ANNUAL REPORT
2015

BLUE GEELY INITIATIVE

GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

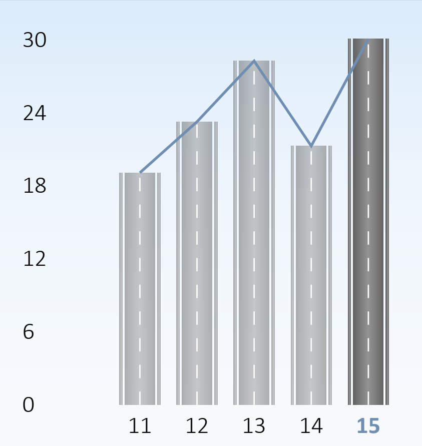
(Stock Code : 0175)

CONTENTS

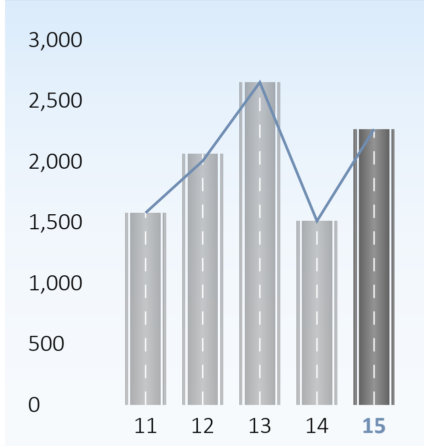
KEY FIGURES

FIVE YEAR FINANCIAL SUMMARY

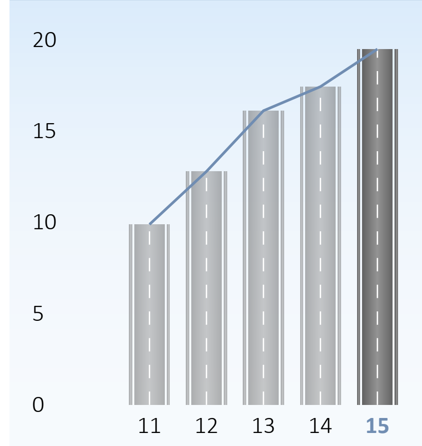
Revenue
(RMB Billion)



Profit attributable to equity holders of the Company
(RMB Million)



Equity attributable to equity holders of the Company
(RMB Billion)



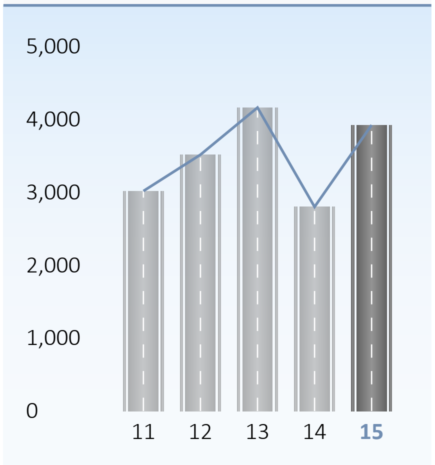
A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Revenue	**30,138,256**	21,738,358	28,707,571	24,627,913	20,964,931
Profit before taxation	**2,874,805**	1,943,305	3,304,182	2,529,077	2,183,208
Taxation	**(586,143)**	(494,177)	(623,934)	(479,291)	(467,359)
Profit for the year	**2,288,662**	1,449,128	2,680,248	2,049,786	1,715,849
Attributable to:					
Equity holders of the Company	**2,260,529**	1,430,588	2,663,136	2,039,969	1,543,437
Non-controlling interests	**28,133**	18,540	17,112	9,817	172,412
	2,288,662	1,449,128	2,680,248	2,049,786	1,715,849
Assets and liabilities					
Total assets	**42,292,460**	37,280,150	33,599,308	31,379,826	27,596,758
Total liabilities	**(22,552,937)**	(19,813,800)	(17,369,617)	(18,175,802)	(17,446,643)
Total equity	**19,739,523**	17,466,350	16,229,691	13,204,024	10,150,115
Represented by:					
Equity attributable to equity holders of the Company	**19,523,816**	17,287,996	16,068,024	12,886,657	9,582,200
Non-controlling interests	**215,707**	178,354	161,667	317,367	567,915
	19,739,523	17,466,350	16,229,691	13,204,024	10,150,115

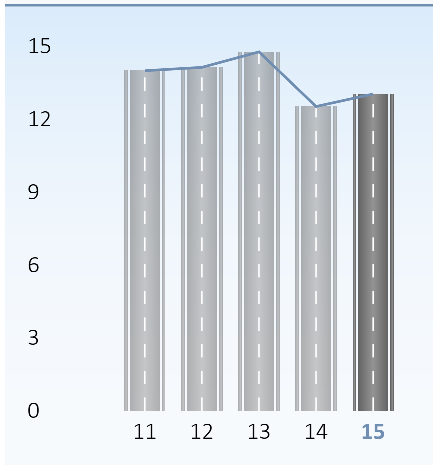
FIVE YEAR FINANCIAL SUMMARY

OTHER KEY FINANCIAL FIGURES

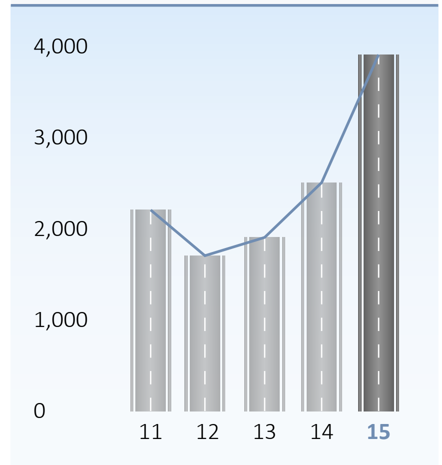
EBITDA[1]
(RMB Million)



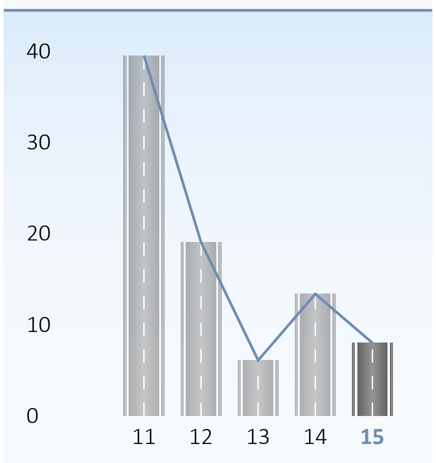
EBITDA margin[2]
(%)



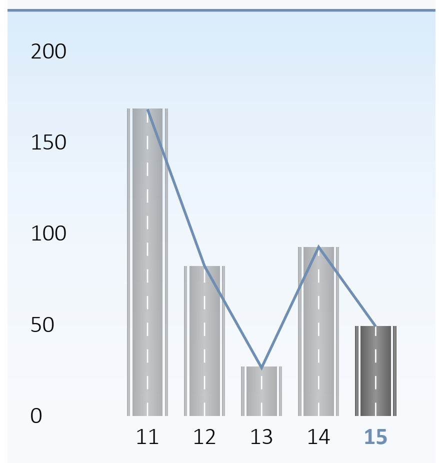
CAPEX[3]
(RMB Million)



Total debt[4] / Total capital[5]
(%)



Total debt / EBITDA
(%)



(1) EBITDA is calculated by adding taxes, depreciation and amortisation, and finance cost, excluding other income other than government subsidies to profit for the year.

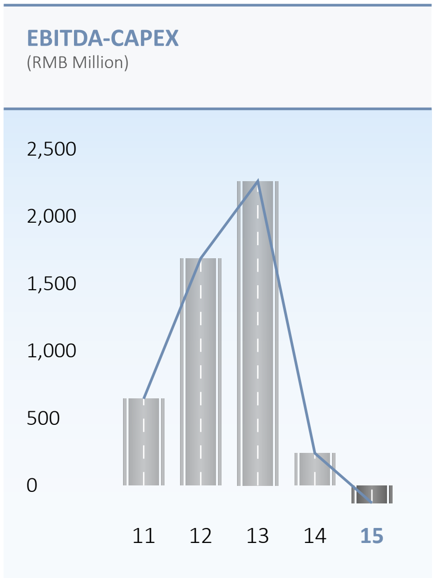
(2) EBITDA margin is calculated by dividing EBITDA by revenue for the relevant year, expressed as a percentage.

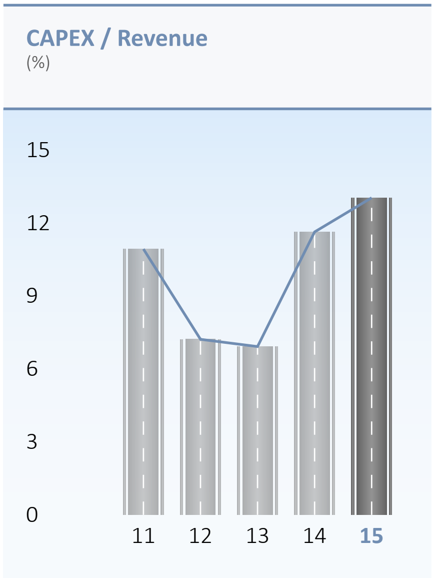
(3) CAPEX includes capital expenditures on property, plant and equipment, intangible assets and land lease prepayments.

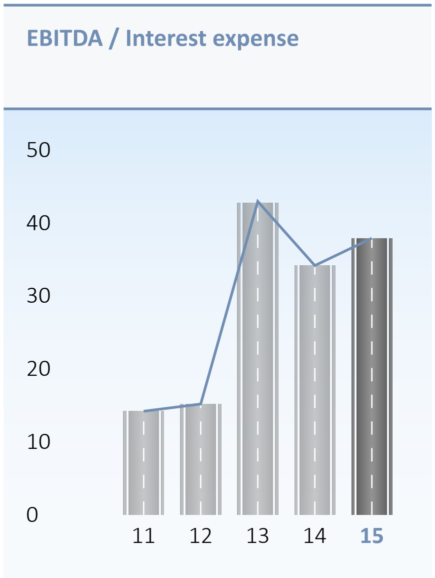
(4) Total debt is the sum of current and non-current borrowings, convertible bonds and senior notes.

(5) Total capital includes total non-current borrowings plus total equity.

FIVE YEAR FINANCIAL SUMMARY







	Formula	2015	2014	Change in Percentage Increase/ (Decrease)
For the year				
Revenue (RMB'000)		**30,138,256**	21,738,358	39
Profit attributable to equity holders of the Company (RMB'000)	(1)	**2,260,529**	1,430,588	58
Per share				
Basic earnings per share (RMB cents)		**25.68**	16.25	58
Diluted earnings per share (RMB cents)		**25.66**	16.25	58
Dividend per share (HK cents)		**3.8**	2.5	52
Net asset value (NAV) per share (RMB)	(2)/(5)	**2.22**	1.96	13
At year end				
Equity attributable to equity holders of the Company (RMB'000)	(2)	**19,523,816**	17,287,996	13
Total assets (RMB'000)	(3)	**42,292,460**	37,280,150	13
Borrowings (including Senior Notes) (RMB'000)	(4)	**1,928,856**	2,511,754	(23)
Number of shares in issue	(5)	**8,801,986,540**	8,801,446,540	0
Share price during the year				
– High (HK$)		**4.72**	3.77	25
– Low (HK$)		**2.40**	2.43	(1)
Financial ratios				
Gearing ratio	(4)/(2)	**9.9%**	14.5%	(32)
= (Borrowings/Equity attributable to equity holders of the Company)				
Return on total assets	(1)/(3)	**5.3%**	3.8%	39
Return on equity attributable to equity holders of the Company	(1)/(2)	**11.6%**	8.3%	40

EDITORIAL

Our profit attributable to equity holders for 2015 was RMB2.26 billion, representing an increase of 58.0% over 2014, mainly due to the increase in our sales volume during the year, despite the inclusion of unrealized foreign exchange loss arising from our operations in Russia and the unrealized currency translation loss from our Senior Notes (as defined below).

BUSINESS OVERVIEW

China's passenger vehicle market achieved a stable growth in 2015, featured by lower demand for sedans but continued strong growth in demand for Sport Utility Vehicles ("SUVs") and stable growth in Multi-Purpose Vehicles. The sales volume of indigenous brand passenger vehicles grew 15.3% year-on-year ("YoY") in 2015, mainly driven by growth in sales volume of indigenous brand SUVs, compared with the 7.3% YoY growth of the overall China passenger vehicle market according to China Association of Automobile Manufacturers ("CAAM").

Despite our group's focusing on the sedan segment, which has been the weakest part of China's passenger vehicle market, the sales volume of our group in the China market was up a respectful 35.2% YoY in 2015 as a result of the good response to our new sedan models like "New Emgrand" (previously known as "Xindihao", an upgraded version of "EC7"), "New Vision" (new version of our "Vision" sedan) and "Geely GC9" during the year. Our group's strong sales volume growth in 2015 was also partly due to a low base for comparison in 2014, when our sales performance in the China market was affected by the restructuring of our sales and marketing system in China and the commencement of a major model upgrading cycle. Separately, the performance of our group's export sales was also affected by the uncertain political and economic environment in some of our major export markets, and the weakening of emerging market currencies against United States Dollar ("US$") and thus RMB in 2015. Our group's export sales volume recorded a 56.9% YoY decline but this contributed a 6.0% of China's total export of passenger vehicles in 2015 according to CAAM, making us one of the major vehicle exporters in China.

Our group sold a total of 510,097 units of vehicles in 2015, up 22.1% from 417,851 units in 2014, of which 484,363 units were sold domestically, up 35.2% from 2014, whilst the remaining 25,734 units or 5.0% were sold abroad, down 56.9% from 2014. Our most popular models in 2015 included "New Emgrand", "New Vision", "Geely GC9" and "Geely Kingkong", which together accounted for 76.4% of our group's total sales volume in 2015.

FINANCIAL REVIEW

Our group's financial performance in 2015 was in line with our expectations with total revenue increased by 38.6% to RMB30.14 billion for the year ended 31 December 2015 as better than expected domestic sales volume growth was offset by weaker exports and foreign exchange losses. The mid-size sedan model "New Emgrand" remained our group's most popular model in terms of sales volume, accounting for 38.9% of our total sales volume in 2015. Despite this, our group's ex-factory average selling price ("ASP") continued to improve in 2015, mainly driven by the improvement in product mix (i.e. higher proportion of higher-priced models). Total net profit of our group grew 57.9% from RMB1.45 billion in 2014 to RMB2.29 billion in 2015 due to the increase in overall sales volume, higher ASP and stable profit margin, despite the inclusion of unrealized foreign exchange loss arising from our operations in Russia and the unrealized currency translation loss on the issuance of US$300 million 5.25% 5-year senior notes in October 2014 (the "Senior Notes"). After accounting for non-controlling interests, our net profit attributable to shareholders was up 58.0% from RMB1.43 billion in 2014 to RMB2.26 billion in 2015. Diluted earnings per share was up 57.9% to RMB25.66 cents. During the year, our manufacturing operations continued to generate good operational cash inflow with our group's total cash level (bank balances and cash + pledged bank deposits) increasing 27.0% to RMB9.21 billion at the end of 2015.

DIVIDEND

Our board of directors recommends the payment of a final dividend of HK$3.8 cents per share for 2015 (2014: HK$2.5 cents per share).

PROSPECTS

In the face of increasing challenges caused by uncertain economic environments globally and fierce competition in both of our domestic and export markets, we have achieved initial success in new product development and in establishing a more efficient sales and distribution network after the restructuring of our sales and marketing functions, thus further enhancing the quality of our products and services. Apart from our dedication to the mission of 'Creating Fine Cars for Everybody' (造每個人的精品車) under "Geely" brand, we have also been allocating more resources in the development and distribution of New Energy Vehicles in view of the anticipated increase in demand for these vehicles. The launch of 'Blue Geely Initiative' (藍色吉利行動) in November 2015 signified the cornerstone of our new energy strategy. I have no doubt that the successful execution of these initiatives would lead our group entering into a new development era (i.e. 'New Geely Era' (新吉利時代)) and becoming a much stronger Geely in the future.

The technological cooperation between our group and Volvo Car Corporation, which is majority-owned by our group's parent, Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司), has achieved significant progress during the year, enabling our group to further optimizing resource utilization, and speeding up the implementation of platform strategy, standardization, and shared modularization in product development. The cooperation should create huge benefits of synergy, enhancing our technologies, product quality and brand image which, in turn, should equip us with strong and unique advantages over our competitors. I am confident that the positive results from the cooperation would become increasingly obvious in the coming years, thus boding well for our group's competitive strength in the areas of technology, quality and brand.

I firmly believe that our group is on the right track to achieve the long-term goal of becoming a leading global automobile group with good reputation and integrity, winning respects from our customers. Finally, I would like to pay tribute to all our staff for their hard work and achievements during 2015 and to our shareholders for their continued support.

Li Shu Fu
Chairman
22 March 2016

MANAGEMENT REPORT

OVERALL PERFORMANCE

Geely Automobile Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group") exhibited a turnaround in sales in 2015. The restructuring of its sales and marketing system during 2014 enabled the Group to enhance its services and improve customer satisfaction. Also, the good market response to the new models launched during 2015 reflected that the Group's improved product quality and the brand identity of "Geely" have been well recognized by Chinese consumers. The Group's sales volume in the China market was up 35.2% from 2014, compared with 7.3% year-on-year ("YoY") growth in the overall China's passenger vehicle market in 2015 according to China Association of Automobile Manufacturers ("CAAM"). As a result of uncertain political and economic environment in some of the Group's major export markets, and the weakening of emerging market currencies against United States Dollar ("US$") and Renminbi (RMB), export sales volume of the Group decreased by 56.9% YoY, compared with 19.8% YoY decline in China's overall passenger vehicle exports according to CAAM. Overall, the Group sold a total of 510,097 units of vehicles in 2015, up 22.1% from 2014 and exceeded the Group's 2015 sales volume target of 450,000 units by 13%. Total revenue increased by 38.6% to RMB30.14 billion in 2015, due to the higher sales volume during the year. The Group's profit attributable to the equity holders increased by 58.0% to RMB2.26 billion in 2015 after taking into account the unrealized foreign exchange loss recognized by the Group's subsidiary in Russia and the unrealized currency translation loss from the US$300 million 5.25% 5-year senior notes (the "Senior Notes"). During the year, government grants and subsidies down 5.7% to RMB0.85 billion from 2014. The government grants and subsidies mainly relate to cash subsidies (excluding any asset-related subsidies) in respect of the Group's operating and research and development activities from the governments.

FORMATION OF A JOINT VENTURE – NINGHAI ZHIDOU ELECTRIC VEHICLES COMPANY LIMITED (寧海知豆電動汽車有限公司 OR "NINGHAI ZHIDOU") – 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 (formerly referred to as "Xin Dayang Electric Vehicles Company Limited" (新大洋電動車有限公司)) to engage in the research and production of automobile parts, components and engines, 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 capital contribution to the registered capital of the joint venture. The injection of Lanzhou Zhidou's stake to the joint venture completed in April 2015 was classified as a deemed disposal of a subsidiary for the Company. All decisions need unanimous consent of the Group and the joint venture parties and both of them have the rights to the net assets of

Ninghai Zhidou. In September 2015, Ninghai Zhidou effected an increase in registered capital whereby the other joint venture partners injected additional capital to Ninghai Zhidou amounted to RMB111.11 million. Upon the completion of the capital increase, the registered capital of Ninghai Zhidou changed from RMB1,000 million to RMB1,111.11 million. As a result of such an increase in registered capital, the Group's equity interest in Ninghai Zhidou was diluted from 50% to 45% and a dilution gain of RMB4.92 million was recognised during the year. The capital increase contributed a deemed disposal of partial interest in Ninghai Zhidou for the Group.

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 electric vehicles. The joint venture should offer an effective platform for the parties to explore and develop the electric vehicles market in China. Despite the dilution in equity interest, the Group was still able to exert joint control over the financial and operating activities of Ninghai Zhidou. Accordingly, the Group continues to account for such investment as a joint venture.

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 or "Geely Holding") 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. On 31 March 2015, the acquisition had been duly approved by the independent shareholders of the Company at the extraordinary general meeting. The consideration for the acquisition was settled in cash and funded through the Group's internal cash reserve.

The acquisition enhanced the Group's production capabilities for the manufacture of new high-end sedan and Sport Utility Vehicle ("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 has become a wholly owned subsidiary of the Group and its financial results were 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 and August 2015, the Company received the approvals from the China Banking Regulatory Commission (the CBRC) to start the set-up (the "Phase 1 Approval") and to commence operations (the "Phase 2 Approval") of Genius AFC, respectively. 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. As certain key corporate matters of Genius AFC require a positive vote from BNP Paribas Personal Finance or unanimous resolution of all directors of Genius AFC, Genius AFC is treated as a jointly controlled entity of the Group and the financial results of Genius AFC are equity accounted for in the consolidated financial statements of the Group.

Genius AFC is principally engaged in providing finance to dealers and retail consumers for the purchase of automobiles. The wholesale and retail financing business of Genius AFC with the Group's dealers and retail consumers was respectively commenced in September and October 2015 subsequent to the receipt of the Phase 1 and 2 Approvals. 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 the Group's vehicles in China.

As Genius AFC is a new start-up business with no historical track record, the Volvo Financing Arrangements (as defined in the Company's circular dated 28 January 2016 (the "Circular")) allows Genius AFC to build up its market reputation, in addition to business developed with dealers and clients of the Group, by co-operating with a trusted connected person, namely Volvo Car (or "Volvo Car Corporation") (which is a subsidiary and controlled by the Group's parent – Geely Holding), to provide vehicle financing solutions to the Volvo Wholesale Dealers (as defined in the Circular) and the Volvo Retail Consumers (as defined in the Circular). The Volvo Financing Arrangements (including the annual caps) were proposed and approved by the independent shareholders of the Company at the extraordinary general meeting held on 18 February 2016. It is expected that as the Volvo Wholesale Financing Business (as defined in the Circular) and the Volvo Retail Financing Business (as defined in the Circular) become more mature and Genius AFC begins to gain the trust of vehicle wholesale dealers and retail customers in the vehicle financing market in China, Genius AFC may commence providing vehicle financing solutions to other wholesale dealers and customers for their purchase of vehicles under other brands.

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.

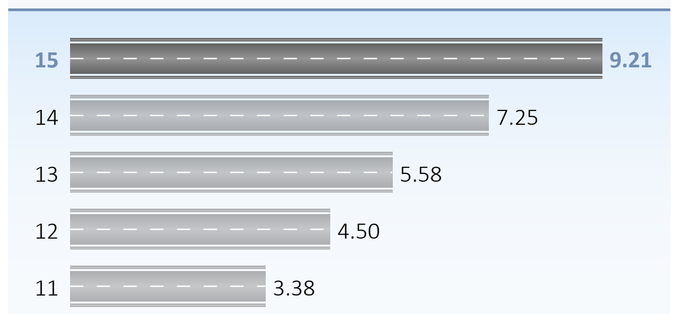
The disposal is a step taken by the Group to consolidate its business and focus its resources on the production of vehicles in China, to further reduce costs and to avoid the divergence of resources to the non-core business of the Group. Subsequent to the disposal completed in July 2015, the Group was no longer 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 going forwards.

FINANCIAL RESOURCES

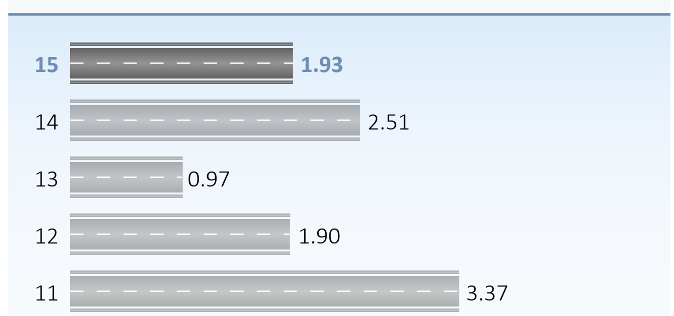
Total capital expenditures for the Group amounted to RMB3.9 billion in 2015, which exceeded the budgeted amount at the beginning of the year. Working capital (inventories + trade and other receivables – trade and other payables) decreased by about RMB5,040 million to minus RMB4,052 million at the end of 2015 due to large increase in trade and notes payables, and advanced payment from customers. Also, the good operational cash inflow from the Group's manufacturing operations resulted in 27.0% increase in total cash level (bank balances and cash + pledged bank deposits) to RMB9.21 billion. The Group's total borrowings (included bank borrowings and Senior Notes) decreased by 23.2% to RMB1.9 billion. At the end of 2015, the financial position of the Group remained strong with net cash on hand (total cash level – bank borrowings – Senior Notes) of RMB7,279 million versus a net cash level of RMB5,781 million six months ago. At the end of 2015, the Group's total borrowings were solely denominated in US$, which aligned with the currency mix of the Group's revenues from export business. In addition, net notes receivable (bank notes receivables – bank notes payables) at the end of 2015 amounted to RMB10,132 million, which could provide the Group with additional cash reserves when needed through discounting the notes receivables with the banks.

Budgeted capital expenditures of the Group amount to about RMB3.8 billion in 2016, including the funding for the research and development of new vehicle platforms and models and the financing of the expansion and upgrading of production facilities at existing plants. The Group plans to fund capital expenditures from its operational cash flow, cash reserve, additional bank borrowings, and fund raising exercises in the international capital market. As at the date of this report, the Company has no definite plan or schedule on raising funds in the international capital market.

Total Cash Level
RMB Billion
At 31 December



Total Borrowings (Including Senior Notes but excluding Convertible Bonds)
RMB Billion
At 31 December



VEHICLES MANUFACTURING

The Group sold a total of 510,097 units of vehicles in 2015, up 22.1% from 2014. The Group's sales volume in 2015 was primarily propelled by the good demand for sedan models including "New Emgrand" (previously referred to as "Xindihao", an upgraded version of "EC7"), "New Vision" (new version of "Vision" sedan), and "Geely GC9". With no new SUV model launched during the period and despite the rapid growth in SUV demand in China, the Group's total sales volume of SUVs was down 5.3% to 59,943 units in 2015. According to CAAM, the demand for SUVs in China will continue to maintain its strong momentum in 2016. The Group plans to launch two brand new SUV models and one cross vehicle model in 2016. This, together with the expansion of the Group's SUV production facilities in Chengdu and the addition of new production facilities for SUV models; the Group's SUV models should become one of the most important growth drivers of the Group's overall sales volume in the coming years.

The Group's domestic sales volume posted a robust growth of 35.2% in 2015 to 484,363 units, compared to the 7.3% increase in the sales volume of China's passenger vehicles market during the same period. According to the market data announced by CAAM, the Group's market share in China's passenger vehicles market was up from 2.1% in 2014 to 2.4% in 2015. While the Group's market share in China's SUV segment was down from 1.3% in 2014 to 0.9% in 2015. Export sales volume of the Group decreased by 56.9% to 25,734 units in 2015 and accounted for 5.0% of the Group's total sales volume during the year. The Group's share of China's total export of passenger vehicles decreased from 11.2% in 2014 to 6.0% in 2015 according to the market data announced by CAAM.

