



Geely Automobile Holdings Limited
Announced Annual Results for the Year Ended 31 December 2007
Profit Attributable to Shareholders Significantly Up 51% to HK\$315 Million

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Strategic Transformation From Price Competitive to Technology Competent

(Hong Kong, 16 April 2008) --- Geely Automobile Holdings Limited ("Geely Automobile"/the "Group") (Stock code: 175) today announced the annual results for the year ended 31 December 2007. Profit attributable to shareholders amounted to HK\$315 million, a significant increase of 51% over 2006. The large increase in net profit was attributable to the significant growth in profit contributions from the Company's four associates - Zhejiang Geely Automobile Company Limited ("Zhejiang Geely"), Shanghai Maple Guorun Automobile Company Limited ("Shanghai Maple"), Zhejiang Kingkong Automobile Company Limited ("Zhejiang Kingkong") and Zhejiang Ruhoo Automobile Company Limited ("Zhejiang Ruhoo") - (collectively referred as "the Associates"). Their strong earnings growth, particularly in the second half of 2007, was mainly due to the initial success achieved by the operating associates' strategic transformation in to higher value-added products, as evidenced by the strong performance of the three higher-end models launched over the last two years including the 2008 version of "Free Cruiser" economy sedans, the "Vision" mid-end sedans, and the "Geely Kingkong" family sedans. Plus, the significant achievements by the operating associates in improving customer satisfactions, and product reliability and quality also contributed to the improved profitability during the later part of the year. The Board of Directors recommended the payment of final dividend of HK\$1.3 cent per share for 2007 (2006: HK\$1 cent and a special final dividend of HK0.2 cents per share.)

The demand for sedans in China market continued to register strong growth in 2007 despite intensified price pressure. In particular, the economy car segment experienced amongst the most difficult period in recent years with a few major players adopting aggressive pricing strategy to cut product prices repeatedly, hoping to regain market shares, resulting in heavy price pressure on other economy car manufacturers. As a result, the Associates decided to reduce the retail prices of most of their models by 5-10% during the year. Despite the challenges and difficulties, the Associates still managed to achieve respectable results for the full year period in 2007, helped by the significant effort by the Group's operating associates to improve customer satisfactions, production quality and reliability and to enhance their brand images during 2007 and the tremendous success of two strategic new product launches in the second half of 2007, including the 2008 version of "Free Cruiser" and the operating associates' first mid-end sedan model "Vision". The significant improvement in product mix towards higher-priced models had more than offset the price cuts by existing models and rising costs due to higher raw material prices and increasingly stringent environmental and safety requirements in China. These three higher priced models including "Free Cruiser",

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“Geely Kingkong” and “Vision” accounted for 63% of the operating associates’ total sales volume in 2007, a significant improvement from less than 40% in 2006.

During 2007, the Associates - Zhejiang Geely, Shanghai Maple, Zhejiang Ruhoo and Zhejiang Kingkong – recorded sales of 181,517 units of Geely and Maple sedans, up 10% over 2006. In particular, “Geely Kingkong”, the Group’s key new products last year, has received very good market response and achieved a tremendous success in 2007 with a total sales volume of 34,337 units, and become the second best selling models of the operating associates during the period. “Free Cruiser” remained the associates’ best selling models during 2007 helped by the successful launch of 2008 version of “Free Cruiser” in October 2007, achieving 31% YoY increase in sales volume to 68,258 units, or 38% of the operating associates’ total sales volume during the year.

The Company’s 51%-owned parts subsidiary Zhejiang Fulin Guorun Automobile Parts and Components Company Limited (“Zhejiang Fulin”) recorded a 8% growth in revenues to HK\$137 million in 2007 helped by increased sales of both brake system and EPS to the Group’s operating associates. In particular, the electric power steering specifically designed for the “Free Cruiser” models experienced significant increase in demand helped by the strong growth in the sales of “Free Cruiser”. Profit margin, however, was affected by rising prices of key raw materials like pig iron. As a result Zhejiang Fulin’s net profit was only maintained at previous year’s level at Hk \$12 million. In order to alleviate the impact on rising raw material prices, which have a more severe impact on low-end products like the brake system than EPS, Zhejiang Fulin plans to further expand the sales of EPS by launching a new generation of EPS designed for the “Geely Kingkong” models in 2008. Zhejiang Fulin also plans to start the production of other higher-end products like Burst Monitoring and Braking System (“BMBS”) in 2008, hoping to further improve its profitability. To support the development of these new products and to prepare for the subsequent investment in new production facilities for these new products, the Group decided to expand the registered capital of Zhejiang Fulin from RMB20 million to RMB120 million by injecting RMB 100 million of new capital into Zhejiang Fulin at the end of 2007.

