unsecured, interest-bearing and repayable on early redemption or maturity. For the bank borrowings, they are secured, interest-bearing and repayable 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 2010, the total number of employees of the Group including associates was about 15,248 (As at 31 December 2009: approximately 12,282). 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 25 August 2010, the Directors resolved not to pay an interim dividend to shareholders of the Company (2009: 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 2010.

CORPORATE GOVERNANCE

The Company has met with the code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, throughout the six months ended 30 June 2010, except for the deviation from CG Code E.1.2 as explained below:

The CG Code E.1.2 provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other commitment in the PRC, Mr. Li Shu Fu ("Mr. Li"), the Chairman of the Board, was unable to attend physically at the annual general meeting of the Company held on 25 May 2010 in Hong Kong.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own Code for Securities Transactions by Officer (the "Code"). All directors of the Company have confirmed their compliance during the review period with the required standards set out in the Model Code and the Code.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting processes and internal controls. As at 30 June 2010, the audit committee comprises Messrs. Lee Cheuk Yin, Dannis, Song Lin and Yeung Sau Hung, Alex, who are the independent non-executive directors of the Company.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2010.

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

Pursuant to the requirements of the Listing Rules regarding the reporting period, the 2010 interim report will set out all information disclosed in the interim results announcement for the first half of 2010 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) on or before 30 September 2010.

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

Hong Kong, 25 August 2010

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