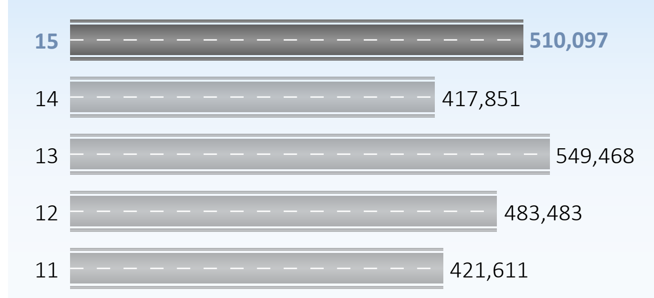
During the year, demand for "New Emgrand" continued to be very strong, making the model the Group's best-selling model in 2015. The combined sales volume of "New Emgrand" and its predecessor "EC7" was 198,032 units, which accounted for about 38.9% of the Group's total sales volume in 2015. "New Emgrand" had been receiving very good market response since its launch in the second half of 2014; it was the only indigenous brand sedan model that could become one of the top 10 best-selling sedan models in China in 2015. Apart from "New Emgrand", "New Vision" (new version of "Vision") was another notable success during the year. "Vision" together with "New Vision" achieved total sales volume of 114,963 units in 2015 and accounted for about 22.5% of the Group's total sales volume in the year. The Group's "Geely GC9", the group's newest B-class mid-size sedan was launched in March of 2015 and achieved sales far better than expectations. "Geely GC9" recorded a total sales volume of 32,571 units in 2015. In December 2015, "Geely GC9" achieved a maximum of 5-star rating in the C-NCAP (China's New Car Assessment Programme) crash test. Furthermore, "Geely GC9" was awarded "2016 China Car of the Year" (2016中國年度車) in 2015 Guangzhou Auto Show. With a score of 104 points, "Geely GC9" was the first sedan model from the Chinese indigenous brands that could beat other 140 vehicle models joining the race this year to win the award.

Ahead of the introduction of their upgraded versions in the coming years, sales volume of older models like “SC7”, “GC7” and “Geely Panda” continued their downward trend in 2015. On the SUV fronts, the aggregate sales volume of three SUV models namely “GX7”, “SX7” and “GX9” amounted to 59,943 units in 2015, down 5.3% from 2014, mainly due to the lack of upgraded SUV models and weak export demand during the year. In April 2015, “GX9”, the Group’s full-size SUV, attained a 5-star rating in the C-NCAP crash test at a high score of 55.2. Two more brand new SUV models will be introduced to the market by the Group in 2016. This should significantly strengthen the Group’s competitive position in China’s SUV market in the future and help to support the group’s long-term growth momentum.

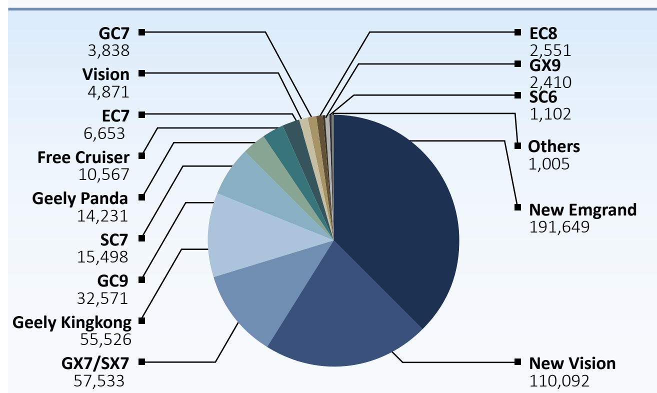
The Group’s ex-factory average selling price improved in 2015 helped by the continued improvement in product mix (i.e. higher proportion of higher-priced models).

During the year, the Group was still in the course of its restructuring of sales and distribution system in China, aiming at merging the previous three product brands, “GLEalge”, “Emgrand” and “Englon”, into the single “Geely” brand. In this respect, the Group’s sales channels in China were restructured to allow for further integration and streamlining, thus enabling the Group to provide better sales and after-sales services to its customers. At the end of 2015, the Group’s had more than 600 dealers in China.

Annual Sales Volume
Unit



Breakdown of Sales Volume by Models in 2015
Unit



In "J.D. Power Asia Pacific 2015 China Customer Service Index (CSI) Study℠", which analyzed after-sales dealer service satisfaction by vehicle owners, "Geely" brand achieved a high score of 715 compared with the mass market average score of 664 in 2015, being the third year in a row to maintain high ranking in this after-sales customer satisfaction survey. Amongst all the local brands in China, "Geely" ranked number five. In terms of overall ranking, "Geely" brand achieved number 13 position among the 68 passenger vehicle brands in China examined by the study. In addition, the Group's ranking in product quality continued to improve in 2015, further narrowing its quality gap with the international brands. In "J.D. Power Asia Pacific 2015 China Initial Quality Study℠ (IQS)", which examined problems in relation to design, defects and malfunctions experienced by new-vehicle owners, the Group's "Geely Kingkong" ranked the third in compact sedan segment. In "J.D. Power Asia Pacific 2015 China Vehicle Dependability Study℠ (VDS)", which measured problems experienced by original owners of vehicles after thirty seven to forty eight months of ownership, "Geely Panda" ranked the first in compact mini segment and "Geely" brand ranked number 14 position in the mass market segment.

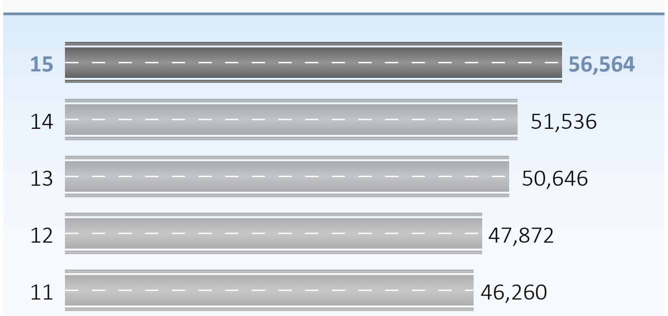
COOPERATION WITH VOLVO CAR

The Group's cooperation with Volvo Car made remarkable progress in 2015. The key platform and infrastructure to facilitate the cooperation is an independent research and development centre called CEVT (China-Euro Vehicle Technology AB) located in Lindholmen Science Park in Gothenburg, Sweden. Officially opened in September 2013, CEVT was staffed by 500 resident engineers and about 800 consultants as at 31 December 2015. Its first task is to develop a new modular architecture and set of components for future C-segment cars, addressing the needs of both Volvo Car and the Group. The platform strategy will deliver on the premium aspects that Volvo Car requires as well as the Group's demands in order to compete in the automotive market. The modular architecture and set of components will not only deliver world-class product technologies and attributes, but also considerable cost saving in terms of development, testing and sourcing, leading to the realization of significant economies of scale. It is expected that high proportion of Group's new vehicle models will be developed under this new platform in coming years. As at the date of this report, the Group has not yet concluded any concrete cooperation arrangement with CEVT or its parent – Geely Holding regarding the utilization of the new platform.

Existing Production Facilities

Name	Interests	Usable Annual Production Capacity (Units Per Shift)	Models
Luqiao plant	99.0%	100,000	Geely Kingkong (1.5L) SC5 (1.5L) SC6 (1.5L)
Ningbo/Cixi plants	99.0%	200,000	Free Cruiser (1.3L, 1.5L) New Emgrand (1.3L, 1.5L) EC7 (1.3L, 1.5L) EC7-RV (1.3L, 1.5L)
Chunxiao plant	99.0%	120,000	Geely GC9 (1.8L, 2.4L, 3.5L)
Xiangtan plant	99.0%	100,000	New Vision (1.3L, 1.5L) SC7 (1.5L) GC7 (1.5L)
Jinan plant	99.0%	50,000	EC8 (2.0L)
Chengdu plant	99.0%	100,000	GX7 (1.8L, 2.0L, 2.4L) GX9 (1.8L, 2.0L, 2.4L)
Total		**670,000**	

Average Pre-tax Ex-Factory Prices
RMB per unit



NEW ENERGY VEHICLES STRATEGY

To signify the official launch of the Group's first new energy vehicle model – "Emgrand EV", the Group announced its new energy vehicle strategy named 'Blue Geely Initiative' (藍色吉利行動) in November 2015. 'Blue Geely Initiative' is a 5-year campaign displaying the Group's dedication to transformation into industry leader in new energy vehicle technologies. The strategy aims at achieving the following objectives: i) targets to achieve the Corporate Average Fuel Consumption ("CAFC") standards of 5.0L/100km by end of 2020 ahead of the government schedule; ii) provides consumers with affordable plug-in hybrid electric vehicles ("PHEVs") at price levels similar to comparable traditional engine vehicles; iii) new energy vehicles to account for 90% or more of the Group's total sales volume by 2020; iv) successful development of hydrogen and metal fuel cell electric vehicles; and v) leading industry position in new energy, smart car and lightweight technologies.

The Group will leverage on CEVT and Volvo Car's leading technologies on new energy vehicles to speed up its products offering on New Energy Vehicles, starting from pure electric vehicles ("EVs"), followed by gradual transition into PHEVs and petro hybrid electric vehicles ("HEVs").

NEW PRODUCTS

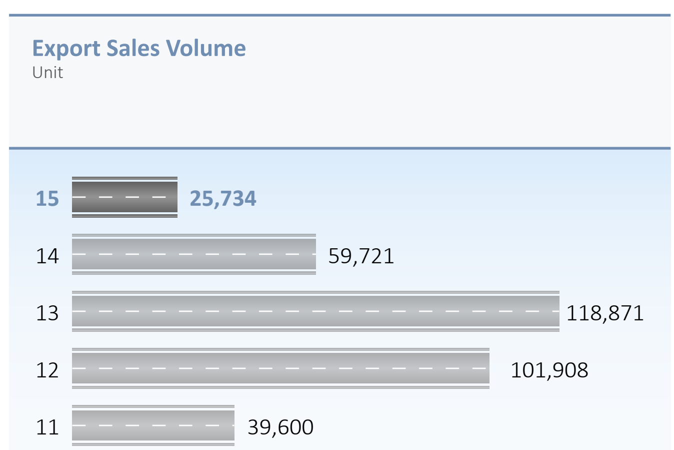
In 2016, the Group plans to launch the following brand new models:

- Mid-size SUV;
- Cross vehicle;
- 4-door sedan; and
- Compact SUV.

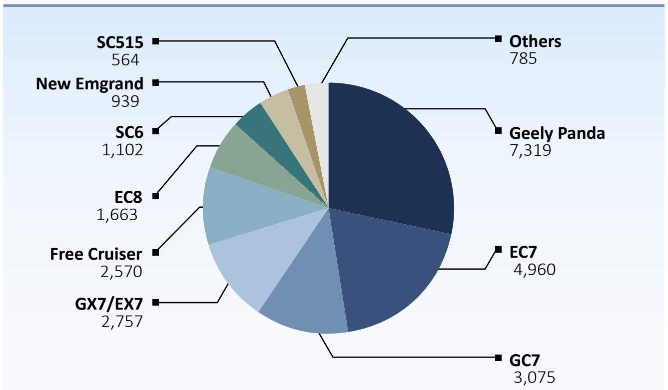
EXPORTS

As a result of the uncertain political and economic situations in some of the Group's major export markets, and the weakening of emerging market currencies against US$ and RMB, the motor vehicle demand in these markets saw a material slowdown in 2015. Consequently, the Group started to take a more conservative approach in these export markets: scaling down our business activities there to avoid excessive financial risks. The Group exported a total of 25,734 units of vehicles in 2015, down 56.9% from 2014 and accounted for only 5.0% of the Group's total sales volume during the year. As a result of our conservative approach, the Group's share of China's total exports of passenger vehicles decreased from 11.2% in 2014 to 6.0% in 2015. "Geely Panda", "New Emgrand" (including its previous version "EC7"), and "GC7" were the most popular export models in terms of sales volume in 2015, accounting for 28.4%, 22.9% and 11.9%, respectively, of the Group's total exports during the year.

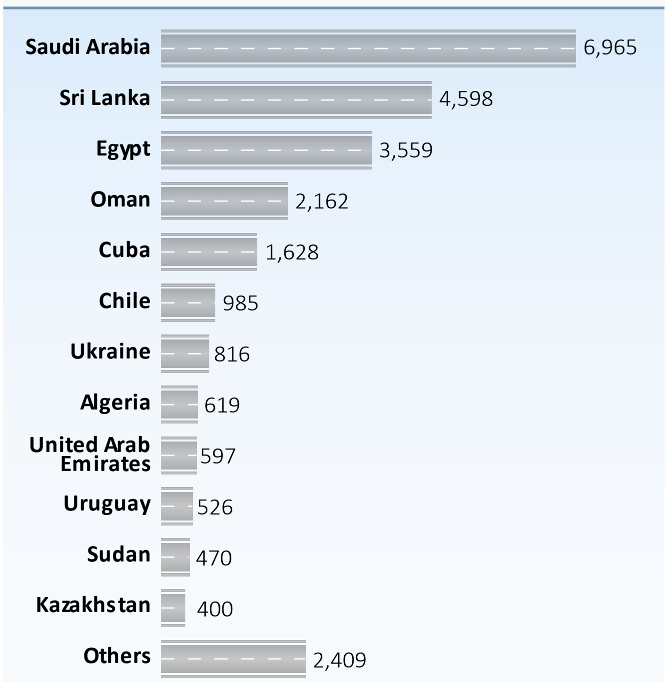
Developing countries in the Middle East, Asia, Africa and South America were the most important export markets of the Group. Amongst which, the most important export destinations in terms of sales volume in 2015 were Saudi Arabia, Sri Lanka and Egypt, which together accounted for 58.8% of the Group's total export volume in 2015. In additional to direct exports of vehicles from China, the Group also assembles some models sold overseas through joint venture or original equipment manufacturer by way of contract manufacturing arrangements with local partners in Sri Lanka, Egypt, Russia, Ethiopia, Iraq and Indonesia. At the end of 2015, the Group exported its products to 24 countries through 24 sales agents and 446 sales and service outlets dispersed in these countries.



Breakdown of Export Volume by Models in 2015
Unit



Top Export Destinations in 2015
RMB per unit



During the year, the Group's subsidiary in Russia recorded an unrealized foreign exchange loss as a result of the abrupt depreciation of Russian Rouble ("RUB") against US$ and RMB. It arose from the Group's exposure to the currency transaction risk in its Russian operations which were associated with the revenue derived from sales in Russia against costs mainly incurred and denominated in RMB as substantial part of the inventories being manufactured in China. The Group had started the restructure of its Russian operations and scale down its business activities in Russia, aiming to reduce the financial risks in the country. Longer-term, the Group will speed up the localization of production in its major export markets to reduce foreign exchange risks in these markets.

Despite the Group's recent investments to speed up localization of production in its major export markets, the majority of the Group's costs are still denominated in RMB. On the other hand, most of the Group's export sales are charged at US$, meaning that further appreciation of RMB could undermine the competitiveness of the Group's products in the export markets. As most of the Group's products are retailing at the export markets at local currencies, the devaluation of the local currencies against US$ and RMB could also affect the Group's competitiveness and therefore its sales volume in these markets. The devaluation of local currencies could also result in foreign exchange losses at countries where we have set up local subsidiaries, associates or joint ventures. To mitigate the currency risk, the Group has embarked on plans to build additional overseas plants to increase the proportion of its costs in local currencies. Further, 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 with an aim to achieve higher customer satisfaction, better operating efficiency and economies of scale in its export markets. In 2016, the Group will start exporting "Geely GC9" (in the name of "Emgrand GT") to strengthen its competitiveness in the overseas markets.

OUTLOOK

Despite an uncertain political and economic environment globally and anticipated slower growth in China, 2016 appears to be a stellar year for the Group given the initial success of the reshuffle of its sales and marketing system in China and the Group's strong new products pipeline in the year. The restructuring has improved the efficiency of the Group's overall distribution capabilities. This, together with the planned launch of more competitive new products over the next few months, should enable the Group to achieve better performance in the China vehicle market. However, 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 motor vehicle manufacturers in China. The impact could be even bigger for China's indigenous brands given their relatively weak pricing power, and thus their difficulties to pass on the additional costs to their customers. Further, pricing competition from the foreign joint venture brands continue to intensify as most of foreign players continued to seize higher market shares in China.

The outlooks for its major export markets remain challenging in 2016. Motor vehicle markets in Russia, Ukraine and the South America have seen a material slowdown since 2014 due to uncertain political and social instability.

On the positive front, the Group's overall competitiveness and management capabilities have strengthened significantly following the success of its strategic transformation to improve "Geely" brand image, product and service quality, technology and innovation. In addition, the Group's financial position has improved significantly as a result of good operational cash inflow. This should allow the Group to continue investing for the future so that it could respond to the rapid market changes more efficiently.

2016 should continue to see investments by the Group in the areas of New Energy Vehicles and the applications of internet, computer and mobile communication technologies in its products and services in view of the increasing demand from customers for products and services in these areas. According to CAAM, sales of New Energy Vehicles in China recorded a robust growth in 2015 and is expected to continue the growth momentum in the years ahead. The Group plans to offer more energy-efficient solutions to its consumers such as PHEVs and HEVs, and will continue to offer high-performance turbocharged engines for more of its models, thus strengthening the Group's product line and enhancing the competitiveness of its products. With the substantial investment in new technologies and innovations like powertrain, new energy and turbocharged engines over the past few years, the Group's products have become far more environmentally friendly and fuel-efficient. The Group will continue to replace its old models with more sophisticated new models equipped with more advanced powertrain technologies. New products should continue to support the Group's overall sales volume growth in 2016. Further, the shift of preference on vehicle procurement by the Chinese Government towards more indigenous brand products should provide additional opportunities for the Group to further expand its sales.

Taking into account the Group's strong new model plan for 2016 and the sales momentum of the Group's latest new models, the Group's board of directors set the 2016 sales volume target at 600,000 units, representing an increase of 18% over 2015.

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 payment 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, bank borrowings and fund raising exercises in the capital market. As at 31 December 2015, the Group's shareholders' funds amounted to approximately RMB19.5 billion (As at 31 December 2014: approximately RMB17.3 billion). The Company issued 0.54 million ordinary shares upon exercise of share options during the year.

EXPOSURE TO FOREIGN EXCHANGE RISK

During the year, 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 Renminbi (RMB), the functional currency of the Group.

In terms of export operations, most of the Group's export sales were denominated in United States dollars (US$) during the year. Also, the Group could face foreign exchange risk, particularly in emerging markets if it had local subsidiaries, associates or joint ventures in overseas export markets. The devaluation of local currencies in overseas markets could result in foreign exchange losses and affect the Group's competitiveness and therefore its sales volume in these markets. During the fourth quarter of 2015, the Group's subsidiary in Russia recorded an unrealized foreign exchange loss as a result of the depreciation of Russian Rouble (RUB) against US$ and RMB. It arose from the Group's exposure to the currency transaction risk in its Russian operations which were associated with the revenue derived from sales in Russia against costs mainly incurred and denominated in RMB as substantial part of the inventories being manufactured in China. 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 31 December 2015, the Group's current ratio (current assets/current liabilities) was about 1.24 (As at 31 December 2014: 1.42) and the gearing ratio of the Group was about 9.9% (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). As at 31 December 2015, the receipts in advance from customers represented almost 11% (As at 31 December 2014: 12%) of the total current liabilities. Accordingly, the net effect of the above resulted in a decrease in current ratio at the end of year 2015 over the previous year.

Total borrowings (including Senior Notes but excluding trade and other payables) as at 31 December 2015 amounted to approximately RMB1.9 billion (As at 31 December 2014: approximately RMB2.5 billion) were solely the Senior Notes. At the end of 2015, the Group's total borrowings were denominated in United States Dollars. They aligned with the currency mix of the Group's revenues from export business, which were mainly denominated in United States Dollars. For the Senior Notes, they were unsecured, interest-bearing and repaid on maturity. The decrease in gearing ratio during the year was mainly due to the repayment of bank borrowings. 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 31 December 2015, the total number of employees of the Group was about 18,700 (As at 31 December 2014: 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 China. In addition, employees are eligible for share options under the share option scheme adopted by the Company.

EXECUTIVE DIRECTORS

Mr. Li Shu Fu, aged 52, joined the Company and its subsidiaries (collectively the “Group”) on 9 June 2005 as the Chairman (the “Chairman”) of the board of directors of the Company (the “Board”) and Executive Director, and is responsible for the overall strategic planning, Board leadership, corporate governance and formulation of the corporate policies of the Group. Mr. Li holds a Master’s Degree in Engineering from Yan Shan University. Presently, Mr. Li is the controlling shareholder, founder, chairman of the board of Zhejiang Geely Holding Group Company Limited (“Geely Holding”) (a company incorporated in the PRC, and is ultimately owned by Mr. Li and his associate, a controlling shareholder of the Company). Geely Holding and its subsidiaries are principally engaged in the sale of automobiles and related parts and components wholesale and retail business. Mr. Li has over 29 years of experience in the investment and management of the automobile manufacturing business in the PRC. Mr. Li is a member of the Chinese People’s Political Consultative Conference. Mr. Li was accredited as one of the “50 Most Influential Persons in China’s Automotive Industry in the 50 Years” by China Automotive News (中國汽車報).

Mr. Yang Jian, aged 54, joined the Group on 9 June 2005 as an Executive Director, and is responsible for assisting the Chairman in Board leadership and corporate governance of the Group. Mr. Yang was appointed the Vice Chairman of the Board on 1 July 2008 whereas he was appointed the vice chairman of the board of directors of Geely Holding on 29 December 2011. Mr. Yang was also the chairman of the five 99%-owned key operating subsidiaries of the Group, namely, Zhejiang Jirun Automobile Company Limited (“Zhejiang Jirun”), Shanghai Maple Guorun Automobile Company Limited, Zhejiang Kingkong Automobile Company Limited, Zhejiang Ruhoo Automobile Company Limited and Hunan Geely Automobile Components Company Limited. Mr. Yang, who graduated from Zhejiang Radio and Television University with focus on production management, holds Senior Economist and Senior Engineer designations. Since joining Geely Holding in 1996, Mr. Yang was involved in a number of different job functions within the group including product R&D, engineering and construction, manufacturing, quality improvement, marketing, after-sales service and the operation and management of the Group in the PRC and overseas.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Mr. Gui Sheng Yue, aged 52, joined the Group on 9 June 2005 as an Executive Director and is responsible for the overall administration, risk management and compliance of the Group. Mr. Gui was appointed the Chief Executive Officer of the Company with effect from 23 February 2006. He was also the chairman of DSI Holdings Pty Limited, a former wholly-owned subsidiary of the Company. He is an independent non-executive director of Radford Capital Investment Ltd. (HK Stock Code: 901). Mr. Gui has over 29 years of experience in administration and project management. Mr. Gui had also worked with China Resources (Holdings) Company Limited. Mr. Gui holds a Bachelor of Science Degree in Mechanical Engineering from Xi'an Jiaotong University and a Master's Degree in Business Administration from University of San Francisco.

Mr. An Cong Hui, aged 46, joined the Group on 30 December 2011 as an Executive Director, and is responsible for the overall administration of the Group. Mr. An has been a vice president of Geely Holding since 2003, and has been appointed the president of Geely Holding with effect from 29 December 2011. Mr. An is currently the chairman of the principal operating subsidiary, namely Zhejiang Jirun, and a director of certain subsidiaries of the Group. Mr. An was previously in charge of the overall operation under the "Emgrand" product brand following the implementation of multi-brand strategy by the Group and production of gearboxes, engines and drivetrain systems of the Group. Mr. An has extensive professional knowledge and senior managerial experience in the automotive industry, particularly in the field of automotive engineering. He joined Geely Holding since 1996 after graduation from Hubei University of Economic and Management with a Diploma in Contemporary Accounting. From 1996 to now, Mr. An has held various key positions in Geely Holding including chief engineering officer and general manager.

Mr. Ang Siu Lun, Lawrence, aged 56, joined the Group on 23 February 2004 as an Executive Director and is mainly responsible for the international business development, capital market and investors' relationship of the Group. Mr. Ang holds a Bachelor of Science Degree in Physics and Computer Science and a Master of Business Administration Degree from the Chinese University of Hong Kong. Prior to joining the Group, Mr. Ang worked in a number of major international investment banks for seventeen years with extensive experience in equity research, investment banking and financial analysis. Mr. Ang is a non-executive director of Honbridge Holdings Limited (HK Stock Code: 8137). He was an independent non-executive director of Genvon Group Limited (HK Stock Code: 2389).

Mr. Liu Jin Liang, aged 51, joined the Group on 9 June 2005 as an Executive Director. Mr. Liu has been responsible for the Group's sales and marketing of new energy vehicles with effect from 16 May 2013. Mr. Liu is also a vice president of Geely Holding. Mr. Liu graduated from the Capital University of Economics and Business, focusing on industrial enterprise management. Since his joining to Geely Holding in 1995, Mr. Liu has about 21 years of experience in domestic sales and marketing of motor vehicles, brand building, development of logistics management, development of customer service and enterprise operation management in the PRC.

Ms. Wei Mei, aged 47, joined the Group on 17 January 2011 as an Executive Director. Ms. Wei is a vice president of Geely Holding and is responsible for the human resources management and training of Geely Holding since June 2009. Ms. Wei holds a Doctoral Degree in Management from the Northwest A&F University, a Master's Degree in Management and a Bachelor's Degree in Science from the Ocean University of China. From 2003 to 2007, Ms. Wei was the group human resources director of Beiqi Foton Motor Co., Ltd. ("Foton Motor") and focused on Foton Motor's human resources management, control and training. Prior to that, Ms. Wei worked in the group of Qingdao Haier Co., Ltd. ("Qingdao Haier") from 1991 to 2002 and served a number of positions in the department of integration and dishwashers business unit of Qingdao Haier Refrigerator Co., Ltd., participating in the development, diversification and globalization of Qingdao Haier. Ms. Wei was in charge of organizational management, operation appraisal, quality system management and human resources and was also directing the operation management of Haier dishwashers and other small appliances.

NON-EXECUTIVE DIRECTOR

Mr. Carl Peter Edmund Moriz Forster, aged 61, joined the Group on 9 January 2013 as a Non-executive Director. Mr. Forster is the chief advisor to a member of Geely Holding and he has been appointed a member of the board of directors of Volvo Car Corporation since February 2013. Mr. Forster has over 30 years of professional experience in the global automotive industry, particularly in the fields of automotive products and development as well as strategic planning and general management. Mr. Forster held various senior management/CEO positions and directorship in many international consultancy and automobile corporates including McKinsey & Company, Inc., BMW (he was the chief project manager of one of its best-selling models of "BMW 5-Series", and later the head of global manufacturing), General Motors Europe, Rolls-Royce Holdings plc (LSE Stock Code: RR) and Tata Motors Limited, Mumbai (the group steered Jaguar Land Rover into profit). Mr. Foster obtained a Diploma in Economics from the Rheinische Friedrich-Wilhelm University in Bonn in 1976 and a Diploma in Aeronautical Engineering from the Technical University in Munich in 1982. Mr. Forster is currently a non-executive director of IMI plc, Birmingham (LSE Stock Code: IMI), a non-executive director of Rexam plc (LSE Stock Code: REX), the chairman of the supervisory board, member of the investment committee and partner of Lead Equities AG, a member of the Verwaltungsrat and a substantial shareholder of The Mobility House AG, a member of the board of Geely UK, the chairman of Friedola Tech Gmbh, the chairman of London Taxi Corporation, a non-executive director of Cosworth Ltd., a non-executive director of Gordon Murray Design, and the chairman of Emerald Automotive Ltd.. He was the chairman of the supervisory board and a substantial shareholder of ZMDi AG.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Cheuk Yin, Dannis, aged 45, joined the Group as an Independent Non-executive Director on 28 June 2002. He obtained the Bachelor of Business Administration from Texas A & M University, the USA. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. He possesses over 23 years of experience in accounting and auditing field. Mr. Lee is an independent non-executive director of Tiangong International Company Limited (HK Stock Code: 826). He was an executive director of both Guojin Resources Holdings Limited (HK Stock Code: 630) and AMVIG Holdings Limited (HK Stock Code: 2300), a non-executive director of Kam Hing International Holdings Limited (HK Stock Code: 2307), and an independent non-executive director of U-Home Group Holdings Limited (formerly known as Jiwa Bio-Pharm Holdings Limited) (HK Stock Code: 2327).