51%-owned Shanghai LTI was officially established in June 2007 and is on track to start production of the localized TX4 models by the end of 2008. Key suppliers have been identified and contracted to supply major body tooling and key engineered components. Without revenues during the period, Shanghai LTI recorded a net loss of HK\$5 million in 2007, mainly due to the exchange loss incurred by the company’s large US cash balance at the end of 2007 as a result of the continuous appreciation of RMB against US\$.

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The Group's operating associates exported over 20,000 units of Geely and Maple sedans in 2007, up from 10,000 units in 2006, accounted for over 11% of the associates' combined sales volume and over 10% of China's total sedan/SKD exports during the year. "Free Cruiser" is the most popular models amongst the export models and accounted for over 70% of the total export volume in 2007. The operating associates' products were sold to over 30 countries and regions, most of which are located in Eastern Europe, Middle East, Africa and Central America. In November 2007, the Group's key export arm – Geely International Corporation – signed an agreement with the Rolf Group of Russia to import and sell Geely sedans in the Russia market. The agreement covers the five-year period from November 2007 to December 2012 with the overall value of the agreement making up to US\$1.5 billion, paving the way for the Group's large scale entry into the Russian sedan market. The Group expects total exports sales volume of the operating associates to more than double to 50,000 units in 2008, or over 20% of the Group's total projected sales volume in the year.

The spokesman of Geely Automobile said, "2007 was a challenging but fruitful year in the Group and the Associates' history. During the year, the Group embarked on a major strategic transformation, through expansion into higher end vehicles and major investments to enhance the Group's technology competence and product branding, aiming at transforming Geely brand's competitive advantages from price competitive to technology and performance competent. At the same time, with the significant efforts spent in the exploration of export markets over the past few years, we believe the Group is well positioned to expand its market shares in both China and oversea market in 2008. We are therefore forecasting a total sales volume of 230,000 units for the Group's operating associates in 2008, representing a YoY growth of 27%."

The spokesman of Geely Automobile said, "The Group's major achievements in 2007, including the successful launch of Geely's first mid-end sedan model: "Vision" and the significant improvement in product mix to include more higher-priced products, should pave way for the Group's operating associates to achieve its sales target in 2008, and the substantial effort devoted to restructure the associates' parts procurement system and dealers' network, should have built up a good foundation for the Group's sustained long-term growth in the future."

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About Geely Automobile Holdings Limited (175)

The Group is principally engaged in automobile manufacturing. Geely Automobile entered into the Joint Venture Agreement to establish the JV Company with the subsidiary of Zhejiang Geely Holding Group Ltd., Zhejiang Geely Automobiles, on 30 March 2003. The JV Company is named "Zhejiang Geely Guorun Automobile Company Limited" and engages in the manufacture of economic class sedans in Beilun Economic and Technological Development Zone, Ningbo, Zhejiang Province. Geely Automobile owned 46.8% of the share capital of the JV Company. The company's name was subsequently changed to Zhejiang Geely Automobile Company Limited on 23 March 2004. In October 2003, the Group also entered into an agreement with Zhejiang Geely Holding Group Ltd. to establish "Shanghai Maple Guorun Automobile Company Limited". Geely Automobile was interested in 46.8% of the shareholdings. In May 2004, the Group's 46.8%-owned associate Zhejiang Geely Automobile Co. Limited agreed to acquire 90% shareholdings of the Zhejiang Haoqing Automobile Manufacturing Company Limited and the paid research and development cost of car model CK-1. At the same time, its another 46.8%-owned associate Shanghai Maple Guorun Automobile Co. Ltd. also agreed to acquire 90% shareholdings of Zhejiang Geely Automobile Research Institute Ltd. and 90% shareholdings of Ningbo Geely Engine Research Institute Ltd. In October 2006, the Group set up another two 46.8%-owned joint-venture with Geely Holding Limited through transferring the production facilities in Linhai and Luqiao from Zhejiang Geely to the two new associates called Zhejiang Kingkong Automobile Company Limited and Zhejiang Ruhoo Automobile Company Limited.

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