Mr. Yeung Sau Hung, Alex, aged 66, joined the Group as an Independent Non-executive Director on 6 June 2005. Mr. Yeung is presently the responsible officer of LW Asset Management Advisors Ltd. (formerly known as Leading Wealth Management Advisors Limited, a regulated fund management company) after his retirement from the role of chief executive officer of DBS Vickers (Hong Kong) Limited ("DBS Vickers"). Mr. Yeung is a MBA graduate from the University of Southern California and brings with him more than 33 years of experience in the financial services industry. Prior to joining DBS Vickers, Mr. Yeung was the deputy chairman of the management committee of a listed consumer electronics company for four years. Before that, he was the country head of the division of Greater China Equities and the managing director of Deutsche Securities Hong Kong.

Mr. Fu Yu Wu, aged 71, joined the Group as an Independent Non-executive Director on 30 December 2011. Mr. Fu is the president of Society of Automotive Engineers of China and is also the chairman of China Auto Talents Society, and vice chairman of China Association of Automobile Manufacturers. Mr. Fu is also an independent non-executive director of Guangzhou Automobile Group Co., Ltd. (HK Stock Code: 2238; Shanghai Stock Exchange Stock Code: 601238) and an independent non-executive director of BAIC Motor Corporation Limited (HK Stock Code: 1958). He was the independent director of Henan Province Xixia Automobile Water Pump Co Ltd. (Shenzhen Stock Code: 002536), Zhejiang Asia-Pacific Mechanical & Electronic Co., Ltd., (Shenzhen Stock Code: 002284), and Shandong Gold Phoenix Co., Ltd (a company incorporated in the PRC with limited liability). Mr. Fu has extensive professional and management experience in the automotive industry, particularly in the field of automotive engineering. He joined FAW Group immediately after his graduation from the Department of Machinery of the Beijing Institute of Machinery (currently known as Beijing Information Science & Technology University) with a Bachelor's Degree in Machinery in 1970. From 1970 to 1990, Mr. Fu served the Harbin Transmission Factory of FAW Group in various key engineering positions, including assistant director, executive vice director and chief engineer. From 1990 to 1999, Mr. Fu worked at the Harbin Automotive Industry Corporation as vice president and was later promoted to the position of president.

Mr. An Qing Heng, aged 71, joined the Group as an independent non-executive director on 17 April 2014. Mr. An has extensive professional and management experience in the automotive industry, particularly in the fields of automotive engineering and manufacturing. Since after graduation from the Faculty of Agricultural Machinery (currently known as the Faculty of Automotive Engineering) of Tsinghua University with a professional qualification in automotive tractors and engines in 1968, he had worked with Beijing Gear Works Factory (北京齒輪總廠), Beijing United Automobile and Motorcycle Manufacturing Company (北京汽車摩托車聯合製造公司) and Beijing Automotive Industry Company (北京汽車工業總公司) in various important positions as vice factory director, chief engineer and general manager. He then served as the chairman and the Communist Party Committee Secretary (黨委書記) of Beijing Automotive Industry Holding Company Limited (北京汽車工業控股有限責任公司); and was once concurrently the chairman of Beiqi Foton Motor Company Limited (北汽福田汽車股份有限公司), Beijing Jeep Corporation (北京吉普汽車有限公司）and Beijing Benz Automotive Company Limited (北京奔馳汽車有限公司). Mr. An has been a member of Beijing Political Consultative Conference (北京市政治協商委員會) (the 8th and 10th sessions), a representative of Beijing Municipal People's Congress (北京市人民代表大會) (the 11th session), and a member of the Standing Committee of Beijing Association for Science and Technology (北京市科學技術協會常委會) (the 4th, 5th, 6th and 7th sessions). Mr. An is currently the director of the Advisory Committee of China Automotive Industry (中國汽車工業諮詢委員會). Mr. An has also obtained the qualification of Senior Engineering (Professor Level) accredited by the Senior Vocational Title Inspecting Committee of Beijing Municipality (北京市高級專業技術職務評審委員會). Mr. An is also the independent director of Yechiu Metal Recycling (China) Limited (Shanghai Stock Exchange A Share Stock Code: 601388), SG Automotive Group (Shanghai Stock Exchange A Share Stock Code: 600303) and Henan Province Xixia Automobile Water Pump Co Ltd. (Shenzhen Stock Code: 002536).

Mr. Wang Yang, aged 41, joined the Group as a Non-executive Director on 15 September 2010 and he has been re-designated to an Independent Non-executive Director of the Company with effect from 17 May 2012. Mr. Wang is presently a partner of Primavera Capital Group. Mr. Wang holds a Bachelor of Engineering dual-degree in Management Engineering and Computer Science and a Master of Science Degree in Management Science and Engineering from the Shanghai Jiaotong University. Mr. Wang used to work in Goldman Sachs ("Goldman Sachs") Principal Investment Area as a managing director. From 2006 to 2010, working in Goldman Sachs, he focused on private equity investments in the PRC. During the period, he led the Goldman Sachs' US$245 million convertible bond investment transaction in the Company. Prior to that, Mr. Wang worked in China International Capital Corporation ("CICC") investment banking division as a vice president from 2002 to 2006, focusing on China-based companies' initial public offerings and restructurings. Mr. Wang served major state-owned enterprises in various sectors during this period. Prior to CICC's investment banking division, Mr. Wang worked in CICC's Private Equity Group from 2000 to 2001.

SENIOR MANAGEMENT

Mr. Cheung Chung Yan, David, aged 40, joined the Group as the Financial Controller and Company Secretary on 17 May 2005. He was also a director of DSI Holdings Pty Limited, a former wholly-owned subsidiary of the Company. Mr. Cheung holds a Bachelor's Degree in Business Administration in Accounting from the Hong Kong University of Science and Technology. He is a fellow member of the Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Directors. Mr. Cheung has over 18 years of experience in auditing, accounting and financial management. Mr. Cheung is an independent non-executive director of Ourgame International Holdings Limited (HK Stock Code: 6899).

Mr. Dai Yang, Daniel, aged 61, joined the Group as the Vice President (International Business) on 5 May 2005 and is mainly responsible for the investor relation and international business in Hong Kong. Mr. Dai holds a Master's Degree of Linguistics from Beijing Foreign Language Institute and a Bachelor's Degree of Arts from Beijing Normal College. Mr. Dai started his career with China Resources (Holdings) Co. Ltd. in Hong Kong in 1986 and his last position was an assistant general manager of China Resources Investment Co. Ltd. Then, Mr. Dai joined Da Fang Investment Co. Ltd. in Hong Kong as a general manager. Prior to joining the Company, Mr. Dai has mainly focused his career on projects investment.

Mr. Poon Chi Kit, aged 36, joined the Group on 1 July 2011. He was appointed as the Head of Internal Audit of the Company with effect from 1 October 2015 and is in charge of risk assessment and monitoring, internal audit, and internal control infrastructure development of the Group. He was the Group Financial Controller of Kandi Electric Vehicles Group Co., Ltd., a joint venture of the Group. Mr. Poon holds a Bachelor's Degree in Civil Engineering from the National University of Singapore. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Poon has over 10 years of experience in auditing, accounting and financial management.

Geely Automobile Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") continue to strive for a high standard of corporate governance with an emphasis on upholding a strong and balanced board of directors of the Company (the "Board") and maintaining a transparent and creditable communication channel with the shareholders of the Company (the "Shareholders").

In 2015, apart from the corporate governance aspect, which will be further discussed in this report below, the Group has initiated disclosure on its principles and practices in relation to environmental and social aspects – in line with the emerging developments in global environmental, social and governance ("ESG") practices – ahead of the implementation date set out in the ESG Reporting Guide issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in December 2015. More details of the Group's ESG measures including the relevant policies and performance in the areas of environmental, employment and labour standards, operating practices, and community, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group will be covered in the Group's ESG report, which will be published no later than three months after the publication of this annual report, on the Stock Exchange's website and the Company's website.

For the year ended 31 December 2015, the Company has complied with the code provisions ("CPs") of the Corporate Governance Code and Corporate Governance Report ("CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for CPs A.2.7, A.6.5, A.6.7 and E.1.2. This report further illustrates in detail as to how the CG Code has been applied, inclusive of the considered reasons for any deviation, in the year under review.

(A) DIRECTORS

The directors of the Company (the "Directors") all possess advanced expertise and extensive experience in the automobile industry, commercial management and capital market operation. The Board, with its diverse composition, can provide the management with viewpoints and advices in all material aspects for effective decision making. For Directors' biographical information, please refer to pages 25 to 29 of this annual report.

The table below illustrates the major duties and responsibilities of the Directors together with their positions held in the Board and its committees, and the dates of their initial appointment and last re-election at the general meetings of the Company.

Name of Directors	Position(s)	Date of Initial Appointment	Date of Last Re-election	Major Duties/Experience/Skills
Mr. Li Shu Fu	Chairman of the Board (the "Chairman") & ED[1]	9 June 2005	29 May 2015	Directs overall corporate strategic direction, Board leadership and corporate governance of the Group
Mr. Yang Jian	Vice Chairman & ED[1]	9 June 2005	29 May 2015	Assists the Chairman in Board leadership and corporate governance of the Group
Mr. Gui Sheng Yue	Chief Executive Officer, ED[1] & member of NC[6]	9 June 2005	29 May 2015	Oversees administrative management (Hong Kong and overseas), risk management, compliance and internal control of the Group
Mr. An Cong Hui	ED[1]	30 December 2011	29 May 2015	Oversees operational and risk management (China) of the Group
Mr. Ang Siu Lun, Lawrence	ED[1]	23 February 2004	29 May 2014	Oversees international business development, capital market and investor relation activities of the Group
Mr. Liu Jin Liang	ED[1]	9 June 2005	29 May 2014	Oversees the sales and marketing of new energy vehicles of the Group
Ms. Wei Mei	ED[1] & member of RC[5]	17 January 2011	29 May 2015	Oversees human resources management of the Group
Mr. Carl Peter Edmund Moriz Forster	NED[2]	9 January 2013	16 May 2013	Provides independent consultancy advice on strategic planning to the Board
Mr. Ran Zhang	NED[2] (retired on 29 May 2015)	28 March 2014	Not applicable	Provides advice on the Group's financial management, internal control, infrastructure setup and management of the automobile financing system to the Board
Mr. Lee Cheuk Yin, Dannis	INED[3], chairman of AC[4], member of RC[5] & member of NC[6]	28 June 2002	29 May 2014	Provides independent advice on financial and auditing activities to the Board

Name of Directors	Position(s)	Date of Initial Appointment	Date of Last Re-election	Major Duties/Experience/Skills
Mr. Yeung Sau Hung, Alex	INED[3], chairman of RC[5], member of AC[4] & member of NC[6]	6 June 2005	29 May 2014	Provides independent advice on corporate finance and investment to the Board
Mr. Fu Yu Wu	INED[3], chairman of NC[6], member of AC[4] & member of RC[5]	30 December 2011	18 May 2012	Provides independent advice on automobile industry and strategic deployment to the Board
Mr. An Qing Heng	INED[3] & member of AC[4]	17 April 2014	29 May 2015	Provides independent advice on automobile industry and strategic deployment to the Board
Mr. Wang Yang	INED[3], member of AC[4], member of RC[5] & member of NC[6]	15 September 2010	29 May 2014	Provides independent advice on corporate finance, investments and merger & acquisitions to the Board

Notes:

1 ED: Executive Director.
2 NED: Non-executive Director.
3 INED: Independent non-executive Director.
4 AC: Audit Committee.
5 RC: Remuneration Committee.
6 NC: Nomination Committee.

Responsibilities of Directors

The Directors understand their responsibilities to apply their relevant levels of skill, care and diligence as a director under statute and common law, the Listing Rules, legal and other applicable regulatory requirements when discharging duties. The Board also understands where potential conflicts of interests arise, the non-executive Directors (including the independent non-executive Directors) will take the lead in discussing the relevant transactions being contemplated when there is a Director or any of his associates having a material interest in the transactions and will abstain from voting.

In order to ensure every newly appointed Director to keep abreast of his responsibilities and conduct (especially in the cases of non-executive Directors and independent non-executive Directors as to bringing independent judgements to the Board), and to obtain a general understanding of the Company's business activities and development, the Company would arrange a comprehensive, formal and tailored induction for him upon appointment. No induction training had been arranged in the financial year ended 31 December 2015 as there was no appointment of new director.

The Directors disclose to and update the Company the number and nature of offices they hold in public companies or organizations and other significant commitments, together with the time involved every year; any change of such during the year would be properly disclosed in due course. All Directors confirmed that they had given sufficient time and attention to the Group's affairs during the year. The independent non-executive Directors and the non-executive Directors also declared their independence to make constructive and informed comments as to the development of the Company's strategy and policies by discharging their duties. The Board reviewed the relevant disclosure, confirmation and declaration together with their actual time contribution, and agreed that all Directors had taken active interests in the Group's affairs during the year.

Continuous Professional Development

CP A.6.5 provides that the Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. Although the Company did not host a continuous professional development ("CPD") session for the Directors during the year, the Company makes necessary arrangements for the Directors at its expense upon reasonable request to accommodate their development and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant. In this respect, the Directors can submit their applications with details of the curriculum and the relevant course fees to the Chief Executive Officer of the Company ("CEO"); once the training is considered acceptable, the course fees will be fully reimbursed with provision of valid payment receipts.

As the Directors are geographically dispersed, the Company provided them with two sets of PowerPoint slides in relation to risk governance and updates on the capital market trend for self-learning during the year. The Company received confirmations from the Directors on their receipt and fully understanding of such training materials. Records of the Directors' participation in other CPD or training sessions provided, if any, will also be maintained by the Company Secretary of the Company (the "Company Secretary").

Supply of and Access to Information

The Company provides the Directors with adequate information in a timely manner that will enable them to make informed decisions and discharge their duties and responsibilities properly. The Company ensures that individual Director will have separate and independent access to its senior management whenever necessary, and any queries raised by the Directors should receive a prompt and full response.

In regard to notices, intended agendas, papers and materials related to the meetings of the Board and its committees, the management team provides complete, reliable and timely information to the Directors with proper briefing in respect of the matters and issues being contemplated by the Directors at the meetings of the Board and its committees. The Company also keeps the Board members well informed of the execution status and latest developments of the respective matters and issues resolved by the Directors at the meetings of the Board and its committees in a timely manner. In addition to regular Board meetings, the Company also provides reports in relation to the Group's consolidated management accounts, sales volume and investor relation activities on a monthly basis, and press releases together with share price performance on a regular basis to the Directors.

Securities Transactions of the Directors and the Senior Management

During the year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own guidelines for dealings in the Company's securities by its relevant employees (including but not limited to the Directors, any employee of the Company, any employee of the subsidiaries of the Company and its subsidiaries who, because of his office or employment, is likely to possess inside information in relation to the Company or its securities).

The Directors, having been enquired specifically, confirmed their compliance with the required standard set out in the Model Code during the year and there had been no cases of non-compliance reported. As at 31 December 2015, the details of Directors' holding of the Company's securities are set out on pages 62 to 63 of this annual report. The senior management of the Company whose profiles are set out on page 30 of this annual report also declared that they did not hold any shares of the Company as at 31 December 2015.

In addition, the Company issues notices to all Directors, senior management, management team and relevant employees of the Group reminding them to comply with the Model Code 60 days prior to the publication of the annual results, 30 days prior to the publication of the interim results, and any time when they are in possession of or privy to any unpublished inside information of the Group before it is properly disclosed.

The Company also implements an internal policy on handling inside information which is consistent with the relevant applicable requirements of the Listing Rules. The policy sets out measures and procedures for the Directors and other relevant officers of the Company to assume duty when dealing with inside information and preservation of its confidentiality before proper disclosure. It also sets out guidelines for the Board to disclose any material inside information timely according to the relevant statutory and regulatory requirements.

Insurance for Directors and Senior Management

During the year, the Company has arranged liability insurance for the Directors and senior management to provide appropriate coverage based upon performance of duties by such persons; the Board considered the insured amount was adequate. The insured amount is subject to regular review by the Board.

(B) THE BOARD

The Company is being headed by the Board effectively through its strong leadership in the strategic orientations and balanced control over the overall management of the business operations.

Corporate Governance Duties

The Board performed (including but not limited to) the following corporate governance duties during the year: (i) reviewed the existing policies of the Company on corporate governance including Whistleblowing Policy, Remuneration Policy and Shareholders' Communication Policy; (ii) reviewed the coverage of knowledge and skills in the CPD arrangements made for the Directors and/or senior management by the Company; (iii) reviewed the effectiveness of internal procedures for overseeing timely disclosure of material inside information and perseverance of its confidentiality; (iv) monitored the compliance of Model Code by the Directors and relevant employees of the Group; and (v) reviewed the Company's compliance with the CG Code and disclosure in this report.

Management Functions Delegated by the Board

The Board has delegated the responsibilities of the execution of strategies and decision making for day-to-day operation and administration functions of the Company to the management team headed by the CEO.

The Board has set out written guidelines for the management team as to when final authority should rest with the Board and its prior approval should be obtained before making decisions or entering into any commitments; issues of such include but not limited to any proposed notifiable transactions, connected transactions, significant domestic and/or overseas investments, major business decisions related to operation and business strategy, change of key management of the Group, and disclosure of inside information.

Composition of the Board

The Listing Rules require the Company to appoint independent non-executive Directors representing at least one-third of the Board and one of whom must have appropriate professional qualifications or accounting or related financial management expertise. As at 31 December 2015, the Board comprised seven executive Directors, one non-executive Director and five independent non-executive Directors, namely Mr. Lee Cheuk Yin, Dannis (an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants), Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu, Mr. An Qing Heng and Mr. Wang Yang. Mr. Ran Zhang, appointed as an executive Director on 28 March 2014 then re-designated as a non-executive Director on 30 December 2014, retired and did not offer himself for re-election at the last annual general meeting of the Company held on 29 May 2015. Details of the compositions of the Board and its committees are set out on page 187 of this report.

The independent non-executive Directors should be identified in all corporate communications that disclose the names of Directors. An updated list of Directors and their roles and functions is maintained on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and on the website of the Stock Exchange (http://www.hkexnews.hk) for Shareholders' inspection.

Appointments and Re-election of Directors

All Directors, including non-executive Directors, are appointed for a specific term of not more than three years and are subject to retirement by rotation at least once every three years at the Company's general meetings. Directors appointed to fill a casual vacancy should also be subject to election by Shareholders at the first general meeting after appointment.

In accordance with Article 116 of the Company's Articles of Association (the "Articles of Association"), Mr. Ang Siu Lun, Lawrence, Mr. Liu Jin Liang, Mr. Carl Peter Edmund Moriz Forster, Mr. Yeung Sau Hung, Alex, and Mr. Fu Yu Wu shall retire by rotation and being eligible, shall offer themselves for re-election at the forthcoming annual general meeting of the Company. Mr. Fu Yu Wu shall retire and not offer himself for re-election thereat. Mr. Fu Yu Wu confirmed that he has no disagreement with the Board and there is no other matter relating to his retirement that needs to be brought to the attention of the Shareholders. No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

As Mr. Yeung Sau Hung, Alex has served the Company for more than 9 years since 6 June 2005; his further appointment should be subject to a separate resolution to be approved by Shareholders. By taking into account his independent status in the Board in the past years, and that he is not involved in the day-to-day management of the Company, the Board believes he is still independent and should be re-elected as the Company's independent non-executive Director; such reason shall be set out in the circular of the forthcoming annual general meeting of the Company for Shareholders' consideration.

Meetings of the Board

As required by business needs, the Company held a total of 8 regular Board meetings, 16 ad hoc Board meetings, 2 meetings of the executive committee of the Board ("EC"), 3 meetings of the Audit Committee ("AC"), 5 meetings of the Remuneration Committee ("RC"), 1 meeting of the Nomination Committee ("NC"), 1 annual general meeting ("AGM") and 2 extraordinary general meetings ("EGM") for the financial year ended 31 December 2015.

Most of the meetings of the Board and its committees were duly attended by a majority of the Directors through electronic means pursuant to the Articles of Association as most of the Directors' business engagement was in the PRC. During the year, the Directors attended the meetings of the Board and its committees by themselves and they did not appoint any alternate director. For any Board resolution approving contract, arrangement or any other proposal in which a Director or any of his associates has a material interest ("Interested Director"), the Interested Director abstained from voting at such Board meetings and the relevant meetings of the Board committees, where presence of the non-interested independent non-executive Directors should be assured.

The following table illustrates the attendance of each Director at the meetings of the Board and its committees, and general meetings of the Company. The denominators indicate the number of respective meetings held during the year that each Director is entitled to attend to reflect the effective attendance rate applicable to any Director(s) whom appointed and/or resigned part way during the year.

	Attendance Rate for Meetings							
Name of Directors	**Regular Board Meetings**	**Ad hoc Board Meetings**	**EC Meetings**	**AC Meetings**	**RC Meetings**	**NC Meetings**	**AGM**	**EGM**
Executive Directors								
Mr. Li Shu Fu *(Chairman)*	8/8	15/16	–	–	–	–	0/1	0/2
Mr. Yang Jian *(Vice Chairman)*	8/8	15/16	–	–	–	–	0/1	0/2
Mr. Gui Sheng Yue *(CEO)*	8/8	16/16	2/2	–	–	1/1	1/1	1/2
Mr. An Cong Hui	8/8	15/16	–	–	–	–	1/1	0/2
Mr. Ang Siu Lun, Lawrence	8/8	16/16	2/2	–	–	–	1/1	2/2
Mr. Liu Jin Liang	8/8	15/16	–	–	–	–	0/1	1/2
Ms. Wei Mei	8/8	15/16	–	–	5/5	–	0/1	2/2
Non-executive Directors								
Mr. Carl Peter Edmund Moriz Forster	7/8	15/16	–	–	–	–	1/1	2/2
Mr. Ran Zhang [1]	0/1	0/11	–	–	–	–	N/A	0/1
Independent Non-executive Directors								
Mr. Lee Cheuk Yin, Dannis	8/8	15/16	–	3/3	5/5	1/1	1/1	2/2
Mr. Yeung Sau Hung, Alex	8/8	15/16	–	3/3	5/5	1/1	0/1	2/2
Mr. Fu Yu Wu	8/8	15/16	–	3/3	5/5	1/1	0/1	1/2
Mr. An Qing Heng	8/8	15/16	–	3/3	–	–	1/1	2/2
Mr. Wang Yang	8/8	15/16	–	2/3	5/5	1/1	1/1	1/2

Note:

1 Mr. Ran Zhang retired as a non-executive Director on 29 May 2015.

Relation of the Board Members

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relationship(s)) with each other and in particular, with the Chairman and the CEO.

Existing Non-executive Directors and Independent Non-executive Directors

Each of the existing non-executive Directors and independent non-executive Directors entered into a term of service of three years with the Company under the formal letters of appointment, whose term of service is the same as that of the other executive Directors under the formal service contracts, and is subject to retirement by rotation at least once every three years and offer himself for re-election at the annual general meeting of the Company. Both the letters of appointment and service contracts set out the key terms and conditions of the Directors' appointment in the designated term of service.

Having received annual confirmation from the five independent non-executive Directors for the year ended 31 December 2015 confirming that they had not been involved in any business which might fall under the factors for assessing their independence set out in Rule 3.13 of the Listing Rules, the Company considers all of the independent non-executive Directors are still independent and they have the character, integrity, independence and experience to fulfill their roles effectively.

When a matter should be resolved in a meeting involving a substantial Shareholder or a Director having conflict of interest that determined to be material by the Board, the independent non-executive Directors who have no material interest in the subject matter would attend the meetings of the Board and its committees and lead the discussions.

Chairman and Chief Executive Officer

The roles of Chairman and the CEO are assumed by Mr. Li Shu Fu and Mr. Gui Sheng Yue, respectively, to ensure a balance of power and authority.

The Chairman provides leadership for the effective running of the Board by delegating the Company Secretary to facilitate proper convening of the meetings of the Board and its committees and dissemination of adequate information, in order to ensure that the Directors would be properly briefed on issues being discussed at the meetings of the Board and its committees and that they are encouraged to discuss all key and appropriate issues of the Group timely. The Chairman has delegated the Company Secretary to draw up the agenda of the relevant meetings and to circulate it to the Directors for comments, if appropriate, agenda items proposed by the Directors will then be included in the relevant meetings for the Board's further discussion so as to assure that the meetings of the Board and its committees are effectively carried out and a culture of openness and constructive relations between executive and non-executive Directors are promoted.

CP A.2.7 provides that the Chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. Although the Chairman did not hold a meeting with the non-executive Director and the independent non-executive Directors without the presence of executive Directors during the year, he delegated the Company Secretary to gather any concerns and/or questions that the non-executive Director and the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

The CEO is primarily responsible for the daily operations of the Group with the assistance from other executive Directors and the management team. The division of responsibilities between the Board and the management team was clearly established in writing.

The Chairman has also endorsed the Company Secretary to draft relevant policies and guidelines as to upholding good corporate governance practices and procedures of the Group, such as the Shareholders' Communication Policy for maintaining effective communication with Shareholders and directing their views to the Board as a whole. For details of Shareholders' rights, please refer to pages 49 to 52 of this report.

(C) BOARD COMMITTEES

The Company currently has four Board committees, namely Executive Committee, Remuneration Committee, Nomination Committee and Audit Committee. The written terms of reference of Remuneration Committee, Nomination Committee and Audit Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Executive Committee

An Executive Committee comprising Mr. Gui Sheng Yue and Mr. Ang Siu Lun, Lawrence was established pursuant to the Company's Articles of Association in 2015. Specific written terms of reference of which was set out to enable the committee to perform its functions properly. The Executive Committee should report back to the Board on their decisions made or recommendations given, if applicable, at least once every year. During the year, the Executive Committee held 2 meetings. Full minutes of the Executive Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 38 of this report.

Remuneration Committee

The role and function of the Remuneration Committee is to determine the policy for the remuneration package of executive Directors and senior management with access to independent professional advice at the Company's expense if necessary; to assess performance of executive Directors and senior management; to approve the terms of service contracts of executive Directors and senior management; and to make recommendations to the Board on the remuneration of non-executive Directors. The remuneration packages of executive Directors and senior management should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment at a reasonable and appropriate level); levels of which should be sufficient to attract, retain and/or compensate Directors and senior management to run the Company successfully without paying more than necessary. The updated terms of reference of the Remuneration Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Proceedings of the Remuneration Committee

The Remuneration Committee being chaired by an independent non-executive Director currently comprises members of four independent non-executive Directors (including the chairman of the committee himself) and one executive Director. Details of the compositions of the Board and its committees are set out on page 187 of this report.

During the year, the Remuneration Committee held 5 meetings. Full minutes of the Remuneration Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 38 of this report. The Remuneration Committee considered the following proposals and/or made recommendation to the Board during the year:

- Approved grant of share options to the Directors, senior management and employees of the Company;
- Reviewed the basic monthly salary, benefits and year-end bonus of individual executive Directors with reference to their past contribution, experience and duties as well as the Company's Remuneration Policy and prevailing market conditions;
- Reviewed the compensation payable to the retired director;
- Approved grant of share options to the employees of the Group; and
- Reviewed the Company's Remuneration Policy and the terms of reference of the Remuneration Committee.

Disclosure of Remuneration Payable to Directors and Senior Management

The Remuneration Committee adopts the model described in CP B.1.2(c)(i), which is to determine, with delegated responsibility, the remuneration packages of the Directors, in particular, the executive Directors, and the senior management. In determining the remuneration packages of the Directors, the Remuneration Committee ensures no Director or any of his/her associate is involved in deciding his/her own remuneration.

The Directors conducted the self-evaluation on their individual performance and contribution to both the Board and the Group during the year. It was intended to establish a formal and transparent assessment framework for the Remuneration Committee to make reference to when reviewing the remuneration package of the Directors in the future.

Under the Company's Remuneration Policy, the remuneration packages of the Directors and senior management are made up of the following two tiers: 1) on short-term basis – basic monthly salaries and discretionary year-end bonus; and 2) on long-term incentive basis – share option scheme and retirement benefits. The diversified remuneration package can reflect the market value of the relevant duties of the Directors and senior management; encourage relevant Directors and senior management to achieve the corporate goal; attract and retain the experienced human resources of the Group; and provide competitive retirement protection.

For the year ended 31 December 2015, the remuneration payable to members of senior management was within the following bands:

	Number of Individuals
RMB1,500,001 – RMB2,000,000	1
RMB2,500,001 – RMB3,000,000	1
RMB4,500,001 – RMB5,000,000	1
	3

The aggregate of the emoluments in respect of the above members of senior management was as follows:

	RMB'000
Basic salaries and allowances	3,135
Retirements benefits and scheme contributions	58
Share-based payment expenses	6,009
	9,202

For details of Directors' remuneration, please refer to pages 124 to 126 of this annual report.

Nomination Committee

The role and function of the Nomination Committee is to determine the policy for the nomination of Directors with the right to seek independent professional advice at the Company's expense if necessary. The updated terms of reference of the Nomination Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Proceedings of the Nomination Committee

The Nomination Committee being chaired by an independent non-executive Director currently comprises members of four independent non-executive Directors (including the chairman of the committee himself) and one executive Director. Details of the compositions of the Board and its committees are set out on page 187 of this report.

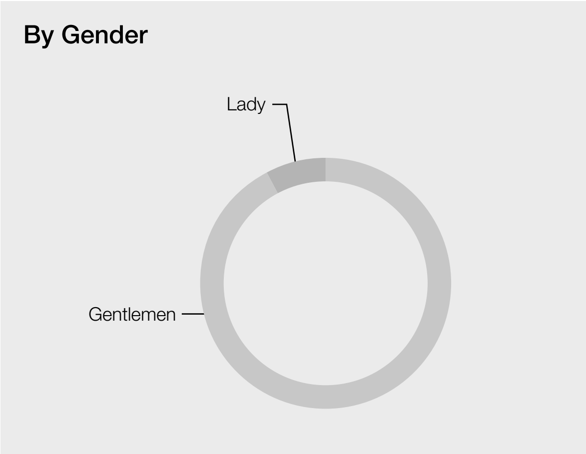
The Nomination Committee reviews the composition of the Board on a regular basis so as to ensure that the Board has a good balance of expertise, skills, knowledge and experience which can complement the corporate strategy of the Company. When selecting and recommending candidates for directorship, the committee takes into account the qualification, ability, working experience, leadership, professional ethics and independence (as the case may be) of the candidates before nominating the candidates with high caliber to the Board for selection and appointment.

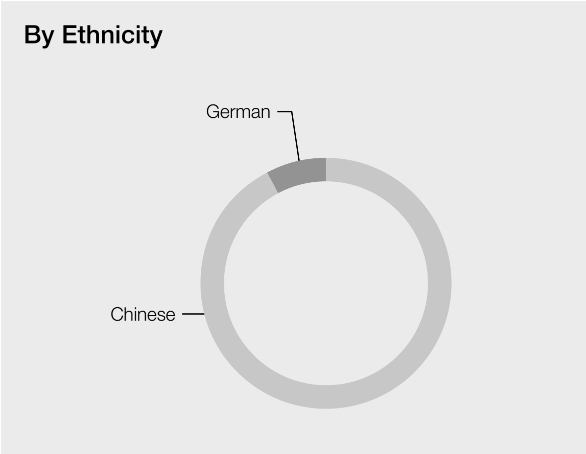
During the year, the Nomination Committee held 1 meeting. The committee reviewed the existing structure, size and composition of the Board in accordance with the Board Diversity Policy; reviewed the independence of the existing five independent non-executive Directors; and reviewed the terms of reference of the committee. Full minutes of the Nomination Committee are kept by the Company Secretary and be sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at the meeting is set out in the table on page 38 of this report.

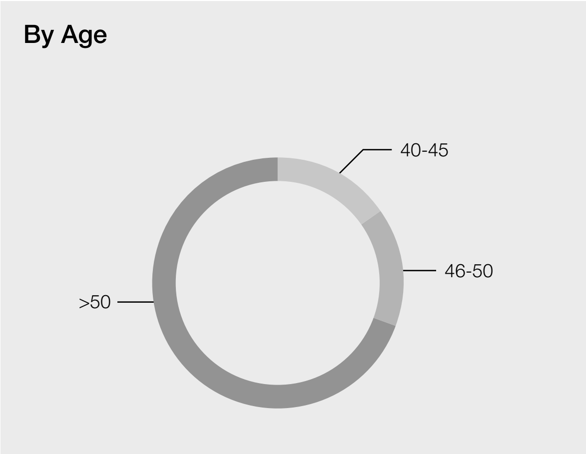
Board Diversity

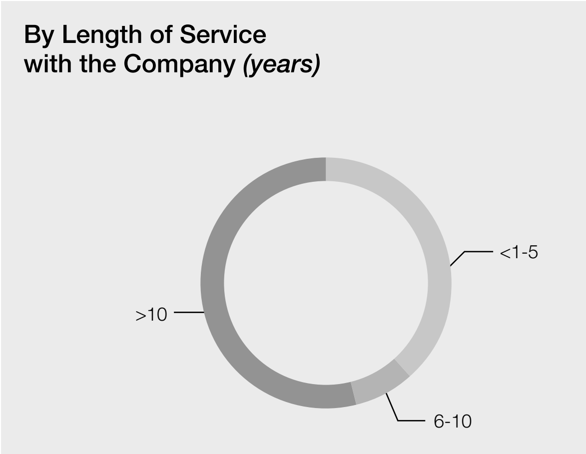
With a view to achieving a sustainable and balanced development, the Company regards increasing diversity at the Board level as an essential element. The Board Diversity Policy of the Company is published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance". Set out below the summary of the policy.

In order to enhance the quality of the performance of the Board with a view to achieving a sustainable and balanced development of the Group, the Board ensures that board diversity will be considered from various aspects when designing the Board's composition and that nomination and selection of candidates as a Board member will be considered against objective criteria based on a range of diversity perspectives. The Board also reviews the Board Diversity Policy at least annually or whenever as appropriate, to ensure its effectiveness. Taking into account the vast development of the consumer products market, a range of diversity perspectives was analyzed for the Board's composition during the year as set out in the pie charts below.









Audit Committee

The role and function of the Audit Committee is to investigate any activity within its terms of reference fairly and independently and take appropriate follow-up action if necessary; to seek any information it requires from any employee(s), whereas all employees are directed to cooperate with any request made by the committee; and to review and ensure that proper arrangements are in place for the Company's employees to use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee has the right to seek independent professional advice at the Company's expense if necessary. The Audit Committee also acts as the key representative body for overseeing the Company's relations with the external auditors. The updated terms of reference of the Audit Committee are published on the Company's website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

Proceedings of the Audit Committee

The Audit Committee being chaired by an independent non-executive Director, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants, currently comprises five members (including the chairman of the committee himself), solely the independent non-executive Directors. Details of the compositions of the Board and its committees are set out on page 187 of this report.

During the year, the Audit Committee held 3 meetings. Full minutes of the Audit Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting. The attendance record, on a named basis, at those meetings is set out in the table on page 38 of this report. The Audit Committee considered the following businesses and/or made recommendation to the Board, when necessary, during the year:

- Reviewed the Group's audited annual results for the year ended 31 December 2014 including the major accounting issues raised by the external auditors;

- Reviewed the Group's interim results for the six months ended 30 June 2015;

- Assessed the independence and objectivity of the Company's external auditors and approved the annual audit fee for the year ended 31 December 2015;

- Approved the insurance of the Directors' and officers' liabilities of the Company and confirmed the adequacy of insurance coverage;

- Reviewed the internal audit findings conducted by the Internal Audit Department of the Company and assessed the effectiveness of the internal control system of the Group; and

- Reviewed the Whistleblowing Policy.

Relationship with the external auditors

Apart from meeting with the Company's external auditors twice a year for approving the interim results and the annual results, the Audit Committee also meets with the external auditors in the absence of the management team of the Company, including executive Directors, whenever necessary to discuss any issues related to the audit (e.g. nature and scope of the audit, reporting obligations, audit fee, nature and scope of non-audit service provided, and those arising from the audit (e.g. judgement used in the financial reporting, compliance with financial reporting and auditing standards), etc.) so as to review and monitor the independence and objectivity of the Company's external auditors, and the effectiveness of the audit process in accordance with applicable standards.

Internal Control

The Board is fully responsible for the Group's internal control system, and delegates the responsibility for monitoring the effectiveness of the internal control system of the Group to the Audit Committee. The Internal Audit Department of the Company is further delegated by the Audit Committee to carry out routine work for effectiveness evaluation of the internal control system of the Group; findings of which will be reported regularly to the Audit Committee and administratively to the CEO.

During the year, the Internal Audit Department of the Company evaluated the effectiveness of the Group's internal control system in respect of financial, operational and compliance controls and risk management functions in the following areas:

- Implementation of compliance enhancement programme
- Selected operational control procedures and processes
- Construction supervision control process
- International business risk audit
- Continuing connected transactions control procedures and processes
- Other business projects (including risk assessment projects on the restructuring of the Group)

The evaluation covered all important internal control aspects. There were no material monitoring errors or weakness identified during the year. The Board conducts an annual review of the effectiveness of the Group's internal control system through the Audit Committee, which was reported by the Internal Audit Department of the Company in quarterly meetings. The Board considered the internal control system of the Group, including the adequacy of resources, human resources, training programmes and related budget of the Group's accounting and financial reporting function, effective and adequate during the year.

The Internal Audit Department of the Company reports on internal control matters quarterly, or on ad hoc basis, to the Audit Committee and administratively to the CEO and the management team. When the Audit Committee expresses concerns over the internal control matters of the Group, it delegates the Internal Audit Department of the Company to communicate the internal audit findings with and make recommendations to the management team. The Internal Audit Department of the Company also maintains an effective communication with the external auditors of the Company on the Group's internal control system during interim review and annual audit.

(D) ACCOUNTABILITY AND AUDIT

The Directors were provided with major financial information and the related explanation and information of the Company that would enable them to make an informed assessment. Such information would be provided on a monthly basis which includes but not limited to the background or explanatory information relating to disclosure, budgets, forecasts and other relevant internal financial information, such as consolidated financial statements of the Company.

The Directors acknowledge their responsibility for preparing the accounts of each financial period, which should give a true and fair view of the operating results and financial conditions of the Company, and for monitoring the integrity of the Company's financial statements and corporate communications. The Directors are also aware that a balanced, clear and understandable assessment in the Company's annual and interim reports and other financial disclosures required by the Listing Rules, other regulators and statutory requirements should be presented. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected appropriate accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; and prepared accounts on a going concern basis. The reporting responsibilities of the independent external auditors of the Company regarding the consolidated financial statements of the Company for the year ended 31 December 2015 in the independent auditors' report set out on pages 78 to 79 of this annual report.

During the year, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Board also conducted an annual review on the effectiveness of the internal control system of the Group. Aside from the above, the Company has been announcing the monthly sales volume figures on a voluntary basis since January 2010 in order to further enhance the information transparency.

Long-term Strategy

The Company's long-term objective is to deliver sustainable growth in Shareholders' return as a leading global automobile group with good reputation and integrity, winning respects from its customers. The strategies employed to achieve these goals include:

- Achieving economies of scale through expansion of sales volume and production capacity;
- Increase in sales volume through broadening product range and expansion geographically in both domestic and international markets;
- Focus on quality, technology, customer services and satisfaction;
- Organic expansion to be supplemented by mergers and acquisitions and strategic alliances; and
- Preservation of its competitive strength in cost effectiveness, flexibility and intellectual property resources.

External Auditors and their Remuneration

Grant Thornton Hong Kong Limited, the independent external auditors of the Company, has declared its reporting responsibilities regarding the consolidated financial statements of the Company for the year ended 31 December 2015 in the independent auditors' report set out on pages 78 to 79 of this annual report.

In 2015, there was no disagreement between the Board and the Audit Committee on the re-appointment of Grant Thornton Hong Kong Limited as well as their fees and terms of engagement after the assessment of their independence and objectivity conducted by the Audit Committee. Grant Thornton Hong Kong Limited will hold office until re-election by the Shareholders at the forthcoming annual general meeting of the Company.

For the year ended 31 December 2015, the remuneration for the provision of audit and non-audit services by the auditors (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to the Group was as follows:

	2015 **RMB'000**	2014 RMB'000
Audit Service		
Annual audit	**5,981**	4,100
Non-audit Service		
Interim review	**535**	480
Tax advisory	**43**	30
Issuance of Senior Notes*	**–**	1,101
	578	1,611
Total	**6,559**	5,711

* Please refer to the Company's announcement dated 25 September 2014 for details.

(E) COMPANY SECRETARY

The Company Secretary is an employee of the Company and is involved in the Company's affairs. He took more than 15 hours' professional training for the year ended 31 December 2015.

Reporting to the Chairman and/or the CEO, the Company Secretary plays an important role in ensuring proper Board procedures are tailored to the Company's business needs and compliance with all applicable laws, rules and regulations. The Directors could obtain advice and services from the Company Secretary for any updates and developments in corporate governance, applicable laws and regulations when necessary. Upon reasonable request by the Directors, the Company Secretary is delegated by the Board to seek independent professional advice in appropriate circumstances at the Company's expense to assist the Directors in discharging their duties.

The Company Secretary, as delegated by the Chairman, is responsible for preparing meeting agendas and serving notices to the Board and its committees at least 14 days before the regular meetings or at a reasonable time for other ad hoc meetings, as well as ensuring the management's provision of relevant Board papers to the Directors at least 3 days before the meetings, so as to ensure that the Directors receive adequate, accurate, clear, complete and reliable information in a timely manner for effective and informed decision making.

The Company Secretary also ensures that the meetings of the Board and its committees are convened and constituted in accordance with all applicable laws, regulations and the procedural requirements set out in the Articles of Association and/or the relevant terms of reference at all times. In addition, the Company Secretary will take minutes of the meetings and circulate them to the Directors for comments at a reasonable time after the meetings. Minutes of the meetings record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. After incorporating Directors' comments, the executed version of the minutes will be maintained by the Company Secretary and are available for Directors' inspection upon request.

(F) SHAREHOLDERS' RIGHTS

The Company had posted the Shareholders' Communication Policy, which sets out its policy of maintaining communications with Shareholders, Shareholders' rights and the procedures that Shareholders can use to propose a person for election as a Director, on its website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" for Shareholders' inspection.

How can Shareholders convene an extraordinary general meeting and put forward proposals at the general meetings?

All general meetings other than the annual general meeting are called extraordinary general meetings. An extraordinary general meeting may be convened at the request of Shareholders under the following conditions:

1. On the written requisition of any two or more Shareholders holding as at the date of deposit of the requisition not less than 10 per cent of the paid-up capital of the Company which carries the right of voting at a general meeting of the Company;

2. The requisition must specify the objects of the meeting, be signed by the requisitionists, and be deposited at the principal place of business of the Company in Hong Kong as set out on page 188 of this annual report under the "Corporate Information" section;

3. If the Board does not within 21 days from the date of deposit of the requisition proceed to convene the meeting to be held within a further 21 days, the requisitionist(s) representing more than one-half of their total voting rights in aggregate may convene the general meeting themselves, provided that any meeting so convened will not be held after the expiration of three months from the date of deposit of the requisition;

4. The requisitionist(s) must convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board will be reimbursed to them by the Company; and

5. If the Board fails to give Shareholders sufficient notice (i.e. not less than 21 days for the annual general meeting and/or for passing of special resolution(s) at the extraordinary general meeting, or not less than 14 days for passing of ordinary resolution(s) at the extraordinary general meeting), the meeting is deemed not to have been duly convened.

If Shareholders would like to put forward proposals at the general meetings, they have to sign a written proposal specifying the details of the proposal and their contact details (e.g. name, telephone number, email address, etc.) and addressing it to the Board (care of the Company Secretary) then deposit it at the Company's principal place of business in Hong Kong, not less than 32 days before the upcoming general meeting at the time. The Board will take into consideration the details of the proposal and reply to the Shareholders concerned by writing of when and how the proposal is considered, or if applicable, why the proposal not accepted in due course. Contact details of the Company's principal place of business are set out on page 188 of this annual report under the section headed "Corporate Information".

Enquiries to be properly directed to the Board

The Company's Investor Relations Department being led by an executive Director, namely Mr. Ang Siu Lun, Lawrence ("Mr. Ang"), is responsible for responding to general enquiries on the Company's business operations from Shareholders. Mr. Ang is delegated by the Board to handle enquiries from the Shareholders and report to the Board on enquiries gathered for further discussions from time to time, so as to ensure that those enquiries are properly directed.

When dealing with enquiries, the Investor Relations Department of the Company is in strict compliance with the internal policy of the Company on inside information at all times. Contact details of the Company's principal place of business are set out on page 188 of this annual report under the section headed "Corporate Information".

Communication with Shareholders

CP E.1.2 provides that the Chairman and the chairman of respective Board committees should attend the annual general meeting of the Company and CP A.6.7 stipulates that the independent non-executive Directors and the non-executive Director should attend the general meetings of the Company. If the Chairman could not attend the general meeting of the Company in person, he would assign an executive Director, who does not have a material interest in the businesses contemplating in the meeting and should report to him on any enquiries Shareholders might have, to attend the general meeting on his behalf. Further, the Company would facilitate a conference call for Shareholders and the Directors who are unable to attend in person (including the Chairman) to discuss any specific enquiries with respect to the businesses contemplating in the general meeting. Through these measures, views of the shareholders would be communicated to the Board as a whole. In addition, the external auditors will be invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditors' report, accounting policies and auditors' independence.

To approve a connected transaction in relation to the acquisition of the entire registered capital of Zhejiang Jirun Chunxiao Automobile Components Company Limited (details are set out in the Company's circular dated 16 March 2015), the Company held an extraordinary general meeting ("EGM") on 31 March 2015. Due to business commitment in the PRC, Mr. Li Shu Fu, the Chairman, was unable to attend the meeting. Mr. Ang Siu Lun, Lawrence, the financial adviser and the independent financial adviser attended and answered questions raised by the independent Shareholders at the meeting physically. To approve the continuing connected transactions (including the relevant annual caps) in relation to the Services Agreement, the Electric Vehicle Agreement and the Loan Guarantee Agreement (relevant agreements are defined and details are set out in the circular of the Company dated 14 December 2015 (the "Circular")), the Company held an EGM on 30 December 2015. Due to business commitment in the PRC, Mr. Li Shu Fu, the Chairman, was unable to attend the meeting. Mr. Ang Siu Lun, Lawrence, the financial adviser and the independent financial adviser attended and answered questions raised by the independent Shareholders at the meeting physically. Records of attendance of the relevant Directors who attended the aforementioned meetings physically at the meeting or via conference call is set out on page 38 of this report.

The Company held its annual general meeting ("AGM") on 29 May 2015. Due to business commitment in the PRC, Mr. Li Shu Fu, the Chairman, was unable to attend the general meeting. Mr. Gui Sheng Yue, Mr. Ang Siu Lun, Lawrence and the Company's external auditors attended and answered questions raised by the Shareholders at the general meeting physically. Record of the attendance of the relevant Directors who attended the AGM physically at the meeting or via conference call is set out on page 38 of this report.

Voting by Poll

For any resolutions proposed by the Company at the general meetings, bundling resolutions should be avoided. The Listing Rules stipulate that any vote of shareholders at all general meetings would be all taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands.

The chairman of the general meetings will ensure that an explanation is provided with the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll to ensure that they are familiar with the procedures.

The Company arranges for the notice to Shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.

(G) INVESTOR RELATIONS

Constitutional documents of the Company

The Company's memorandum and articles of association is maintained on its website (http://www.geelyauto.com.hk) under the "Investor Centre" of the section headed "Environmental, Social and Corporate Governance" and on the website of the Stock Exchange (http://www.hkexnews.hk) for Shareholders' inspection. During the year, no changes have been made to the Company's memorandum and articles of association.

Details of substantial Shareholders by aggregate shareholding

Details of Shareholders having a substantial interest in the Company's securities as defined in the Securities and Futures Ordinance as at the date of this report are set out on pages 66 to 67 of this annual report.

Details of the last AGM and EGMs in 2015

Event Date & Time:	**EGM** on 31 March 2015 (Tuesday) at Hong Kong Time ("HKT") 10:00 a.m.	**AGM** on 29 May 2015 (Friday) at HKT 4:00 p.m.	**EGM** on 30 December 2015 (Wednesday) at HKT 10:00 a.m.
Venue:	Room 2301, 23/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong	Room 2301, 23/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
Major items discussed:	the acquisition of the entire registered capital of Zhejiang Jirun Chunxiao Automobile Components Company Limited	(i) received and considered report of the directors, audited financial statements and auditors' report; (ii) declared a final dividend; (iii) re-election of directors; (iv) authorised the Board to fix the remuneration of the Directors; (v) re-appointed Grant Thornton Hong Kong Limited as the auditors of the Company; and (vi) granted a general mandate to the Directors to issue and allot new shares.	(i) approved and confirmed the annual cap amount under the Services Agreement (as defined in the circular of the Company dated 14 December 2015 (the "Circular")); (ii) approved, ratified and confirmed the Electric Vehicle Agreement (as defined in the Circular) and the annual cap amount under the Electric Vehicle Agreement; and (iii) approved, ratified and confirmed the Loan Guarantee Agreement (as defined in the Circular) and the annual cap amount under the Loan Guarantee Agreement.
Voting results:	the resolution was duly passed by the independent Shareholders as an ordinary resolution by way of poll	all resolutions were duly passed by the Shareholders as ordinary resolutions by way of poll	all resolutions were duly passed by the independent Shareholders as ordinary resolutions by way of poll

Indication of important dates for the Shareholders in 2016/2017

Event		Date
Closure of the Company's register of members ("Book Close") for entitlement of voting rights at the forthcoming annual general meeting	:	25 May 2016 (Wednesday) to 27 May 2016 (Friday)
Forthcoming annual general meeting	:	27 May 2016 (Friday) at HKT 4:00 p.m. at Regus Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Ex-final dividend	:	8 June 2016 (Wednesday)
Book Close for entitlement of final dividend	:	13 – 15 June 2016 (Monday – Wednesday)
Record date for final dividend entitlement	:	15 June 2016 (Wednesday)
Final dividend distribution	:	July 2016
2016 interim results announcement	:	Late August 2016 *(to be confirmed)*
Financial year end	:	31 December 2016 (Saturday)
2016 annual results announcement	:	Late March 2017 *(to be confirmed)*

The directors of the Company (the "Directors") present their annual report together with the audited consolidated financial statements of Geely Automobile Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 39 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement and consolidated statement of comprehensive income on page 80 and page 81, respectively of the annual report. The directors recommend the payment of a final dividend of HK$0.038 per share to the shareholders on the register of members on 15 June 2016, amounting to approximately RMB280,959,000.

BUSINESS REVIEW

A fair review of the Group's business including an analysis using financial key performance indicators and the likely future development in the Group's business is set out in the Chairman's Statement on pages 7 to 9 and the Management Report – Performance & Governance on pages 11 to 22 of this annual report. An account of the Group's key relationships with its customers and suppliers, and on which the Group's success depends is set out on page 74 of this annual report and notes 21 and 25 to the consolidated financial statements.

Particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2015 are set out in the Management Report – Performance & Governance on pages 11 to 22.

The principal risks and uncertainties facing the Group are discussed below:

1. **It is not certain that the Group may be able to identify or offer popular models to meet changing trends and consumer demands, or to gain market acceptance of the new models**

   Market trends, consumer demands and needs in the markets where the Group operates change and depend upon various factors, some of which are beyond the Group's control, such as prevailing economic conditions, consumption patterns, disposable income and inherent uncertainty in market. It is believed that the Group's ability to anticipate, identify and respond to those trends in a timely manner is critical to the Group's success. However, it is uncertain that the Group may accurately anticipate the shifts in customer needs, or fail to timely offer new models that meet those changing trends.

   To broaden the Group's model portfolio, the Group plans to continue upgrading its existing models, and in the meantime, to develop new models. The Group plans to launch four new models in 2016 whilst a series of new models to be innovated from the technologies of a new modular architecture and set of components based upon its platform strategy, standardization, and shared modularization in product development is expected to be launched in 2017 and 2018. In the future, the Group plans to provide more advance powertrain options to its customers. However, it is not assured that the Group's model development will accurately reflect the prevailing market trends or customer needs at any given time, or that the new models to be launched will be well received by the market. If the new models fail to gain market acceptance, the Group's brand image, business, financial condition, results of operations and prospects will be materially and adversely affected.

2. **It is not certain that the Group's research and development capabilities, on which the Group's continued growth depends, and its research and development efforts may be successful**

The automobile market is characterized by changing technologies, periodic new model introductions and evolving end-user customer and industry requirements. The Group's competitors are continuously developing automobiles that have adopted advanced technologies to operate more efficiently and cost effectively. The Group's continued success, therefore, depends on its ability to continue developing new products that can successfully compete with those offered by the Group's competitors in terms of design, performance and price, which, in turn, depends largely on its research and development capabilities. In addition, the Group's research and development efforts may not be successful or yield the anticipated level of economic benefits. Even if the Group's research and development efforts are successful, the Group may not be able to apply these newly developed technologies to products that will be accepted by the market or apply them in a timely manner to take advantage of the opportunities presented in the market.

The Group has strengthened the technological cooperation with Volvo Car Corporation ("Volvo Car"), which is majority-owned by the Group's parent company, Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司 or "Geely Holding"), and has so far achieved remarkable progress in this regard. The cooperation enables both parties to further optimizing resource utilization, and speed up the implementation of platform strategy, standardization, and shared modularization in product development, which, in turn, a new modular architecture and set of components will be established; based upon which, a series of new models of the Group will be introduced to strengthen the Group's competitiveness in the automobile market. In the meantime, the Group will speed up its products offering on new energy vehicles to prepare itself for the challenge of the stringent statutory requirement on fuel consumption standard in the future and the booming new energy vehicle market.

3. **The Group is subject to product liability exposure which could harm its reputation and materially and adversely affect its business, financial condition and results of operations**

The Group's products can be exposed to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in personal injuries, project delays or damage or other adverse effects. The Group currently does not maintain product liability insurance to cover potential product liability arising from the use of its products and may be unable to obtain sufficient product liability insurance coverage on commercially reasonable terms, or at all. Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third party suppliers. Such third party suppliers may not indemnify the Group for defects as to such parts and components or would only provide the Group with limited indemnification that is insufficient to cover the Group's damages resulting from the product liability claim.

Product liability claims, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of the Group's products and its reputation, as well as its business, financial condition and results of operations. Moreover, a material design, manufacturing or quality-related failure or defect in the Group's products or other safety issues could warrant a product recall by the Group and result in increased product liability claims. If authorities in the jurisdictions in which the Group sells its products decide that its products fail to conform to applicable quality and safety requirements and standards, the Group could be subject to regulatory actions.

The Group regularly monitors the quality of its products via the collection of quality feedback from its customers and conduct of extensive product testing. Protective measures such as product recalls will be taken to rectify any concerns if product quality issues were to be found to mitigate further warranty liability and ensure the compliance of the relevant product safety regulations. The Group will continuously strengthen the selection of suppliers to ensure high quality automobile components are used to minimize the occurrence of product quality and safety issues.

4. **The Group's business, financial condition and results of operations may be materially and adversely affected if it fails to manage its purchase costs or obtain raw materials, parts and components on a timely basis or at reasonable prices**

Although the Group usually sources important raw materials and parts and components from multiple suppliers in order to achieve a stable supply, it cannot assure that the suppliers can always adequately serve its needs in a timely manner or at reasonable prices. If there is any significant increase in the prices of raw materials, parts or components or if their supply is disrupted, the Group may incur additional costs to maintain its production schedules, which, in turn, may decrease its profitability and materially and adversely affect its business, financial condition and results of operations.

In order to remain competitive, the Group tries to manage the costs efficiently and aims to produce products at competitive costs. The Group has plan to further reduce the costs in purchasing raw materials, parts and components for production through the implementation of cost control policies such as streamlining the supply chain and localization of production.

5. **Increasing competition in the PRC automobile market and volatility of consumer demand could have a material adverse effect on the Group's ability to maintain competitiveness**

Increasing consumer purchasing power in the PRC has resulted in significant growth in the demand for automobiles. Such growth in the automobile market has encouraged, and is likely to continue to encourage, foreign competitors, sino-foreign equity joint ventures established in the PRC and new domestic automobiles companies to further expand their production capacity. The Group's current market share and profit margin may be diluted or reduced if there is increasing competition for vehicles or further price reductions caused by increased competition. The pricing, recognition and loyalty to the Group's brand of products and the financial and technical resources allocated to the Group's products may be materially and adversely affected if competing automobile products, domestic or foreign, gain a competitive advantage.

Despite the growing trend in the PRC automobile market, demand for automobiles in China and the rest of the world is cyclical in nature and is affected by various factors, including sales and financing incentives, costs of raw materials, parts and components, cost of fuel, environmental concerns and governmental regulations, including tariffs, import regulation and other taxes. Fluctuations in demand may lead to lower vehicle sales and increased inventory, which may result in further downward price pressure which will inevitably adversely affect the Group's financial condition and results of operations.

Over the years, the Group has increased the Group's production capacities in anticipation of a continuous increase in demand for automobiles in the PRC. Any slowdown in demand for automobiles and the intense competition in the PRC may lead to an inventory surplus and could result in a significant under-utilization of the Group's production capacity, which would in turn, result in diminished returns to the substantial resources invested in the expansion of the Group's production capacities. If these events occur, the Group's results of operations and financial condition could be materially and adversely affected.

The Group is committed to continuously develop products with improvement in quality and more advanced technologies and powertrain. A series of new products to be developed from the aforementioned technologies of the new modular architecture and set of components, and new energy vehicle products will broaden the Group's model portfolio. Meanwhile, the Group has a robust sales and marketing strategy to respond to the dynamic market. Diversified campaigns and extensive development of sales network will continue to develop the brand image and provide better outreach to the Group's consumers.

6. The production and profitability of the PRC automobile manufacturers may be materially and adversely affected by changes in the regulatory environment

The implementation of more stringent regulatory requirements in fuel efficiency, product warranty, product recall and emissions standards in the PRC could put tremendous cost pressure on indigenous brands in the PRC. Further, more major cities in the PRC are expected to introduce local policies to restrict new car licenses to ease traffic and combat air pollution, thus restricting the demand for passenger vehicles. The impact could be even bigger for indigenous brands, where their major competitive edges in pricing could be seriously undermined by the introduction of an auction and lottery system to curb the growth of new vehicles.

The Group is committed to its new energy vehicles strategy to respond to the challenge in the fuel efficiency and emission standards as well as taking advantage of the exemption of auction and lottery system granted to the new energy vehicles. The Group will also continue its development in powertrain technologies on the conventional vehicles to comply with the regulatory requirements.

The Group continues its company mission of "Make good cars that are the safest, most environment-friendly and most efficient. Let Geely cars go around the whole world." with an aim to build up the core value of "Happy Life, Geely Drive!". The Group hopes to demonstrate its insight on the sustainable development of vehicle market, national economy and society and present happiness to every individual. In this light, the Group details its manufacture from strength to strength through research and development on and design of vehicles. For the year ended 31 December 2015, the Group complied with the relevant laws and regulations that have a significant impact on the Group.

Environment-friendly performance of complete buildup units has always been the one of the priorities of Geely. The Group pursues excellent environment-friendly performance for each of its products by conducting in-depth researches on and exercising rigorous controls in terms of power research and development, vehicle recycling and environmental adaptation in compliance with national standards. The requirements of our complete buildup units are stricter than that of the national standards. In 2015, the Group announced the "Blue Geely" initiative, a new energy strategy, which is in line with the international development and central government's efforts put in response to environmental problems. The Group believes that development of new energy vehicles is the right way for sustainability.

The Group keeps watch on the environment-friendly performance of its complete buildup unit products in terms of product research and development and technology. Moreover, it also realizes energy-saving and emission reduction to each of its production and operating area. Choosing locations with scientific approach, harnessing energy-saving technologies and standardizing emission management, the Group mitigates the pressure exerted to the external during the course of its operation.

In addition to refining the Group's business strategies, the development goal requires participation of every staff member, customer, supplier and stakeholder. The Group hopes to become the pioneer to demonstrate the sustainable development of the vehicle industry, national economy and society.

The particulars of the Group's environment protection policies, behavior and compliance with the relevant laws and regulations that impose material influence on the Group are set out in Corporate Social Responsibility Report (also known as "Environmental, Social and Governance Report") of Geely Holding which will be published on the website of Stock Exchange and the websites of Geely Holding and the Company within three months since the date of this Report.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2016 to 27 May 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to establish entitlements of attending and voting at the forthcoming annual general meeting of the Company to be held on 27 May 2016, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower Town Place, 33 Lockhart Road, Wan Chai, Hong Kong (which will be relocated to Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong with effect from 5 April 2016), for registration not later than 4:00 p.m. on 24 May 2016.

The register of members of the Company will be closed from 13 June 2016 to 15 June 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower Town Place, 33 Lockhart Road, Wan Chai, Hong Kong (which will be relocated to Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong with effect from 5 April 2016), for registration not later than 4:00 p.m. on 10 June 2016.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 3 of the annual report.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the year, details of movements in the property, plant and equipment and intangible assets of the Group are set out in notes 14 and 15, respectively, to the consolidated financial statements.

SHARE CAPITAL

During the year, details of the share capital of the Company are set out in note 28 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2015 are set out in note 24 to the consolidated financial statements.

RETIREMENT SCHEMES

Particulars of the retirement schemes are set out in note 32 to the consolidated financial statements.

RESERVES

During the year, details of the movements in the reserves of the Group and the reserves of the Company are set out in the consolidated statement of changes in equity on page 85 and on page 181 of the annual report, respectively.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

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
Ms. Wei Mei

Non-executive directors:

Mr. Carl Peter Edmund Moriz Forster
Mr. Ran Zhang *(Retired on 29 May 2015)*

Independent non-executive directors:

Mr. Lee Cheuk Yin, Dannis
Mr. Yeung Sau Hung, Alex
Mr. Fu Yu Wu
Mr. An Qing Heng
Mr. Wang Yang

In accordance with Article 116 of the Company's Articles of Association, Mr. Ang Siu Lun, Lawrence, Mr. Liu Jin Liang, Mr. Carl Peter Edmund Moriz Forster, Mr. Yeung Sau Hung, Alex, and Mr. Fu Yu Wu shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. Mr. Fu Yu Wu shall retire and not offer himself for re-election thereat. Mr. Fu Yu Wu confirmed that he has no disagreement with the Board and there is no other matter relating to his retirement that needs to be brought to the attention of the Shareholders. No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Mr. Ran Zhang retired on 29 May 2015 as a non-executive director of the Company. Mr. Ran Zhang has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders.

The independent non-executive directors all have a fixed term of 3-year service and will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2015, the interests and short positions of the directors in the securities of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO, including interest and short positions which they were deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(I) **Interests and short positions in the securities of the Company**

Name of director	Capacity	Number of securities in the Company *Long Position*	*Short Position*	Shareholding percentage *(%)*
Shares				
Mr. Li Shu Fu *(Note 1)*	Interest in controlled corporations	3,751,159,000	–	42.62
Mr. Li Shu Fu	Personal	23,140,000	–	0.26
Mr. Yang Jian	Personal	14,475,000	–	0.16
Mr. Gui Sheng Yue	Personal	14,300,000	–	0.16
Mr. An Cong Hui	Personal	15,380,000	–	0.17
Mr. Ang Siu Lun, Lawrence	Personal	4,270,000	–	0.05
Mr. Liu Jin Liang	Personal	4,250,000	–	0.05
Ms. Wei Mei	Personal	4,170,000	–	0.05
Share options				
Mr. Yang Jian	Personal	12,000,000 *(Note 2)*	–	0.14
Mr. Gui Sheng Yue	Personal	17,500,000 *(Note 2)*	–	0.20
Mr. An Cong Hui	Personal	9,000,000 *(Note 2)*	–	0.10
Mr. Ang Siu Lun, Lawrence	Personal	16,000,000 *(Note 2)*	–	0.18

Name of director	Capacity	Number of securities in the Company		Shareholding percentage
		Long Position	*Short Position*	*(%)*
Mr. Liu Jin Liang	Personal	9,000,000 *(Note 2)*	–	0.10
Ms. Wei Mei	Personal	8,000,000 *(Note 2)*	–	0.09
Mr. Carl Peter Edmund Moriz Forster	Personal	1,000,000 *(Note 2)*	–	0.01
Mr. Yeung Sau Hung, Alex	Personal	2,000,000 *(Note 2)*	–	0.02
Mr. Lee Cheuk Yin, Dannis	Personal	2,000,000 *(Note 2)*	–	0.02
Mr. An Qing Heng	Personal	1,000,000 *(Note 2)*	–	0.01
Mr. Wang Yang	Personal	1,000,000 *(Note 2)*	–	0.01

Note:

(1) Proper Glory Holding Inc. ("Proper Glory") and its concert parties in aggregate hold 3,751,159,000 shares, representing approximately 42.62% of the issued share capital of the Company as at 31 December 2015. Proper Glory is a private company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(2) This share option interest is also referred to in the section headed "Share Options" below. The percentage of holding is calculated on the basis (i) that the options are fully exercised; and (ii) the number of issued share capital of the Company when the options are exercised is the same as that as 31 December 2015.

(II) Interests and short positions in the securities of the associated corporations of the Company

Name of director	Name of its associated corporations	Number of shares in its associated corporations		Shareholding percentage
		Long Position	*Short Position*	*(%)*
Mr. Li Shu Fu	Proper Glory Holding Inc.	*(Note 1)*	–	*(Note 1)*
Mr. Li Shu Fu	Geely Group Limited	50,000	–	100
Mr. Li Shu Fu	Zhejiang Geely Holding Group Company Limited	*(Note 2)*	–	*(Note 2)*
Mr. Li Shu Fu	Zhejiang Geely Automobile Company Limited	*(Note 3)*	–	*(Note 3)*
Mr. Li Shu Fu	Shanghai Maple Automobile Company Limited	*(Note 4)*	–	*(Note 4)*
Mr. Li Shu Fu	Zhejiang Haoqing Automobile Manufacturing Company Limited	*(Note 5)*	–	*(Note 5)*
Mr. Li Shu Fu	Zhejiang Jirun Automobile Company Limited	*(Note 6)*	–	*(Note 6)*
Mr. Li Shu Fu	Shanghai Maple Guorun Automobile Company Limited	*(Note 7)*	–	*(Note 7)*
Mr. Li Shu Fu	Zhejiang Kingkong Automobile Company Limited	*(Note 8)*	–	*(Note 8)*
Mr. Li Shu Fu	Zhejiang Ruhoo Automobile Company Limited	*(Note 9)*	–	*(Note 9)*
Mr. Li Shu Fu	Hunan Geely Automobile Components Company Limited	*(Note 10)*	–	*(Note 10)*

Name of director	Name of its associated corporations	Number of shares in its associated corporations Long Position	Short Position	Shareholding percentage (%)
Mr. Li Shu Fu	Chengdu Gaoyuan Automobile Industries Company Limited	*(Note 11)*	–	*(Note 11)*
Mr. Li Shu Fu	Jinan Geely Automobile Company Limited	*(Note 12)*	–	*(Note 12)*

Notes:

(1) Proper Glory Holding Inc. is a private company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited ("Geely Holding") and as to 32% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is wholly owned by Mr. Li Shu Fu. Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(2) Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(3) Zhejiang Geely Automobile Company Limited ("Zhejiang Geely") is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(4) Shanghai Maple Automobile Company Limited ("Shanghai Maple Automobile") is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(5) Zhejiang Haoqing Automobile Manufacturing Company Limited ("Zhejiang Haoqing") is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(6) Zhejiang Jirun Automobile Company Limited ("Zhejiang Jirun") is incorporated in the PRC and is 1%-owned by Zhejiang Geely. Zhejiang Geely is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(7) Shanghai Maple Guorun Automobile Company Limited ("Shanghai Maple") is incorporated in the PRC and is 1%-owned by Shanghai Maple Automobile. Shanghai Maple Automobile is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(8) Zhejiang Kingkong Automobile Company Limited is incorporated in the PRC and is 1%-owned by Zhejiang Haoqing. Zhejiang Haoqing is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(9) Zhejiang Ruhoo Automobile Company Limited is incorporated in the PRC and is 1%-owned by Zhejiang Haoqing. Zhejiang Haoqing is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(10) Hunan Geely Automobile Components Company Limited is incorporated in the PRC and is 1%-owned by Zhejiang Haoqing. Zhejiang Haoqing is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

(11) Chengdu Gaoyuan Automobile Industries Company Limited is a private company incorporated in the PRC and is owned as to 90% by Zhejiang Jirun and as to 10% by Shanghai Maple. Zhejiang Jirun and Shanghai Maple is 1% directly owned by Zhejiang Geely and Shanghai Maple Automobile, respectively. Both Zhejiang Geely and Shanghai Maple Automobile are private companies incorporated in the PRC and are beneficially wholly owned by Mr. Li Shu Fu and his associate.

(12) Jinan Geely Automobile Company Limited is a private company incorporated in the PRC and is owned as to 90% by Zhejiang Jirun and as to 10% by Shanghai Maple. Zhejiang Jirun and Shanghai Maple is 1% directly owned by Zhejiang Geely and Shanghai Maple Automobile, respectively. Both Zhejiang Geely and Shanghai Maple Automobile are private companies incorporated in the PRC and are beneficially wholly owned by Mr. Li Shu Fu and his associate.

Save as disclosed above, as at 31 December 2015, none of the Directors nor the chief executives of the Company and their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which are required, (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of listed issuers contained in the Listing Rules.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF OTHER PERSONS

As at 31 December 2015, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the Directors or the chief executives of the Company, the persons, other than the Directors or the chief executives of the Company, who had interests or a short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other members of the Group and the amount of each of such persons' interests in such securities, together with any options in respect of such capital, were as follows:

Substantial shareholders (as defined in the SFO)

Name	Capacity	Number of shares held			Shareholding Percentage
		Long position	*Short position*	*Lending Pool*	*(%)*
Proper Glory *(Note 1)*	Beneficial owner	2,462,400,000	–	–	27.98
Geely Holding *(Note 1)*	Interest in controlled corporation	3,751,072,000	–	–	42.62
Zhejiang Geely *(Note 2)*	Beneficial owner	776,408,000	–	–	8.82
Geely Group Limited *(Note 1)*	Beneficial owner	87,000	–	–	0.001
	Interest in controlled corporation	2,462,400,000	–	–	27.98
JPMorgan Chase & Co.	Interest in controlled corporation	705,620,199	–	–	8.02
		–	11,075,000	–	0.13
		–	–	192,816,100	2.19

Note:

1. Proper Glory is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is wholly owned by Mr. Li Shu Fu. Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

2. Zhejiang Geely is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li Shu Fu and his associate.

Mr. Li Shu Fu is a director of each of Proper Glory, Geely Holding, Zhejiang Geely and Geely Group Limited. Mr. Yang Jian is a director of each of Geely Holding and Zhejiang Geely. Mr. An Cong Hui is a director of each of Geely Holding and Zhejiang Geely.

Save as disclosed above, as at 31 December 2015, the directors and the chief executives of the Company are not aware of any other person (other than the directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and of any other member of the Group.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

SHARE OPTIONS

Particulars of the Company' share option scheme are set out in note 33 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year:

	Exercisable period	Exercise price per share *HK$*	Outstanding as at 1.1.2015	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31.12.2015
Directors							
Mr. Yang Jian	18.1.2010 – 17.1.2020	4.07	12,000,000	–	–	–	12,000,000
Mr. Gui Sheng Yue	18.1.2010 – 17.1.2020	4.07	11,500,000	–	–	–	11,500,000
	9.1.2016 – 8.1.2020	2.79	–	6,000,000	–	–	6,000,000
Mr. An Cong Hui	18.1.2010 – 17.1.2020	4.07	9,000,000	–	–	–	9,000,000
Mr. Ang Siu Lun, Lawrence	18.1.2010 – 17.1.2020	4.07	11,000,000	–	–	–	11,000,000
	9.1.2016 – 8.1.2020	2.79	–	5,000,000	–	–	5,000,000
Mr. Liu Jin Liang	18.1.2010 – 17.1.2020	4.07	9,000,000	–	–	–	9,000,000
Ms. Wei Mei	18.1.2010 – 17.1.2020	4.07	3,000,000	–	–	–	3,000,000
	23.3.2012 – 22.3.2022	4.07	5,000,000	–	–	–	5,000,000

	Exercisable period	Exercise price per share *HK$*	Outstanding as at 1.1.2015	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31.12.2015
Mr. Carl Peter Edmund Moriz Forster	9.1.2016 – 8.1.2020	2.79	–	1,000,000	–	–	1,000,000
Mr. Lee Cheuk Yin, Dannis	18.1.2010 – 17.1.2020	4.07	1,000,000	–	–	–	1,000,000
	9.1.2016 – 8.1.2020	2.79	–	1,000,000	–	–	1,000,000
Mr. Yeung Sau Hung, Alex	18.1.2010 – 17.1.2020	4.07	1,000,000	–	–	–	1,000,000
	9.1.2016 – 8.1.2020	2.79	–	1,000,000	–	–	1,000,000
Mr. An Qing Heng	9.1.2016 – 8.1.2020	2.79	–	1,000,000	–	–	1,000,000
Mr. Wang Yang	9.1.2016 – 8.1.2020	2.79	–	1,000,000	–	–	1,000,000
Continuous contract employees	18.1.2010 – 17.1.2020	4.07	306,750,000	–	(540,000)	(21,450,000)	284,760,000
	21.4.2010 – 20.4.2020	4.07	14,000,000	–	–	(1,000,000)	13,000,000
	23.3.2012 – 22.3.2022	4.07	16,500,000	–	–	–	16,500,000
	25.6.2012 – 24.6.2022	4.07	9,000,000	–	–	–	9,000,000
	17.1.2013 – 16.1.2023	4.11	4,100,000	–	–	–	4,100,000
	9.1.2016 – 8.1.2020	2.79	–	16,900,000	–	–	16,900,000
	2.6.2016 – 1.6.2020	4.08	–	1,000,000	–	–	1,000,000
Other eligible participants	2.6.2016 – 1.6.2020	4.08	–	20,400,000	–	–	20,400,000
			412,850,000	54,300,000	(540,000)	(22,450,000)	444,160,000

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share options disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report, there was permitted indemnity provision being in force for the benefit of any directors of the Company (whether made by the Company or otherwise) or of its associated company (made by the Company).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of transactions between the Group and other companies under the control of Mr. Li Shu Fu during the year are set out in note 34 to the consolidated financial statements.

Save as disclosed above, no other transaction, arrangement or contract of significance to which the Company, any of its holding company, its subsidiaries, or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTION & CONTINUING CONNECTED TRANSACTIONS

During the year, the Group entered into certain related party transactions which also constitute connected transactions under Chapter 14A of the Listing Rules. All the connected transactions and continuing connected transactions with disclosure requirements under the Listing Rules during the year were listed below and some of these transactions were also set out in note 34 to the consolidated financial statements. The directors of the Company confirm they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION

Acquisition of 100% Interest in the Issued Share Capital of Zhejiang Jirun Chunxiao Automobile Components Company Limited

Pursuant to the equity transfer agreement dated 6 February 2015, Zhejiang Jirun Automobile Company Limited ("Zhejiang Jirun"), an indirectly owned subsidiary of the Company, entered into a transaction with Zhejiang Geely to acquire 100% interest in the registered capital of Zhejiang Jirun Chunxiao Automobile Components Company Limited ("Chunxiao Automobile") from Zhejiang Geely at a consideration of approximately RMB1,138 million. On 31 March 2015, such acquisition had been duly approved by the independent shareholders of the Company at the extraordinary general meeting.

CONTINUING CONNECTED TRANSACTIONS

1. Services Agreement between the Company and Geely Holding

- ***Sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding Group***

  Pursuant to the Services Agreement dated 27 November 2009, the Group agreed to supply to the Geely Holding Group complete knock down kits ("CKDs") and sedan tool kits in accordance with the product specifications set out in the Services Agreement.

  The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB25,700 million for sales of CKDs and sedan tool kits which did not exceed the annual cap of RMB67,828 million for sales of CKDs and sedan tool kits for the year ended 31 December 2015 as approved by the Stock Exchange and the independent shareholders of the Company.

- ***Sales of CBUs, automobile parts and components; and provision of process manufacturing services from Geely Holding Group to the Group***

  Pursuant to the Services Agreement dated 27 November 2009, Geely Holding Group agreed to sell to the Group the complete buildup units (CBUs), automobile parts and components; and provide process manufacturing process to the Group in accordance with the product and service specifications set out in the Services Agreement.

  The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB31,678 million for purchases of CBUs, automobile parts and components and provision of process manufacturing services which did not exceed the annual cap of RMB86,285 million for purchases of CBUs, automobile parts and components and provision of process manufacturing services for the year ended 31 December 2015 as approved by the Stock Exchange and the independent shareholders of the Company.

2. **Loan Guarantee Agreement between the Company and Geely Holding**

Pursuant to the Loan Guarantee Agreement dated 16 November 2012, the Group agreed to provide guarantees (including the pledge of certain lands, buildings and facilities of the subsidiaries) on loans obtained or to be obtained by Geely Holding Group on behalf of the Group's subsidiaries in relation to the manufacture and research and development of sedans of the Group.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB340 million which, did not exceed the annual cap of RMB1,500 million for the year ended 31 December 2015 as approved by the Stock Exchange and the independent shareholders of the Company.

3. **Lease Agreement and Supplemental Lease Agreement between the Company, Geely Holding and Zhejiang Automotive Vocational and Technical College**

Pursuant to the Lease Agreement dated 16 November 2012 and the Supplemental Lease Agreement dated 5 February 2013, the Group agreed to lease properties located in Zhejiang Province, to Geely Holding Group and Zhejiang Automotive Vocational and Technical College.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB5 million which, did not exceed the annual cap of RMB13 million for the year ended 31 December 2015 as approved by the Stock Exchange and the independent shareholders of the Company.

4. **CBU Agreement between the Company and Geely Holding**

Pursuant to the CBU Agreement dated 11 April 2012, the Group agreed to sell to Geely Holding Group the CBUs, in accordance with the product and service specifications set out in the CBU Agreement.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) had been determined to be RMB187 million for sales of CBUs which did not exceed the annual cap of RMB207 million for sales of CBUs for the year ended 31 December 2015 as approved by the Stock Exchange and the independent shareholders of the Company.

The Company has engaged its auditors to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company 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 the Officers (the "Code"). All directors of the Company have confirmed their compliance during the year with the required standards set out in the Model Code and the Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the human resources department of the Group on the basis of their merits, qualifications and competence.

The emolument policy of the directors of the Company is decided by the remuneration committee of the Board of Directors of the Company, having regard to the Company's operating results, individual duties and performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases attributable to the Group's five largest suppliers and the largest supplier are 33.2% and 21.4%, respectively, of the Group's total purchases for the year. Zhejiang Geely Automobile Parts and Components Company Limited and Zhejiang Geely Automobile Company Limited are related companies controlled by the substantial shareholder of the Company, in aggregate constituted the Group's largest supplier for the year.

The percentage of sales attributable to the Group's five largest customers and the largest customer are 5.3% and 1.3% respectively, of the Group's total sales for the year.

Save as disclosed above, at no time during the year did the directors, their associates, or shareholders of the Company, which to the knowledge of the directors own more than 5% of the Company's share capital, have an interest in any of the Group's five largest customers or suppliers.

CORPORATE GOVERNANCE REPORT

Details of the Corporate Governance Report are set out on pages 31 to 54 of the annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu, Mr. An Qing Heng and Mr. Wang Yang who are the independent non-executive directors of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires at least 25% of the issued share capital of the Company to be held in public hands. Based on the information available and within the knowledge of the directors as at the latest practicable date prior to the issue of the annual report, the Company has maintained the prescribed public float as required under the Listing Rules.

COMPETING BUSINESSES

The Group is principally engaged in the research, production, marketing and sales of sedans and related automobile components in the PRC.

Geely Holding which is ultimately owned by Mr. Li Shu Fu ("Mr. Li"), the Company's Chairman, and his associates, has signed agreements or been in negotiations with local governments in the PRC and other entities to set up production plants for the manufacturing and distribution of Geely sedans. The potential production and distribution of Geely sedans by Geely Holding will constitute competing businesses (the "Competing Businesses") to those currently engaged by the Group. Mr. Li has undertaken to the Company (the "Undertaking") that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, he will, and will procure his associates (other than the Group) to sell to the Group all of the Competing Businesses and related assets, subject to compliance with applicable requirements of the Listing Rules and other applicable laws and regulations upon terms to be mutually agreed as fair and reasonable.

In August 2010, Geely Holding completed the acquisition of Volvo Car Corporation, which manufactures Volvo cars, a range of family sedans, wagons and sport utility cars, and has 2,500 dealerships in 100 markets (the "Volvo Acquisition"). Although the Group is not a party to the Volvo Acquisition nor in any discussions with Geely Holding to cooperate with Geely Holding in relation to the Volvo Acquisition, but Geely Holding has provided an irrevocable undertaking to the Company on 27 March 2010 to the effect that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to sell to the Group all or any part of the businesses and related assets of the Volvo Acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed. Despite the fact that the Geely Holding Group is principally engaged in similar business activities as the Group, their respective product offerings do not overlap as the Geely Holding Group's product mix consists of premium automobiles (such as the Volvo brand), which cater for consumers with relatively higher spending power and hence, the Geely Holding Group is considered to operate in a different market segment when compared to the Group. Premium automobiles, which mainly represent Geely Holding Group's product mix, generally refer to vehicles with higher quality, better performance, more precise construction, technologically innovative functions, or features that convey prestige and a strong brand name, whereas economic automobiles, which mainly represent the Group's product mix, generally refer to automobiles that are practical, lightweight and relatively inexpensive for consumers when compared to premium automobiles. Although the Group manufactures sport utility vehicles, they are still not yet compatible to premium automobiles in terms of vehicle class, construction, brand image and pricing. As such, the Competing Businesses of the Geely Holding Group can be defined and delineated from the business of the Group by different products offering (i.e. premium versus economy automobiles) and brand names.

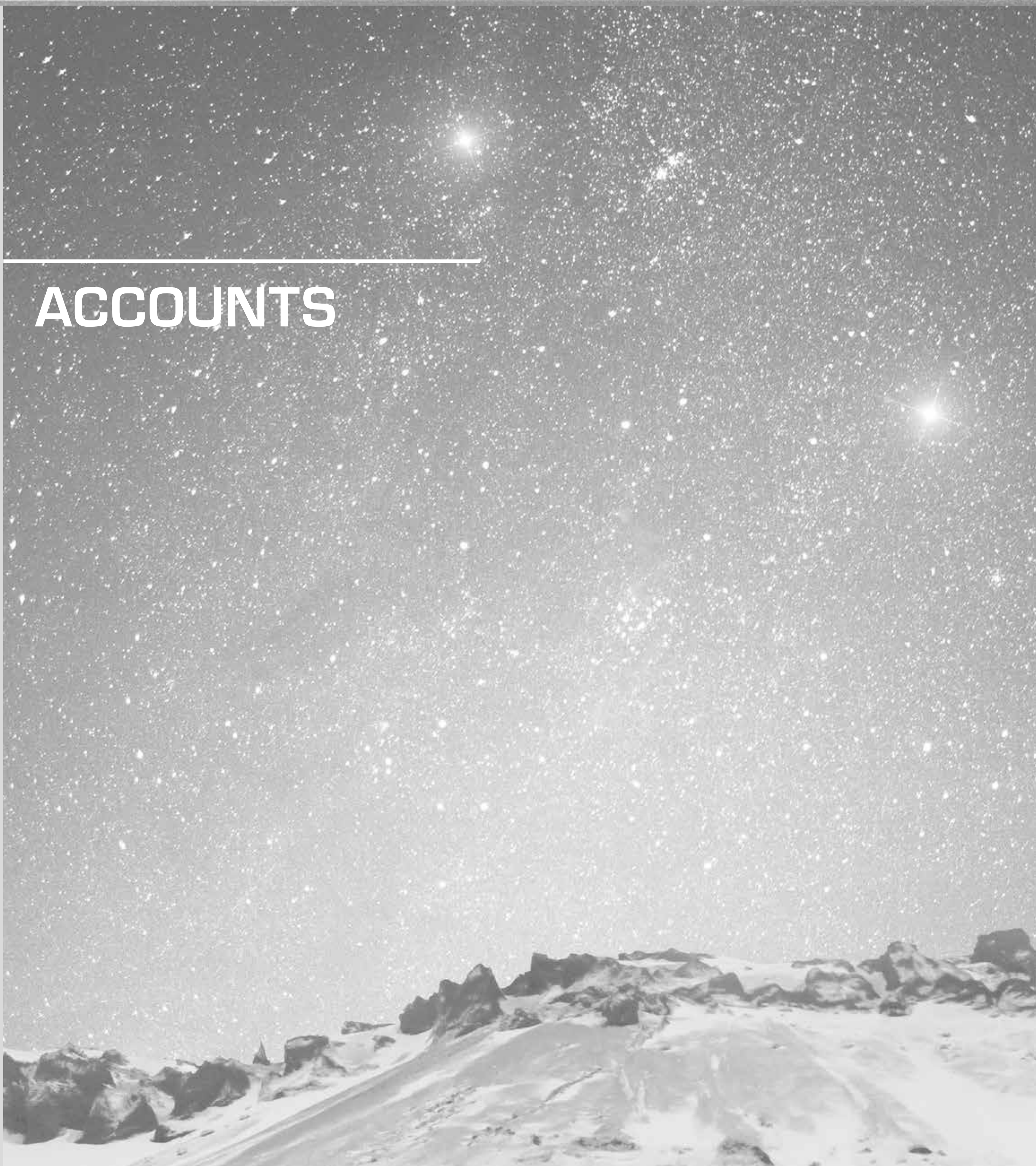
AUDITORS

Grant Thornton Hong Kong Limited retire, and being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Grant Thornton Hong Kong Limited as the auditors of the Company.

On behalf of the Board

Li Shu Fu
Chairman
22 March 2016

ACCOUNTS



INDEPENDENT AUDITORS' REPORT

Grant Thornton
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To the members of Geely Automobile Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Geely Automobile Holdings Limited (the "Company") and its subsidiaries set out on pages 80 to 186, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

22 March 2016

Chiu Wing Ning
Practising Certificate No.: P04920

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	6	**30,138,256**	21,738,358
Cost of sales		**(24,667,603)**	(17,775,723)
Gross profit		**5,470,653**	3,962,635
Other income	8	**1,066,007**	1,054,625
Distribution and selling expenses		**(1,567,935)**	(1,250,468)
Administrative expenses, excluding share-based payments		**(2,175,600)**	(1,772,422)
Share-based payments	33	**(61,875)**	(59,850)
Finance costs, net	9(a)	**(6,440)**	(23,704)
Share of profits of associates	18	**41,503**	9,353
Share of profits of joint ventures	19	**108,492**	23,136
Profit before taxation	9	**2,874,805**	1,943,305
Taxation	10	**(586,143)**	(494,177)
Profit for the year		**2,288,662**	1,449,128
Attributable to:			
Equity holders of the Company		**2,260,529**	1,430,588
Non-controlling interests		**28,133**	18,540
		2,288,662	1,449,128
Earnings per share			
Basic	12	**RMB25.68 cents**	RMB16.25 cents
Diluted	12	**RMB25.66 cents**	RMB16.25 cents

The notes on pages 88 to 186 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Profit for the year	**2,288,662**	1,449,128
Other comprehensive income (after tax of RMBNil) for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations recognised	**90,804**	(12,075)
Share of other comprehensive loss of an associate	**–**	(18,901)
	90,804	(30,976)
Total comprehensive income for the year	**2,379,466**	1,418,152
Attributable to:		
Equity holders of the Company	**2,350,333**	1,399,868
Non-controlling interests	**29,133**	18,284
	2,379,466	1,418,152

The notes on pages 88 to 186 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	14	**8,034,427**	5,860,705
Intangible assets	15	**5,260,241**	4,208,230
Land lease prepayments	16	**1,537,713**	1,131,286
Goodwill	17	**2,584**	6,222
Interests in associates	18	**284,774**	252,082
Interests in joint ventures	19	**1,709,081**	438,547
Available-for-sale financial assets	23	**21,650**	28,270
Deferred tax assets	27	**94,138**	51,709
		16,944,608	11,977,051
Current assets			
Land lease prepayments	16	**37,001**	28,758
Inventories	20	**1,226,169**	1,619,505
Trade and other receivables	21	**14,836,439**	16,385,192
Financial assets at fair value through profit or loss	22	**17,118**	15,294
Income tax recoverable		**23,666**	3,723
Pledged bank deposits		**40,533**	47,451
Bank balances and cash		**9,166,926**	7,203,176
		25,347,852	25,303,099
Current liabilities			
Trade and other payables	25	**20,114,371**	17,016,666
Income tax payable		**334,883**	136,645
Bank borrowings	26	**–**	691,616
		20,449,254	17,844,927
Net current assets		**4,898,598**	7,458,172
Total assets less current liabilities		**21,843,206**	19,435,223

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
CAPITAL AND RESERVES			
Share capital	28	**161,354**	161,346
Reserves	29	**19,362,462**	17,126,650
Equity attributable to equity holders of the Company		**19,523,816**	17,287,996
Non-controlling interests		**215,707**	178,354
Total equity		**19,739,523**	17,466,350
Non-current liabilities			
Senior notes	24	**1,928,856**	1,820,138
Deferred tax liabilities	27	**174,827**	148,735
		2,103,683	1,968,873
		21,843,206	19,435,223

Approved for issue by the Board of Directors on 22 March 2016.

Li Shu Fu	**Gui Sheng Yue**
Director	*Director*

The notes on pages 88 to 186 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to equity holders of the Company										
	Share capital RMB'000 (note 28)	Share premium RMB'000 (note 29(a))	Capital reserve RMB'000 (note 29(c))	Statutory reserve RMB'000 (note 29(b))	Translation reserve RMB'000 (note 29(d))	Share option reserve RMB'000 (note 29(e))	Fair value reserve RMB'000 (note 29(f))	Accumulated profits RMB'000 (note 29(g))	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2014	161,346	5,815,964	88,059	106,113	22,284	524,353	(52)	9,349,957	16,068,024	161,667	16,229,691
Profit for the year	–	–	–	–	–	–	–	1,430,588	1,430,588	18,540	1,449,128
Other comprehensive income:											
Exchange differences on translation of foreign operations recognised	–	–	–	–	(12,008)	–	–	–	(12,008)	(67)	(12,075)
Share of other comprehensive loss of an associate	–	–	–	–	(18,712)	–	–	–	(18,712)	(189)	(18,901)
Total comprehensive income for the year	–	–	–	–	(30,720)	–	–	1,430,588	1,399,868	18,284	1,418,152
Transactions with owners:											
Disposal of subsidiaries (note 30)	–	–	76,731	–	3,316	–	52	–	80,099	(1,597)	78,502
Equity settled share-based payments (note 33)	–	–	–	–	–	59,850	–	–	59,850	–	59,850
Transfer upon forfeiture of share options	–	–	–	–	–	(34,480)	–	34,480	–	–	–
Dividends paid to equity holders of the Company (note 11)	–	–	–	–	–	–	–	(319,845)	(319,845)	–	(319,845)
Total transactions with owners	–	–	76,731	–	3,316	25,370	52	(285,365)	(179,896)	(1,597)	(181,493)
Balance at 31 December 2014	161,346	5,815,964	164,790	106,113	(5,120)	549,723	–	10,495,180	17,287,996	178,354	17,466,350

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to equity holders of the Company									
	Share capital RMB'000 (note 28)	Share premium RMB'000 (note 29(a))	Capital reserve RMB'000 (note 29(c))	Statutory reserve RMB'000 (note 29(b))	Translation reserve RMB'000 (note 29(d))	Share option reserve RMB'000 (note 29(e))	Accumulated profits RMB'000 (note 29(g))	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2015	161,346	5,815,964	164,790	106,113	(5,120)	549,723	10,495,180	17,287,996	178,354	17,466,350
Profit for the year	-	-	-	-	-	-	2,260,529	2,260,529	28,133	2,288,662
Other comprehensive income:										
Exchange differences on translation of foreign operations recognised	-	-	-	-	89,804	-	-	89,804	1,000	90,804
Total comprehensive income for the year	-	-	-	-	89,804	-	2,260,529	2,350,333	29,133	2,379,466
Transactions with owners:										
Transfer of reserves	-	-	-	12,880	-	-	(17,174)	(4,294)	-	(4,294)
Share issued under share option scheme	8	2,502	-	-	-	(775)	-	1,735	-	1,735
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	8,931	8,931
Disposal of a subsidiary (note 30)	-	-	-	-	-	-	-	-	309	309
Equity settled share-based payments (note 33)	-	-	-	-	-	61,875	-	61,875	-	61,875
Transfer upon forfeiture of share options	-	-	-	-	-	(37,861)	37,861	-	-	-
Dividends paid to equity holders of the Company (note 11)	-	-	-	-	-	-	(173,829)	(173,829)	-	(173,829)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,020)	(1,020)
Total transactions with owners	8	2,502	-	12,880	-	23,239	(153,142)	(114,513)	8,220	(106,293)
Balance at 31 December 2015	161,354	5,818,466	164,790	118,993	84,684	572,962	12,602,567	19,523,816	215,707	19,739,523

The notes on pages 88 to 186 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Profit before taxation		**2,874,805**	1,943,305
Adjustments for:			
Depreciation and amortisation		**1,142,678**	873,546
Interest income	9(a)	**(96,909)**	(57,625)
Finance costs	9(a)	**103,349**	81,329
Share of profits of associates	18	**(41,503)**	(9,353)
Share of profits of joint ventures	19	**(108,492)**	(23,136)
Gain on deemed disposal of partial interest in a joint venture	8	**(4,921)**	–
Unrealised gain on disposal of land lease prepayments to joint ventures		**–**	(3,627)
Net gain on disposal of property, plant and equipment	9(c)	**(4,092)**	(34,654)
Loss on disposal of intangible assets	9(c)	**22,567**	9,835
Net gain on disposal of land lease prepayments		**–**	(3,754)
Net foreign exchange loss		**456,741**	647,690
Gain on disposal of a subsidiary	30	**(62,879)**	–
Unrealised gain on financial assets at fair value through profit or loss	8	**(1,824)**	(2,180)
Bargain purchase gain arising from acquisition of a subsidiary	35	**(139)**	–
Equity settled share-based payments	33	**61,875**	59,850
Bad debts written off		**–**	8,027
Write-down of inventories	9(c)	**20,920**	711
Operating profit before working capital changes		**4,362,176**	3,489,964
Inventories		**515,161**	97,644
Trade and other receivables		**1,930,510**	(1,938,291)
Trade and other payables		**1,023,997**	880,319
Cash generated from operations		**7,831,844**	2,529,636
Income taxes paid		**(423,018)**	(496,675)
Net cash generated from operating activities		**7,408,826**	2,032,961

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,570,519)**	(841,272)
Proceeds from disposal of property, plant and equipment		**233,012**	91,864
Proceeds from disposal of available-for-sale financial assets		**16,120**	–
Addition of land lease prepayments		**(32,032)**	(235,204)
Proceeds from disposal of land lease prepayments		**4,506**	23,375
Addition of intangible assets		**(2,106,126)**	(1,344,129)
Proceeds from disposal of intangible assets		**445,627**	712
Government grants received		**237,677**	424,268
Change in pledged bank deposits		**6,918**	58,020
Net cash outflow on acquisition of subsidiaries	35	**(1,133,929)**	–
Net cash (outflow)/inflow on disposal of subsidiaries	30	**(3,047)**	313,199
Investments in associates		**–**	(245)
Investment in a joint venture	19	**(720,000)**	–
Acquisition of available-for-sale financial assets		**(9,500)**	(16,120)
Interest received		**96,909**	57,625
Net cash used in investing activities		**(4,534,384)**	(1,467,907)
Cash flows from financing activities			
Dividends paid	11(b)	**(173,829)**	(319,845)
Dividends paid to non-controlling interests		**(1,020)**	–
Proceeds from issuance of shares upon exercise of share options	28	**1,735**	–
Proceeds from issuance of senior notes	24	**–**	1,814,165
Capital contribution from non-controlling interests		**8,931**	–
Proceeds from bank borrowings		**–**	691,616
Repayments of bank borrowings		**(691,616)**	(965,642)
Interest paid		**(74,996)**	(48,039)
Net cash (used in)/generated from financing activities		**(930,795)**	1,172,255
Net increase in cash and cash equivalents		**1,943,647**	1,737,309
Cash and cash equivalents at the beginning of the year		**7,203,176**	5,477,747
Effect of foreign exchange rate changes		**20,103**	(11,880)
Cash and cash equivalents at the end of the year, represented by bank balances and cash		**9,166,926**	7,203,176

The notes on pages 88 to 186 are an integral part of these consolidated financial statements.

For the year ended 31 December 2015

1. GENERAL INFORMATION

Geely Automobile Holdings Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" to the annual report. As at 31 December 2015, the directors consider the immediate parent of the Company to be Proper Glory Holding Inc., which is incorporated in the British Virgin Islands and Mr. Li Shu Fu is the ultimate controlling party of the Company.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 39 to the consolidated financial statements.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements on pages 80 to 186 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The amendments to the Rules Governing the Listing of Securities on the SEHK (the "Listing rules") relating to financial information with reference to the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information on these consolidated financial statements. These consolidated financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out in note 4 below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2015

In the current year, the HKICPA has issued the following amendments to HKFRSs (the "new HKFRSs") which are relevant to and effective for the Group's consolidated 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.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the Group has not early applied the following new and revised HKFRSs relevant to the Group's operations that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective date not yet determined

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. Except for the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" of which directors are accessing the impact on the results and financial position of the Group, the directors anticipate that the adoption of the other new and revised HKFRSs is unlikely to have a significant impact on the consolidated financial statements.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial instruments classified as available-for-sale or as fair value through profit or loss are stated at their fair values as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 5.

The consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), which is also the functional currency of the Company.

(b) Basis of consolidation

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

A subsidiary is an entity, directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets. The Group elects to measure any non-controlling interest in the subsidiary at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets for all business combinations.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and equity holders of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to accumulated profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss (see note 4(j)) unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

(c) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquire, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Goodwill (Continued)

Goodwill is stated at cost less accumulated impairment losses (see note 4(j)). Goodwill arising on a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested annually for impairment. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the interests in associates and joint ventures.

On disposal of a cash-generating unit or an associate and a joint venture, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(d) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The investment in an associate or a joint venture is accounted for in these consolidated financial statements using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interests in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities measured and contingent liabilities assumed of an associate or a joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities measured over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interests in the relevant associate and joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Interests in associates and joint ventures (Continued)

Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with those used by the Group.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates or joint ventures. At each reporting date, the Group determines whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between (i) the fair value of any retained interest and any proceeds from disposing of the interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as they would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

In the Company's statement of financial position, investments in associates or joint ventures are stated at cost less impairment losses (see note 4(j)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill)

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 4(j)). Amortisation for intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over their estimated useful lives. Amortisation begins when the asset is available for use (i.e. when it is in the location and condition necessary for it to be capable of operation).

Research and development costs

Costs associated with research activities are recognised as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is an intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

The costs capitalised include employee costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated product developments are recognised as intangible assets. They are subject to the same subsequent measurement method as externally acquired intangible assets.

Capitalised development costs are amortised over 5 to 10 years. All other development costs are recognised as an expense in the period in which it is as incurred.

Both the period and method of amortisation are reviewed annually.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(g) Foreign currency translation

In preparing the financial statements of each individual group entity, foreign currency transactions are translated into the functional currency of the individual group entity at exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates and not retranslated.

Exchange differences arising on the settlement of monetary assets and liabilities, and on the translation of monetary assets and liabilities, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary assets and liabilities that forms part of the Company's net investment in a foreign operation, in which case such exchange differences are recognised in other comprehensive income. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Renminbi ("RMB")) at the exchange rates prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (i.e. the translation reserve). Such exchange differences are reclassified from equity to profit or loss as a reclassification adjustment in the period in which the foreign operation is disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following categories:

– loans and receivables;

– available-for-sale financial assets; and

– financial assets at fair value through profit or loss.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method less any identified impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the fair value reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets (other than at fair value through profit or loss)

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data including but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Impairment of financial assets (other than at fair value through profit or loss) (Continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Available-for-sale financial assets carried at fair value

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income.

(iii) Financial assets carried at cost

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of the impairment losses is recognised in profit or loss of the period in which the impairment occurs and it is not reversed in subsequent periods.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Impairment of financial assets (other than at fair value through profit or loss) (Continued)

Impairment losses on financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Impairment losses recognised in an interim period in respect of available-for-sale equity investment and unquoted equity investment carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity investment increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are divided into two subcategories, including financial assets held for trading and those designated as financial assets at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near future; or

– it is a part of an identified portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative, including separated embedded derivatives, that is not designated and effective as a hedging instrument.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets at fair value through profit or loss (Continued)

Financial asset (other than a financial asset held for trading) may be designated as a financial asset at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping of financial assets is provided internally on that basis to the key management personnel; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as a financial asset at fair value through profit or loss.

At each reporting date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 4(l).

Financial liabilities

Financial liabilities issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 4(r)).

Trade and other payables

Trade and other payables are initially recognised at their fair values, and are subsequently measured at amortised cost, using the effective interest method.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Interest bearing borrowings

Interest bearing borrowings, including bank borrowings and senior notes, are classified as financial liabilities and recognised initially at fair value, less attributable transaction costs. Interest bearing borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the interest bearing borrowings, together with any interest and fee payable, using the effective interest method.

Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised on a straight-line basis over the life of the guarantee. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity, if any, is recognised in profit or loss.

For financial liabilities, they are derecognised from the Group's consolidated statement of financial position when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment

Property, plant and equipment, other than freehold land and construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment loss (see note 4(j)).

Depreciation is provided to write off the cost of items of property, plant and equipment (other than freehold land and construction in progress) over their estimated useful lives less their estimated residual values, if any, using the straight-line method as follows:

Leasehold buildings	30 years
Buildings on freehold land	10 to 30 years
Plant and machinery	7 to 10 years
Leasehold improvements	Over the shorter of the unexpired lease terms and 3 years
Furniture and fixtures, office equipment and motor vehicles	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress is stated at cost less accumulated impairment losses (see note 4(j)). Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.

Freehold land is stated at cost less accumulated impairment losses (see note 4(j)).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

Internal and external sources of information are reviewed at the reporting date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- land lease prepayments;
- intangible assets;
- goodwill; and
- investments in subsidiaries and interests in a joint venture in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– ***Calculation of recoverable amount***

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– ***Recognition of impairment losses***

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment (Continued)

– ***Reversals of impairment losses***

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 "Interim Financial Reporting", in respect of the first six months of the financial year. At the interim reporting date, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill, are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of discounts and value added taxes ("VAT") or related sales taxes. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised on profit or loss as follows:

Revenue from sales of automobiles and automobile parts and components and scrap materials is recognised when the products are delivered and title has been passed.

Claim income on defective materials purchased is recognised when the claim has been made to and confirmed by relevant suppliers.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

Interest income is recognised as it accrues using the effective interest method.

(m) Taxation

Income tax expense comprises current tax and deferred tax.

Current tax and movement in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Taxation (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

The carrying amount of a deferred tax asset is reviewed at the reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Taxation (Continued)

– in the case of current tax assets and current tax liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and deferred tax liabilities, if they relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(n) Equity settled share-based transactions

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share premium for the shares issued) or the option expires (when it is released directly to accumulated profits).

If the share options granted are cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the cancellation or settlement is accounted for as an acceleration of vesting, and the amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Retirement benefit costs

Payments to the Group's Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong, the state-managed retirement benefit scheme in the PRC and defined contribution superannuation funds in other overseas countries are charged as expenses as they fall due.

(p) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Except that land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lease.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The government grants relating to the purchase of land leases prepayments, intangible assets and property, plant and equipment for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the assets by way of reduced depreciation and amortisation expenses.

Government grants relating to income is presented in gross under "Other income" in the consolidated income statement.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party, is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any members of a group of which it is a part, provides key management personnel services to the Group or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of goodwill

Determining whether goodwill (note 17) has been impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Any change in the estimates would increase or decrease in the provision for impairment loss and affect the Group's results in future years. As at 31 December 2015, the carrying amount of the Group's goodwill was approximately RMB2,584,000 (2014: RMB6,222,000).

Fair value measurements of share-based payments

In valuing the share-based payments in the Group's consolidated financial statements, the Group has used the Binomial Option Pricing model, which makes various assumptions on factors outside the Group's control, such as share price volatility and risk-free interest rates. Details of the options and assumptions used in deriving the share-based payments are disclosed in note 33.

The directors use their judgement to determine whether valuation techniques applied are appropriate to the circumstances of the Group. For the year ended 31 December 2015, the share-based payments recognised was RMB61,875,000 (2014: RMB59,850,000).

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade and other receivables (note 21). A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, an additional allowance will be required.

Write-down of inventories

The Company's management reviews the condition of inventories, as stated in note 20 to the consolidated financial statements, at each reporting date, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions. Write-down of inventories of RMB20,920,000 (2014: RMB711,000) has been recognised during the year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of long-lived assets

If circumstances indicate that the net book value of a long-lived asset (including property, plant and equipment and intangible assets (notes 14 and 15)) may not be recoverable, the asset may be considered "impaired" and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of Assets" ("HKAS 36"). The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate selling prices because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant estimation relating to the level of sales volume, selling prices and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling prices and the amount of operating costs.

Depreciation and amortisation

Property, plant and equipment and intangible assets (notes 14 and 15) with finite useful lives are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during the financial year. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of investments

The Group assesses annually and at each interim reporting date if interests in associates and joint ventures (notes 18 and 19) have suffered any impairment in accordance with HKAS 36. Details of the approach are stated in the accounting policy as set out in note 4(d). The assessment of value in use requires an estimation of future cash flows, including expected dividends, from the investments and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause adjustments to their carrying amounts.

Deferred tax

At 31 December 2015, deferred tax assets of RMB28,144,000 (2014: RMBNil) in relation to unused tax losses have been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB1,983,847,000 (2014: RMB1,169,000,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal or further recognition takes place. Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised.

At 31 December 2015, deferred tax liabilities of RMB174,827,000 (2014: RMB148,735,000) relating to the undistributed profits of the PRC subsidiaries have been recognised in the Group's consolidated statement of financial position. Deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 undistributed profits of the PRC subsidiaries of RMB8,577,099,000 (2014: RMB7,519,779,000) as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future. Further details are disclosed in note 27.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Interests in joint ventures and associates

As disclosed in note 19, the Group invested in Genius Auto Finance Company Limited ("Genius AFC") during the year. Unanimous consent from the Group and BNP Paribas Personal Finance or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC for certain key corporate matters is needed. Therefore, Genius AFC is under the joint control of the Group and BNP Paribas Personal Finance, despite the Group has an equity interest of 80%. Also, the Group and BNP Paribas Personal Finance have rights to the net assets of Genius AFC. Accordingly, the investment in Genius AFC is classified as a joint venture of the Group and accounted for using equity method.

As disclosed in note 18, the Group retains significant influence over Ningbo DIPO Traffic Facilities Co., Ltd.[#] 寧波帝寶交通器材有限公司 and Faurecia Emissions Control Technologies (Ningbo) Co., Ltd.[#] 佛吉亞排氣控制技術(寧波)有限公司, through the power to nominate representative on their respective board of directors, despite the Group's equity interests are 18% and 9% respectively. As a result, the investments are classified as associates of the Group and accounted for using equity method.

[#] The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

6. REVENUE

Revenue represents the consideration received and receivable from sales, net of discounts, returns and VAT or related sales taxes, of automobiles and automobile parts and components.

The Group's customer base is diversified and no customer with whom the transactions has exceeded 10% of the Group's revenue.

For the year ended 31 December 2015

7. SEGMENT INFORMATION

The only operating segment of the Group is the production and sale of automobiles, automobile parts and related automobile components. The directors consider that the Group operates in a single business segment. No separate analysis of the reportable segment results by operating segment is necessary.

Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, interests in associates and joint ventures, goodwill and land lease prepayments ("specified non-current assets"). The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and land lease prepayments, the location of the operations to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates and joint ventures.

	2015 RMB'000	2014 RMB'000
Revenue from external customers		
PRC	**28,301,651**	17,646,482
Europe	**571,751**	1,936,504
Middle East	**252,448**	575,920
South Korea	**–**	306,870
Africa	**537,520**	655,467
Central and South America	**185,181**	269,162
Other countries	**289,705**	347,953
	30,138,256	21,738,358

	2015 RMB'000	2014 RMB'000
Specified non-current assets		
Hong Kong, place of domicile	**892**	135
PRC	**16,750,055**	11,818,015
Other countries	**77,873**	78,922
	16,828,820	11,897,072

For the year ended 31 December 2015

8. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Unrealised gain on financial assets at fair value through profit or loss	**1,824**	2,180
Rental income (note a)	**20,512**	19,183
Gain on disposal of scrap materials	**52,745**	33,747
Gain on disposal of a subsidiary (note 30)	**62,879**	–
Gain on deemed disposal of partial interest in a joint venture (note 19)	**4,921**	–
Net gain on disposal of property, plant and equipment (note b)	**4,092**	34,654
Net gain on disposal of land lease prepayments (note c)	**–**	3,754
Bargain purchase gain arising from acquisition of a subsidiary (note 35)	**139**	–
Government grants and subsidies (note d)	**847,290**	898,196
Sundry income	**71,605**	62,911
	1,066,007	1,054,625

Notes:

(a) Rental income net of outgoings for the year ended 31 December 2015 is RMB6,999,000 (2014: RMB3,036,000).

(b) Net gain on disposal of property, plant and equipment included government grants received of RMB116,281,000 (2014: RMB254,306,000).

(c) Net gain on disposal of land lease prepayments included government grants received of RMBNil (2014: RMB169,962,000).

(d) Government grants and subsidies 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.

For the year ended 31 December 2015

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		2015 RMB'000	2014 RMB'000
(a)	**Finance income and costs**		
	Finance costs		
	Effective interest expense on senior notes (note 24)	**4,232**	1,235
	Coupon expense on senior notes	**99,063**	22,761
	Interest on bank borrowings wholly repayable within five years	**54**	57,333
		103,349	81,329
	Finance income		
	Bank and other interest income	**(96,909)**	(57,625)
	Net finance costs	**6,440**	23,704
(b)	**Staff costs (including directors' emoluments (note 13)) (note a)**		
	Salaries, wages and other benefits	**1,694,240**	1,307,403
	Retirement benefit scheme contributions	**127,954**	114,299
	Equity settled share-based payments (note 33)	**61,875**	59,850
		1,884,069	1,481,552
(c)	**Other items**		
	Cost of inventories (note a)	**24,667,603**	17,775,723
	Auditors' remuneration	**6,559**	5,711
	Depreciation (note a)	**589,078**	554,186
	Amortisation of land lease prepayments (note a)	**37,589**	28,302
	Amortisation of intangible assets (note a)	**516,011**	291,058
	Net gain on disposal of property, plant and equipment (note 8b)	**(4,092)**	(34,654)
	Loss on disposal of intangible assets (note b)	**22,567**	9,835
	Net foreign exchange loss	**472,092**	654,143
	Net claims paid on defective materials purchased	**78,930**	23,555
	Operating leases charges on premises (note a)	**18,892**	29,067
	Research and development costs	**258,769**	211,553
	Bad debts written off	**–**	8,027
	Write-down of inventories	**20,920**	711

Notes:

(a) Cost of inventories amounted to RMB528,092,000 (2014: RMB320,509,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately for each of these types of expenses.

(b) Loss on disposal of intangible assets included government grants received of RMB121,396,000 (2014: RMBNil).

For the year ended 31 December 2015

10. TAXATION

	2015 RMB'000	2014 RMB'000
Current tax:		
PRC enterprise income tax	**592,848**	471,895
Under-provision in prior years	**9,782**	616
	602,630	472,511
Deferred tax (note 27)	**(16,487)**	21,666
	586,143	494,177

Hong Kong profits tax has not been provided as the Hong Kong incorporated companies within the Group had no estimated assessable profits in Hong Kong for the years ended 31 December 2015 and 2014.

The income tax provision of the Group in respect of its operations in 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 PRC enterprise income tax rate is 25% (2014: 25%).

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries were entitled to an exemption from the PRC enterprise income tax for the two years starting from its first profit-making year, followed by a 50% reduction for the next three years.

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. Accordingly, they enjoyed a preferential income tax rate of 15%.

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

10. TAXATION (Continued)

The tax charge for the year can be reconciled from the profit before taxation per consolidated income statement as follows:

	2015 RMB'000	2014 RMB'000
Profit before taxation	**2,874,805**	1,943,305
Tax at the PRC enterprise income tax rate of 25% (2014: 25%)	**718,701**	485,826
Tax effect of expenses not deductible in determining taxable profit	**11,973**	59,450
Tax effect of non-taxable income	**(7,443)**	(17,084)
Tax effect of unrecognised tax losses	**165,368**	187,378
Utilisation of previously unrecognised tax losses	**(18,439)**	(15,227)
Tax effect of different tax rates of entities operating in other jurisdictions	**56,363**	54,543
Deferred tax charge on distributable profits withholding tax (note 27)	**26,092**	16,219
Effect of tax exemption granted to the PRC subsidiaries	**(376,254)**	(277,544)
Under-provision in prior years	**9,782**	616
Tax expense for the year	**586,143**	494,177

The Group is also liable to withholding tax on dividends to be distributed from the Group's foreign-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. Deferred tax liabilities of RMB26,092,000 (2014: RMB16,219,000) was recognised for the distributable profits not yet paid out as dividends that are generated by the PRC subsidiaries of the Company during the year.

For the year ended 31 December 2015

11. DIVIDENDS

(a) Dividends payable to equity holders of the Company attributable to the year:

	2015 **RMB'000**	2014 RMB'000
Final dividend proposed after the reporting date of HK$0.038 per ordinary share (2014: HK$0.025 per ordinary share)	**280,959**	173,829

The final dividend proposed after the reporting date has not been recognised as a liability at 31 December 2015.

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year:

	2015 **RMB'000**	2014 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.025 per ordinary share (2014: HK$0.046 per ordinary share)	**173,829**	319,845

For the year ended 31 December 2015

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of RMB2,260,529,000 (2014: RMB1,430,588,000) and weighted average number of ordinary shares of 8,801,663,773 shares (2014: 8,801,446,540 shares), calculated as follows:

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 January	**8,801,446,540**	8,801,446,540
Effect of shares options exercised	**217,233**	–
Weighted average number of ordinary shares at 31 December	**8,801,663,773**	8,801,446,540

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company of RMB2,260,529,000 (2014: RMB1,430,588,000) and the weighted average number of ordinary shares (diluted) of 8,809,512,286 shares (2014: 8,801,446,540 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2015	2014
Weighted average number of ordinary shares (basic) at 31 December	**8,801,663,773**	8,801,446,540
Effect of deemed issue of shares under the Company's share option scheme	**7,848,513**	–
Weighted average number of ordinary shares (diluted) at 31 December 2015	**8,809,512,286**	8,801,446,540

For the year ended 31 December 2014, diluted earnings per share equalled to basic earnings per share because the potential ordinary shares outstanding were anti-dilutive.

For the year ended 31 December 2015

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's remuneration

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules and section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

2015

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Rental allowance RMB'000	Retirement scheme contribution RMB'000	Sub-total RMB'000	Equity settled share-based payments RMB'000 (note a)	Total RMB'000
Executive directors								
Mr. An Cong Hui	8	–	–	–	–	8	2,140	2,148
Mr. Ang Siu Lun, Lawrence	–	2,220	403	–	30	2,653	4,700	7,353
Mr. Gui Sheng Yue (Chief Executive Officer)	–	2,395	435	551	30	3,411	5,235	8,646
Mr. Li Shu Fu (Chairman)	–	308	–	–	14	322	–	322
Mr. Liu Jin Liang	8	–	–	–	–	8	2,140	2,148
Ms. Wei Mei	8	–	–	–	–	8	2,596	2,604
Mr. Yang Jian (Vice Chairman)	8	–	–	–	–	8	2,854	2,862
Non-executive directors								
Mr. Carl Peter Edmund Moriz Forster	–	–	–	–	–	–	417	417
Mr. Ran Zhang (note b)	3	–	–	–	–	3	–	3
Independent non-executive directors								
Mr. An Qing Heng	142	–	–	–	–	142	417	559
Mr. Fu Yu Wu	142	–	–	–	–	142	–	142
Mr. Lee Cheuk Yin, Dannis	142	–	–	–	–	142	655	797
Mr. Wang Yang	142	–	–	–	–	142	417	559
Mr. Yeung Sau Hung, Alex	142	–	–	–	–	142	655	797
	745	4,923	838	551	74	7,131	22,226	29,357

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13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's remuneration (Continued)

2014

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Rental allowance RMB'000	Retirement scheme contribution RMB'000	Sub-total RMB'000	Equity settled share-based payments RMB'000 (note a)	Total RMB'000
Executive directors								
Mr. An Cong Hui	8	–	–	–	–	8	1,222	1,230
Mr. Ang Siu Lun, Lawrence	–	2,015	877	–	13	2,905	1,494	4,399
Mr. Gui Sheng Yue (Chief Executive Officer)	–	2,173	948	528	13	3,662	1,562	5,224
Mr. Li Dong Hui, Daniel (note c)	2	–	–	–	–	2	1,500	1,502
Mr. Li Shu Fu (Chairman)	–	308	–	–	13	321	–	321
Mr. Liu Jin Liang	8	–	–	–	–	8	1,222	1,230
Ms. Wei Mei	8	–	–	–	–	8	1,479	1,487
Mr. Yang Jian (Vice Chairman)	8	–	–	–	–	8	1,630	1,638
Non-executive directors								
Mr. Carl Peter Edmund Moriz Forster	–	–	–	–	–	–	–	–
Mr. Ran Zhang	6	–	–	–	–	6	127	133
Independent non-executive directors								
Mr. An Qing Heng	100	–	–	–	–	100	–	100
Mr. Fu Yu Wu	142	–	–	–	–	142	–	142
Mr. Song Lin (note c)	46	–	–	–	–	46	136	182
Mr. Lee Cheuk Yin, Dannis	142	–	–	–	–	142	136	278
Mr. Wang Yang	142	–	–	–	–	142	–	142
Mr. Yeung Sau Hung, Alex	142	–	–	–	–	142	136	278
	754	4,496	1,825	528	39	7,642	10,644	18,286

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13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's remuneration (Continued)

Mr. Carl Peter Edmund Moriz Forster waived his director fee during the years ended 31 December 2014 and 2015. No other director waived any emoluments during the years ended 31 December 2014 and 2015.

Notes:

(a) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policy for equity settled share-based payments transactions as set out in note 4(n) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share Options" in the directors' report and in note 33 to the consolidated financial statements.

(b) Mr. Ran Zhang retired as a director of the Company on 29 May 2015.

(c) Mr. Li Dong Hui, Daniel and Mr. Song Lin resigned as directors of the Company on 28 March 2014 and 28 April 2014 respectively.

(b) Employees' emoluments

Of the five individuals with the highest emoluments, three (2014: three) were directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The aggregate of the emoluments in respect of the other two (2014: two) individuals are as follows:

	2015 RMB'000	2014 RMB'000
Basic salaries and allowances	**2,314**	4,475
Retirement scheme contributions	**44**	114
Equity settled share-based payments	**5,175**	1,392
	7,533	5,981

The emoluments of the two (2014: two) individuals with the highest emoluments are within the following bands:

	2015 Number of individuals	2014 Number of individuals
HK$3,000,001 – HK$3,500,000	**1**	-
HK$3,500,001 – HK$4,000,000	**-**	1
HK$4,000,001 – HK$4,500,000	**-**	1
HK$6,000,001 – HK$6,500,000	**1**	-
	2	2

14. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Freehold land and buildings RMB'000	Leasehold buildings RMB'000	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture and fixtures, office equipment and motor vehicles RMB'000	Total RMB'000
COST							
At 1 January 2014	910,497	62,463	2,914,003	4,438,417	5,901	467,317	8,798,598
Exchange differences	1,667	(1,454)	–	(7,716)	–	(426)	(7,929)
Additions	729,019	37	17,738	124,641	349	76,536	948,320
Transfer	(219,103)	–	24,697	190,675	–	3,731	–
Disposals	(12,182)	–	(316,075)	(359,995)	–	(9,961)	(698,213)
Disposed of through disposal of subsidiaries (note 30)	(158,690)	(61,046)	(16,380)	(459,359)	–	(7,297)	(702,772)
At 31 December 2014 and 1 January 2015	1,251,208	–	2,623,983	3,926,663	6,250	529,900	8,338,004
Exchange differences	–	–	–	1,126	–	(131)	995
Additions	1,560,951	–	25,582	74,450	–	120,803	1,781,786
Transfer	(848,533)	–	610,434	225,063	–	13,036	–
Disposals	(17,222)	–	(3,760)	(488,892)	–	(34,928)	(544,802)
Disposed of through disposal of subsidiaries (note 30)	(59)	–	(201,508)	(181,596)	–	(4,086)	(387,249)
Acquisition through business combinations (note 35)	83,360	–	643,954	771,086	–	9,133	1,507,533
At 31 December 2015	**2,029,705**	**–**	**3,698,685**	**4,327,900**	**6,250**	**633,727**	**10,696,267**
DEPRECIATION							
At 1 January 2014	–	14,001	405,204	1,931,002	4,293	235,544	2,590,044
Exchange differences	–	(441)	–	(5,028)	–	(38)	(5,507)
Charge for the year	–	2,421	94,999	390,895	745	65,126	554,186
Written back on disposals	–	–	(65,075)	(315,161)	–	(6,461)	(386,697)
Disposed of through disposal of subsidiaries (note 30)	–	(15,981)	(1,252)	(251,524)	–	(5,970)	(274,727)
At 31 December 2014 and 1 January 2015	–	–	433,876	1,750,184	5,038	288,201	2,477,299
Exchange differences	–	–	–	222	–	(41)	181
Charge for the year	–	–	105,041	408,035	424	75,578	589,078
Written back on disposals	–	–	(327)	(288,839)	–	(26,716)	(315,882)
Disposed of through disposal of subsidiaries (note 30)	–	–	(25,817)	(60,616)	–	(2,403)	(88,836)
At 31 December 2015	**–**	**–**	**512,773**	**1,808,986**	**5,462**	**334,619**	**2,661,840**
NET BOOK VALUE							
At 31 December 2015	**2,029,705**	**–**	**3,185,912**	**2,518,914**	**788**	**299,108**	**8,034,427**
At 31 December 2014	1,251,208	–	2,190,107	2,176,479	1,212	241,699	5,860,705

The Group's freehold land is located outside Hong Kong. As at 31 December 2015, the Group's property, plant and equipment of RMB141,297,000 (2014: RMB146,250,000) have been pledged to secure the banking facilities granted to the Company's ultimate holding company (note 34(c)).

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15. INTANGIBLE ASSETS

	Capitalised development costs RMB'000
COST	
At 1 January 2014	3,933,460
Exchange differences	(324)
Additions	1,344,129
Disposals	(11,801)
Disposed of through disposal of subsidiaries (note 30)	(68,757)
At 31 December 2014 and 1 January 2015	5,196,707
Additions	2,106,126
Disposals	(623,203)
Disposed of through disposal of subsidiaries (note 30)	(91,968)
At 31 December 2015	**6,587,662**
AMORTISATION	
At 1 January 2014	713,417
Exchange differences	(150)
Charge for the year	291,058
Disposals	(1,254)
Disposed of through disposal of subsidiaries (note 30)	(14,594)
At 31 December 2014 and 1 January 2015	988,477
Charge for the year	516,011
Disposals	(155,009)
Disposed of through disposal of subsidiaries (note 30)	(22,058)
At 31 December 2015	**1,327,421**
NET BOOK VALUE	
At 31 December 2015	**5,260,241**
At 31 December 2014	4,208,230

The amortisation charge for the year is included in "Administrative expenses" in the consolidated income statement.

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16. LAND LEASE PREPAYMENTS

	2015 RMB'000	2014 RMB'000
The Group's land lease prepayments comprise:		
Outside Hong Kong, held on:		
– Leases of between 10 to 50 years	**1,574,714**	1,160,044
Analysed for reporting purposes as:		
Current assets	**37,001**	28,758
Non-current assets	**1,537,713**	1,131,286
	1,574,714	1,160,044
Opening net carrying amount	**1,160,044**	1,196,168
Additions	**32,032**	221,185
Additions through business combinations (note 35)	**436,931**	–
Disposals	**(4,506)**	(189,583)
Disposed of through disposal of subsidiaries (note 30)	**(12,198)**	(39,424)
Annual amortisation charges of land lease prepayments	**(37,589)**	(28,302)
Closing net carrying amount	**1,574,714**	1,160,044

As at 31 December 2015, the Group's land lease prepayments of RMB78,588,000 (2014: RMB80,404,000) have been pledged to secure the banking facilities granted to the Company's ultimate holding company (note 34(c)).

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17. GOODWILL

	2015 RMB'000	2014 RMB'000
Carrying amount		
At 1 January	**6,222**	6,222
Disposal of subsidiaries (note 30)	**(6,222)**	–
Arising on business combinations (note 35)	**2,584**	–
At 31 December	**2,584**	6,222

Goodwill arose from the business combination of the acquisition of the entire interest in Zhejiang Jirun Chunxiao Automobile Components Company Limited# 浙江吉潤春曉汽車部件有限公司 during the year (note 35). The carrying amount of goodwill is allocated to the cash-generating unit of manufacturing of complete knock down kits in Chunxiao District in Zhejiang Province, the PRC. The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant segments. The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. As at 31 December 2015, the directors of the Company conducted a review of goodwill and no impairment loss in respect of goodwill has been recognised (2014: RMBNil) during the year.

The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

18. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Share of net assets	**284,774**	252,082
Goodwill	**663**	663
Impairment loss recognised	**(663)**	(663)
	284,774	252,082
Represented by:		
Cost of unlisted investments	**271,391**	271,391
Share of post-acquisition results and other comprehensive income	**22,857**	(18,646)
Impairment loss recognised	**(663)**	(663)
Exchange realignment	**(8,811)**	–
	284,774	252,082

18. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's interests in associates, which are unlisted corporate entity whose quoted market price is not available and accounted for using the equity method in the consolidated financial statements as at 31 December 2015 and 2014, are as follows:

Name of company	Place of establishments and operations	Form of business structure	Particulars of registered capital	Attributable equity interest held by the Group 2015	2014	Principal activities
Mando (Ningbo) Automotive Parts Co., Ltd. ("Mando (Ningbo)")# 萬都(寧波)汽車零部件有限公司	PRC	Incorporated	United States dollars ("USD") 85,000,000	**35%**	35%	Manufacturing of automobile parts and components
Ningbo DIPO Traffic Facilities Co., Ltd.# 寧波帝寶交通器材有限公司	PRC	Incorporated	USD11,100,000	**18%**	18%	Manufacturing of traffic facilities
Hangzhou Xuan You Network Technology Limited# 杭州軒優網路技術有限公司	PRC	Incorporated	RMB1,000,000	**29.5%**	29.5%	Provision of webpage design and related technology support services
Closed Joint Stock Company BELGEE	Republic of Belarus	Incorporated	USD27,350,000	**35.6%**	35.6%	Production, marketing and sales of automobiles
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd.# 佛吉亞排氣控制技術(寧波)有限公司	PRC	Incorporated	USD7,331,200	**9%**	9%	Manufacturing of emission control systems
PT Geely Mobil Indonesia	Republic of Indonesia	Incorporated	USD3,260,200	**30%**	30%	Production, marketing and sales of automobiles

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

All associates are indirectly held by the Company.

The Group invests in Mando (Ningbo) as a strategic supplier of automobile parts and components of the Group.

The Group retains significant influence over Ningbo DIPO Traffic Facilities Co., Ltd. and Faurecia Emissions Control Technologies (Ningbo) Co., Ltd. through the power to nominate representative on their respective board of directors.

18. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of Mando (Ningbo), the Group's material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	2015 **RMB'000**	2014 RMB'000
Non-current assets	**244,013**	281,746
Current assets	**1,212,284**	855,191
Current liabilities	**(906,633)**	(631,199)
Non-current liabilities	**(6,246)**	(3,531)
Net assets	**543,418**	502,207
Revenue	**1,232,811**	810,066
Profit/(Loss) for the year	**41,211**	(15,343)
Other comprehensive income for the year	**–**	–
Total comprehensive income/(loss) for the year	**41,211**	(15,343)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in Mando (Ningbo) recognised in the consolidated financial statements:

	2015 **RMB'000**	2014 RMB'000
Net assets of Mando (Ningbo)	**543,418**	502,207
The Group's effective interests in Mando (Ningbo)	**35%**	35%
Carrying amount in the consolidated financial statements, represented by the Group's share of net assets of Mando (Ningbo)	**190,196**	175,772

Aggregate financial information of associates that are not individually material:

	2015 **RMB'000**	2014 RMB'000
Aggregate amounts of the Group's share of profits for the year	**27,079**	14,723
Aggregate amounts of the Group's share of other comprehensive loss for the year	**–**	(18,901)
Aggregate carrying amount of the Group's interests in these associates	**94,578**	76,310

19. INTERESTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Share of net assets	**1,709,081**	438,547
Represented by:		
Cost of unlisted investments	**1,720,000**	500,000
Gain on deemed disposal of partial interest in a joint venture	**4,921**	–
Share of post-acquisition profits and other comprehensive income	**118,639**	13,774
Unrealised gain on disposal of land lease prepayments to a joint venture	**(71,600)**	(75,227)
Unrealised gain on disposal of a subsidiary to a joint venture (note 30)	**(62,879)**	–
	1,709,081	438,547

Details of the Group's principal joint ventures, which are unlisted corporate entity whose quoted market price is not available and accounted for using the equity method in the consolidated financial statements as at 31 December 2015 and 2014, are as follows:

Name of joint venture	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group 2015	2014	Principal activities
Kandi Electric Vehicles Group Co., Ltd.# ("Kandi Electric") 康迪電動汽車集團有限公司	PRC	Incorporated	RMB1,000,000,000	**50%**	50%	Manufacture of electric automobiles and investment holding
Ninghai Zhidou Electric Vehicles Company Limited# ("Ninghai Zhidou") 寧海知豆電動汽車有限公司	PRC	Incorporated	RMB1,111,110,000 (2014: RMBNil)	**45%**	–	Research and production of automobile parts, components and engines, production of electric vehicles and the provision of related after-sale services
Genius Auto Finance Company Limited# ("Genius AFC") 吉致汽車金融有限公司	PRC	Incorporated	RMB900,000,000 (2014: RMBNil)	**80%**	–	Vehicles financing business

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

Except for Genius AFC, all other joint ventures are indirectly held by the Company.

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19. INTERESTS IN JOINT VENTURES (Continued)

The Group entered into a joint venture agreement ("JV Agreement") with BNP Paribas Personal Finance, an independent third party, for the establishment of a joint venture, Genius AFC, to engage in the vehicles financing business in the PRC in December 2013. Genius AFC was established in August 2015. Genius AFC was held as to 80% by the Group and as to 20% by BNP Paribas Personal Finance. Pursuant to the JV Agreement, the board of directors 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. As specified in the JV Agreement between the Group and BNP Paribas Personal Finance, unanimous consent from the Group and the joint venture partners is needed 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. Both of the Group and BNP Paribas Personal Finance have the rights to the net assets of Genius AFC. Accordingly, the investment in Genius AFC was recognised as a joint venture of the Group and accounted for using the equity method.

On 8 January 2015, the Group entered into a joint venture agreement with independent third parties for the establishment of a joint venture, Ninghai Zhidou, to engage in the research and production of automobile parts, components and engines, electric vehicles and the provision of related after-sale services in the PRC. The Group has contributed its the entire shareholding in Lanzhou Zhidou Electric Vehicles Company Limited (formerly known as Lanzhou Geely Automobile Industrial Company Limited) ("Lanzhou Zhidou"), which was owned as to 99% by the Group. The registered capital of Ninghai Zhidou was RMB1,000,000,000, and Ninghai Zhidou was owned as to 50% by the Group and as to 50% by the joint venture partners. All decisions need unanimous consent of the Group and the joint venture parties and both of them have the rights to the net assets of Ninghai Zhidou. The details of the disposal of Lanzhou Zhidou are disclosed in note 30.

In September 2015, Ninghai Zhidou effected an increase in registered capital whereby the other joint venture partners injected additional capital to Ninghai Zhidou amounting to RMB111,110,000. Upon the completion of the capital increase, the registered capital of Ninghai Zhidou changed from RMB1,000,000,000 to RMB1,111,110,000. As a result of such an increase in registered capital, the Group's equity interest in Ninghai Zhidou was diluted from 50% to 45% and a dilution gain of RMB4,921,000 was recognised during the year. The capital increase contributed a deemed disposal for the Group. Despite the dilution in equity interest, the Group was still able to exert joint control over the financial and operating activities on Ninghai Zhidou. Accordingly, the Group continues to account for such investment as a joint venture.

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19. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	Genius AFC		Ninghai Zhidou		Kandi Electric	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Non-current assets	**28,857**	–	**896,003**	–	**1,239,611**	1,195,188
Current assets	**1,136,904**	–	**3,343,936**	–	**2,991,142**	1,615,560
Current liabilities	**(291,278)**	–	**(3,022,912)**	–	**(2,795,147)**	(1,727,777)
Non-current liabilities	**(1,038)**	–	**–**	–	**(241,323)**	(55,423)
Net assets	**873,445**	–	**1,217,027**	–	**1,194,283**	1,027,548
The above amount of assets and liabilities include the following:						
Cash and cash equivalents	**1,024,357**	–	**467,167**	–	**942,553**	246,520
Current financial liabilities (excluding trade and other payables and provisions)	**(274,100)**	–	**(486,418)**	–	**(1,782,983)**	(730,000)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(1,038)**	–	**–**	–	**(241,323)**	(55,423)
Revenue	**19,602**	–	**3,397,588**	–	**1,818,376**	1,325,168
(Loss)/profit for the year	**(26,555)**	–	**103,040**	–	**166,736**	46,272
Other comprehensive income for the year	**–**	–	**–**	–	**–**	–
Total comprehensive (loss)/income for the year	**(26,555)**	–	**103,040**	–	**166,736**	46,272
Dividend received from the joint ventures	**–**	–	**–**	–	**–**	–
The above (loss)/profit for the year including the following:						
Depreciation and amortisation	**(1,374)**	–	**(25,338)**	–	**(70,790)**	(65,219)
Interest income	**19,468**	–	**–**	–	**13,439**	950
Interest expense	**(425)**	–	**(9,149)**	–	**(55,170)**	(8,601)
Income tax expense	**–**	–	**(4,513)**	–	**(46,354)**	(14,772)

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19. INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements:

	Genius AFC		Ninghai Zhidou		Kandi Electric	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Net assets of the joint venture	**873,445**	–	**1,217,027**	–	**1,194,283**	1,027,548
The Group's effective interests in the joint venture	**80%**	–	**45%**	–	**50%**	50%
The Group's share of the net assets of the joint venture	**698,756**	–	**547,662**	–	**597,142**	513,774
Unrealised gain on disposal of land lease prepayments to a joint venture	**–**	–	**–**	–	**(71,600)**	(75,227)
Unrealised gain on disposal of a subsidiary to a joint venture (note 30)	**–**	–	**(62,879)**	–	**–**	–
Carrying amount of the Group's interests in the joint venture	**698,756**	–	**484,783**	–	**525,542**	438,547

20. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2015 RMB'000	2014 RMB'000
Raw materials	**394,917**	436,686
Work in progress	**244,098**	138,054
Finished goods	**587,154**	1,044,765
	1,226,169	1,619,505

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2015 RMB'000	2014 RMB'000
Carrying amount of inventories sold	**24,667,603**	17,775,723
Write-down of inventories	**20,920**	711
	24,688,523	17,776,434

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21. TRADE AND OTHER RECEIVABLES

	Note	2015 RMB'000	2014 RMB'000
Trade and notes receivables			
Trade receivables			
– Third parties		**890,920**	1,822,383
– A joint venture		**53,256**	29,126
– Associates		**111,757**	424,208
– Related companies controlled by the substantial shareholder of the Company		**537,203**	1,319,427
	(a)	**1,593,136**	3,595,144
Notes receivables	(b)	**10,203,692**	9,221,000
		11,796,828	12,816,144
Deposit, prepayment and other receivables			
Prepayment to suppliers			
– Third parties		**82,609**	47,977
– Related companies controlled by the substantial shareholder of the Company		**750,645**	904,396
		833,254	952,373
Deposits paid for acquisition of property, plant and equipment		**558,920**	430,498
VAT and other taxes receivables		**1,187,706**	1,435,122
Utility deposits and other receivables		**370,875**	228,180
		2,950,755	3,046,173
Amounts due from related parties controlled by the substantial shareholder of the Company	(c)	**62,605**	502,180
Amount due from ultimate holding company	(c)	**27**	61
Amount due from a joint venture	(d)	**26,224**	20,634
		3,039,611	3,569,048
		14,836,439	16,385,192

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21. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

The Group allows an average credit period ranged from 30 days to 90 days to its PRC customers. Further details on the Group's credit policy are set out in note 37. The following is an ageing analysis of the trade receivables of the PRC customers, based on invoice date, at the reporting date:

	2015 **RMB'000**	2014 RMB'000
0 – 60 days	**275,711**	901,467
61 – 90 days	**95,013**	80,922
Over 90 days	**745,188**	525,465
	1,115,912	1,507,854

For overseas customers, the Group allows credit period ranged from 180 days to 450 days. The following is an ageing analysis of the trade receivables of the overseas customers, based on invoice date, at the reporting date:

	2015 **RMB'000**	2014 RMB'000
0 – 60 days	**178,886**	502,991
61 – 90 days	**17,208**	30,042
91 – 365 days	**125,509**	1,383,770
Over 365 days	**155,621**	170,487
	477,224	2,087,290

As at 31 December 2015, 24% (2014: 34%) of the total trade receivables was due from the Group's five largest customers.

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21. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

The ageing analysis of the Group's trade receivables that were past due as at the reporting date but neither individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	RMB'000
1 – 30 days past due	**31,621**	280,817
31 – 60 days past due	**95,737**	126,692
61 – 90 days past due	**25,484**	92,340
Over 90 days past due	**785,053**	887,881
	937,895	1,387,730

As at 31 December 2015, trade receivables of RMB655,241,000 (2014: RMB2,207,414,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

The Group does not charge interest on overdue balances. Included in the Group's trade receivables were receivables with a carrying amount of RMB937,895,000 (2014: RMB1,387,730,000) which were past due at the reporting date for which the Group has not provided for impairment loss. The Group held certain property, plant and equipment of an oversea customer with carrying amount of approximately USD52,737,000 (equivalent to approximately RMB342,263,000) as collateral over certain overdue balances for over 90 days amounted to RMB199,277,000 as at 31 December 2015 (2014: RMB213,447,000). The Group did not hold any collateral over the remaining balances. No impairment has been made to the trade receivables. Receivables that were past due but not impaired were mainly related to large corporations that have long trading history with the Group and therefore these debtors are considered to have good credit quality and the balances are still considered to be fully recoverable.

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21. TRADE AND OTHER RECEIVABLES (Continued)

(b) Notes receivables

All notes receivables are denominated in RMB. As at 31 December 2015 and 2014, all notes receivables were guaranteed by established banks in the PRC and have maturities of less than six months from the reporting date.

The Group pledged notes receivables of RMB23,365,000 to banks to secure the Group's notes payables (note 25(b)) as at 31 December 2015.

The Group pledged notes receivables of RMB421,909,000 to banks to secure the Group's notes payables (note 25(b)) and bank borrowings (note 26(a)) as at 31 December 2014.

(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 on demand.

Except for trade and other receivables of RMB116,789,000 (2014: RMB25,575,000) which is expected to be recovered after one year from the reporting date, all other trade and other receivables are expected to be recovered or recognised as an expense within one year.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 **RMB'000**	2014 RMB'000
Listed investments		
– Equity securities listed outside Hong Kong	**17,118**	15,294

The fair value of the listed investments is based on the quoted market price available. Further details of the Group's management of equity price risk and the information relating to the fair value measurements are set out in note 37.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 **RMB'000**	2014 RMB'000
Unlisted investments		
– Equity securities	**21,650**	28,270

The unlisted equity securities are stated at cost less impairment loss because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. 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 carry interest at 5.25% per annum, payable semi-annually in arrears on 6 April and 6 October, and will mature on 6 October 2019, unless redeemed earlier.

The Senior Notes are listed on the SEHK. They are unsecured, have senior obligations and guaranteed by certain of the Company's subsidiaries operating in the PRC. The guarantee is effectively subordinated to all existing and future secured obligations of the Company to the extent of the value of the collateral securing such obligations.

At any time on or after 6 October 2017, the Company may redeem the Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if they are redeemed during the twelve-month period beginning on 6 October of the years indicated below:

Period	**Redemption Price**
2017	102.625%
2018 and thereafter	101.313%

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24. SENIOR NOTES (Continued)

The carrying amount of the Senior Notes at initial recognition net of transaction costs amounted to USD296,311,000 (equivalent to approximately RMB1,814,165,000) and the effective interest rate is 5.54% per annum. The Senior Notes are carried at amortised cost and are not expected to be settled within one year.

The movement of the Senior Notes during the year are set out below:

	2015 **RMB'000**	2014 RMB'000
Carrying amount		
At 1 January	**1,820,138**	–
Initial fair value on the date of issuance on 6 October 2014	**–**	1,814,165
Exchange differences	**104,486**	4,738
Interest expenses	**4,232**	1,235
At 31 December	**1,928,856**	1,820,138

The Senior Notes are subject to the fulfilment of certain financial and non-financial covenants, as commonly found in lending arrangements in senior notes. If the Group was to breach the covenants, the principal, and, accrued and unpaid interest of the Senior Notes would become payable on demand. The directors consider that none of the covenants had been breached as at 31 December 2015 and 2014.

25. TRADE AND OTHER PAYABLES

	Note	2015 RMB'000	2014 RMB'000
Trade and notes payables			
Trade payables			
– Third parties		**9,001,560**	7,757,246
– Associates		**737,199**	596,489
– Related parties controlled by the substantial shareholder of the Company		**1,394,491**	2,400,232
	(a)	**11,133,250**	10,753,967
Notes payables	(b)	**71,655**	364,916
		11,204,905	11,118,883
Other payables			
Receipts in advance from customers			
– Third parties		**2,064,772**	1,983,648
– Related parties controlled by the substantial shareholder of the Company		**234,574**	75,387
		2,299,346	2,059,035
Deferred government grants which conditions have not been satisfied		**2,737,519**	1,164,773
Payables for acquisition of property, plant and equipment		**211,267**	293,103
Accrued staff salaries and benefits		**419,020**	272,784
VAT and other taxes payables		**171,957**	207,207
Other accrued charges		**1,534,742**	1,153,947
		7,373,851	5,150,849
Amounts due to related parties controlled by the substantial shareholder of the Company	(c)	**1,535,585**	476,934
Amount due to ultimate holding company	(c)	**30**	270,000
		8,909,466	5,897,783
		20,114,371	17,016,666

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25. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables

The following is an ageing analysis of trade payables, based on invoice date, at the reporting date:

	2015 **RMB'000**	2014 RMB'000
0 – 60 days	**8,746,578**	8,644,894
61 – 90 days	**1,090,495**	723,267
Over 90 days	**1,296,177**	1,385,806
	11,133,250	10,753,967

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

(b) Notes payables

All notes payables are denominated in RMB and are notes paid and/or payable to third parties for settlement of trade payables. As at 31 December 2015 and 2014, all notes payables have maturities of less than one year from the reporting date.

As at 31 December 2015, the Group pledged notes receivables and pledged bank deposits of RMB23,365,000 (2014: RMB421,909,000) and RMB40,533,000 (2014: RMB47,451,000) respectively to secure the notes payables.

(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.

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

26. BANK BORROWINGS

	Note	**2015** **RMB'000**	2014 RMB'000
Bank loans secured by the Group's assets	(a)	**–**	391,616
Bank loans guaranteed by the ultimate holding company	(b)	**–**	300,000
Total bank borrowings		**–**	691,616

At 31 December 2014, the Group's borrowings were carried at amortised cost, repayable within one year or on demand and shown under current liabilities. All bank borrowings are repaid during the year.

Notes:

(a) As at 31 December 2014, these bank borrowings, together with notes payables, were secured by the notes receivables of RMB421,909,000 (note 21(b)) and pledged bank deposits of RMB47,451,000, with interest bearing at 3.95% per annum.

(b) As at 31 December 2014, these bank borrowings were guaranteed by the Company's ultimate holding company and carried interest at 5.6% per annum.

As at 31 December 2014, all bank borrowings were fixed-rate borrowings. Further details of the Group's management of liquidity risk were set out in note 37.

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27. DEFERRED TAX ASSETS AND LIABILITIES

The following is the deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements thereon during the year:

	2015 RMB'000	2014 RMB'000
At 1 January	**97,026**	73,105
Exchange differences	**150**	(2,536)
(Credit)/Charge to the consolidated income statement (note 10)	**(16,487)**	21,666
De-recognition through disposal of subsidiaries (note 30)	**–**	4,791
At 31 December	**80,689**	97,026

Deferred tax assets

	Provisions RMB'000	**Unused tax losses RMB'000**	**Intangible assets RMB'000**	**Others RMB'000**	**Total RMB'000**
At 1 January 2014	36,639	–	–	33,482	70,121
Exchange differences	2,137	–	–	150	2,287
Credit to the consolidated income statement	(23,524)	–	18,114	(37)	(5,447)
De-recognition through disposal of subsidiaries (note 30)	(15,252)	–	–	–	(15,252)
At 31 December 2014 and 1 January 2015	–	–	18,114	33,595	51,709
Exchange differences	–	–	–	(150)	(150)
Credit to the consolidated income statement	–	28,144	13,547	888	42,579
At 31 December 2015	**–**	**28,144**	**31,661**	**34,333**	**94,138**

27. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax liabilities

	Withholding tax on undistributed profits from the PRC subsidiaries RMB'000	Accelerated tax depreciation RMB'000	Total RMB'000
At 1 January 2014	132,516	10,710	143,226
Exchange differences	–	(249)	(249)
Charge to the consolidated income statement (note 10)	16,219	–	16,219
De-recognition through disposal of subsidiaries (note 30)	–	(10,461)	(10,461)
At 31 December 2014 and 1 January 2015	148,735	–	148,735
Charge to the consolidated income statement (note 10)	26,092	–	26,092
At 31 December 2015	**174,827**	**–**	**174,827**

27. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax liabilities (Continued)

The deferred tax assets have been offset against certain deferred tax liabilities on the consolidated statement of financial position as they are related to the same entity and related to tax levied by the same tax authority. The amounts recognised in the consolidated statement of financial position are as follows:

	2015 **RMB'000**	2014 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**(94,138)**	(51,709)
Deferred tax liabilities recognised in the consolidated statement of financial position	**174,827**	148,735
Net deferred tax liabilities	**80,689**	97,026

Withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax liabilities has been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries based on the expected dividends payout ratio of these PRC subsidiaries. Deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 profits earned by the PRC subsidiaries amounting to approximately RMB8,577,099,000 (2014: RMB7,519,779,000).

At the reporting date, the Group has unused tax losses of approximately RMB1,983,847,000 (2014: RMB1,169,000,000) available for offset against future profits. Of the total tax losses, approximately RMB352,000,000 (2014: RMB360,000,000) may be carried forward for five years from the year of incurring the loss, and the remaining unrecognised tax losses have no expiry dates. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

28. SHARE CAPITAL

	Number of shares	Nominal value RMB'000
Authorised:		
Ordinary shares of HK$0.02 each		
At 31 December 2014 and 2015	**12,000,000,000**	**246,720**
Issued and fully paid:		
Ordinary shares of HK$0.02 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	**8,801,446,540**	**161,346**
Shares issued under share option scheme (note)	**540,000**	**8**
At 31 December	**8,801,986,540**	**161,354**

Note: During the year ended 31 December 2015, share options were exercised to subscribe for 540,000 ordinary shares of the Company at a consideration of approximately RMB1,735,000 of which approximately RMB8,000 was credited to share capital and approximately RMB1,727,000 was credited to the share premium account. As a result of the exercise of share options, share option reserve of RMB775,000 has been transferred to the share premium account in accordance with the accounting policy set out in note 4(n).

29. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value.

(b) Statutory reserve

As stipulated by the relevant laws and regulations for foreign-invested enterprises in the PRC, the Company's subsidiaries incorporated in the PRC are required to maintain certain statutory reserves.

(c) Capital reserve

Capital reserve represents differences between the consideration paid/received and the fair value of net assets acquired/disposed of by the subsidiaries of the Group from/to Zhejiang Geely Holding Group Company Limited, the ultimate holding company of the Company, and its subsidiaries in prior years.

(d) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(g).

(e) Share option reserve

Share option reserve represents the fair value of share options granted to employees recognised and is dealt with in accordance with the accounting policy set out in note 4(n).

(f) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at year end and is dealt with in accordance with the accounting policy in note 4(h).

(g) Accumulated profits

Accumulated profits represent accumulated net profit or losses less dividends paid plus other transfers to or from other reserves.

30. DISPOSAL OF SUBSIDIARIES

On 8 January 2015, the Company entered into a joint venture agreement with independent third parties for the establishment of a joint venture, Ninghai Zhidou (note 19). The Group has contributed its entire shareholding in Lanzhou Zhidou, its indirectly owned subsidiary with 99% equity interest, to Ninghai Zhidou, in exchange of 50% shareholding in Ninghai Zhidou. Upon the completion of the above-mentioned transaction, Lanzhou Zhidou ceased to be a subsidiary of the Company. The disposal of Lanzhou Zhidou was completed in April 2015. The consideration of the disposal of a subsidiary was RMB500,000,000. The net assets disposed of at the disposal date are set out as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 14)	298,413
Intangible assets (note 15)	69,910
Land lease prepayments (note 16)	12,198
Goodwill (note 17)	6,222
Inventories	460
Trade and other receivables	62,173
Bank balances and cash	3,047
Trade and other payables	(77,127)
Income tax payable	(1,363)
	373,933
Net gain on disposal of a subsidiary:	
Fair value of equity interest of Ninghai Zhidou acquired (note 19)	500,000
Net assets disposed of	(373,933)
Non-controlling interests	(309)
Unrealised gain on disposal of a subsidiary to a joint venture (note 19)	(62,879)
	62,879
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(3,047)

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30. DISPOSAL OF SUBSIDIARIES (Continued)

During the year ended 31 December 2014, the Group disposed of the entire interests in DSI Holdings Pty Limited ("DSI"), Hunan Jisheng International Drivetrain System Company Limited ("Hunan Jisheng") and Shandong Geely Gearbox Company Limited ("Shandong Gearbox"), the indirectly owned subsidiaries of the Company (collectively the "disposal group"), to related companies with a common beneficiary shareholder of the Company. The considerations for the disposals of DSI, Hunan Jisheng and Shandong Gearbox were approximately Australian dollars 88,354,000 (equivalent to approximately RMB474,375,000), RMB85,500,000 and RMB100,000,000, respectively. The disposals of DSI, Hunan Jisheng and Shandong Gearbox were completed in September, August and August 2014, respectively.

	RMB'000
Aggregated net assets disposed of:	
Property, plant and equipment (note 14)	428,045
Intangible assets (note 15)	54,163
Available-for-sale financial assets	2,299
Land lease prepayments (note 16)	39,424
Deferred tax assets (note 27)	15,252
Inventories	65,832
Trade and other receivables	150,056
Bank balances and cash	165,254
Trade and other payables	(344,588)
Income tax recoverable	16,097
Deferred tax liabilities (note 27)	(10,461)
Shareholder's loan	(181,422)
Fair value reserve	52
Translation reserve	3,316
	403,319
Net gain on disposal of subsidiaries (note):	
Cash consideration received	659,875
Assignment of loan amounts due from DSI by the Group	(181,422)
Net assets disposed of	(403,319)
Non-controlling interests	1,597
	76,731
Aggregated net cash inflow arising on disposal:	
Cash consideration received	659,875
Assignment of loan amounts due from DSI by the Group	(181,422)
Bank balances and cash disposed of	(165,254)
	313,199

Note: As the subsidiaries were disposed of to related companies with a common beneficiary shareholder, the net gain on disposal is recognised as the movement in capital reserve.

31. COMMITMENTS

Capital expenditure commitments

At the reporting date, the capital commitments not provided for in the consolidated financial statements were as follows:

	2015 **RMB'000**	2014 RMB'000
Contracted but not provided for, net of deposits paid		
– purchase of property, plant and equipment	**1,514,991**	327,582
– purchase of intangible assets	**–**	1,258
– investment in a joint venture	**–**	720,000
	1,514,911	1,048,840

Operating lease commitments – as lessee

At the reporting date, the total future minimum lease payments in respect of office and factory premises and other assets under non-cancellable operating leases are payable as follows:

	2015 **RMB'000**	2014 RMB'000
Office and factory premises		
Within one year	**6,126**	6,282
In the second to fifth years inclusive	**12,349**	1,036
After five years	**6,602**	–
	25,077	7,318
Other assets		
Within one year	**136**	803
In the second to fifth years inclusive	**–**	328
	136	1,131
	25,213	8,449

Leases are negotiated and rental are fixed for an initial period of one to three years (2014: one to three years) with an option to renew the leases when all terms are renegotiated.

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31. COMMITMENTS (Continued)

Operating lease commitments – as lessor

At the reporting date, the total future minimum lease receipts in respect of leasehold land and buildings, motor vehicles and plant and machinery under non-cancellable operating leases are receivable as follows:

	2015 RMB'000	2014 RMB'000
Leasehold land and buildings		
Within one year	**4,391**	7,162
In the second to fifth years inclusive	**16,877**	16,791
After five years	**26,235**	30,433
	47,503	54,386
Motor vehicles and plant and machinery		
Within one year	**4,001**	4,001
In the second to fifth years inclusive	**16,004**	16,004
After five years	**25,006**	29,007
	45,011	49,012
	92,514	103,398

Leases are negotiated and rental are fixed for an initial period of one to fourteen years (2014: one to fourteen years).

32. RETIREMENT BENEFITS SCHEME

The Group participates in MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of the employees' relevant income to the scheme. Both the employer's and the employees' contributions are subject to a maximum of monthly relevant income of HK$30,000 (equivalent to RMB24,000) (HK$25,000 prior to June 2014) per employee. Contributions to the plan vest immediately.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a fixed percentage of the employee's basic salary to the retirement benefit scheme to fund the benefit. The only obligation of the Group in respect of the retirement benefit scheme is to make the specified contributions.

Contributions are made by the Company's subsidiaries in other overseas countries to defined contribution superannuation funds in accordance with the relevant laws and regulations in these countries.

During the year, the aggregate employer's contributions made by the Group amounted to RMB127,954,000 (2014: RMB114,299,000).

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 31 May 2002, a share option scheme was adopted by the Company and is valid and effective for a period of ten years from 31 May 2002 (the "Old Share Option Scheme"). Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 May 2012, a new share option scheme (the "New Share Option Scheme") was adopted to replace the Old Share Option Scheme with the same terms. The Old Share Option Scheme and the New Share Option Scheme are collectively referred to as the "Scheme". After adoption of the New Share Option Scheme, the Old Share Option Scheme was terminated.

The Scheme was adopted for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All directors, full-time employees and any other persons who, in the sole discretion of the Board of Directors, have contributed or will contribute to the Group are eligible to participate in the Scheme.

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

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33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option schemes adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption.

Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the Scheme or any other share option schemes adopted by the Company in any twelve-month period must not exceed 1% of the issued share capital of the Company.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within five business days from the date of offer, the offer is delivered to that participant and the amount payable on acceptance of each share option is HK$1.

For those share options granted after 1 January 2010 and prior to 1 January 2015, one-tenth of share options granted will vest in every year from the grant date with one-tenth of options being vested immediately at the date of grant. For those share options granted after 1 January 2015, none of the share options will be vested in the first year, one-fourth of share options granted will vest in every year from the second year of the grant date.

The subscription price for the shares under the Scheme is a price determined by the directors, but not less than the highest of (i) the closing price of shares as stated on the SEHK on the date of the offer of grant; (ii) the average closing price of the shares as stated on the SEHK's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

No options may be granted under the Scheme after the date of the tenth anniversary of its adoption.

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

The following table discloses details of the Company's share options under the Scheme held by directors, eligible employees and other persons and movements:

2015

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Granted during the year	Exercised during the year	Forfeited during the year	Transfer upon resignation	Outstanding at 31 December
Directors								
Mr. Ang Siu Lun, Lawrence	18 January 2010 to 17 January 2020	4.07	11,000,000	–	–	–	–	11,000,000
	9 January 2016 to 8 January 2020	2.79	–	5,000,000	–	–	–	5,000,000
Mr. An Cong Hui	18 January 2010 to 17 January 2020	4.07	9,000,000	–	–	–	–	9,000,000
Mr. An Qing Heng	9 January 2016 to 8 January 2020	2.79	–	1,000,000	–	–	–	1,000,000
Mr. Gui Sheng Yue	18 January 2010 to 17 January 2020	4.07	11,500,000	–	–	–	–	11,500,000
	9 January 2016 to 8 January 2020	2.79	–	6,000,000	–	–	–	6,000,000
Mr. Liu Jin Liang	18 January 2010 to 17 January 2020	4.07	9,000,000	–	–	–	–	9,000,000
Ms. Wei Mei	18 January 2010 to 17 January 2020	4.07	3,000,000	–	–	–	–	3,000,000
	23 March 2012 to 22 March 2022	4.07	5,000,000	–	–	–	–	5,000,000
Mr. Yang Jian	18 January 2010 to 17 January 2020	4.07	12,000,000	–	–	–	–	12,000,000
Mr. Lee Cheuk Yin, Dannis	18 January 2010 to 17 January 2020	4.07	1,000,000	–	–	–	–	1,000,000
	9 January 2016 to 8 January 2020	2.79	–	1,000,000	–	–	–	1,000,000
Mr. Yeung Sau Hung, Alex	18 January 2010 to 17 January 2020	4.07	1,000,000	–	–	–	–	1,000,000
	9 January 2016 to 8 January 2020	2.79	–	1,000,000	–	–	–	1,000,000
Mr. Carl Peter Edmund Moriz Forster	9 January 2016 to 8 January 2020	2.79	–	1,000,000	–	–	–	1,000,000
Mr. Wang Yang	9 January 2016 to 8 January 2020	2.79	–	1,000,000	–	–	–	1,000,000
			62,500,000	16,000,000	–	–	–	78,500,000

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33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

2015 (Continued)

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Granted during the year	Exercised during the year	Forfeited during the year	Transfer upon resignation	Outstanding at 31 December
Employees	18 January 2010 to 17January 2020	4.07	306,750,000	–	(540,000)	(21,450,000)	–	284,760,000
	21 April 2010 to 20 April 2020	4.07	14,000,000	–	–	(1,000,000)	–	13,000,000
	23 March 2012 to 22 March 2022	4.07	16,500,000	–	–	–	–	16,500,000
	25 June 2012 to 24 June 2022	4.07	9,000,000	–	–	–	–	9,000,000
	17 January 2013 to 16 January 2023	4.11	4,100,000	–	–	–	–	4,100,000
	9 January 2016 to 8 January 2020	2.79	–	16,900,000	–	–	–	16,900,000
	2 June 2016 to 1 June 2020	4.08	–	1,000,000	–	–	–	1,000,000
			350,350,000	17,900,000	(540,000)	(22,450,000)	–	345,260,000
Other eligible participants	2 June 2016 to 1 June 2020	4.08	–	20,400,000	–	–	–	20,400,000
			412,850,000	54,300,000	(540,000)	(22,450,000)	–	444,160,000

	Outstanding at 1 January HK$	Granted during the year HK$	Exercised during the year HK$	Forfeited during the year HK$	Outstanding at 31 December HK$
Weighted average exercise price per share	4.07	3.30	4.07	4.07	3.98
Weighted average remaining contractual life of options outstanding at 31 December 2015					4.25 years
Number of options exercisable at 31 December 2015					226,586,000
Weighted average exercise price per share of options exercisable at 31 December 2015					HK$4.07

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

2014

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Granted during the year	Exercised during the year	Forfeited during the year	Transfer upon resignation	Outstanding at 31 December
Directors								
Mr. Ang Siu Lun, Lawrence	18 January 2010 to 17 January 2020	4.07	11,000,000	–	–	–	–	11,000,000
Mr. An Cong Hui	18 January 2010 to 17 January 2020	4.07	9,000,000	–	–	–	–	9,000,000
Mr. Gui Sheng Yue	18 January 2010 to 17 January 2020	4.07	11,500,000	–	–	–	–	11,500,000
Mr. Liu Jin Liang	18 January 2010 to 17 January 2020	4.07	9,000,000	–	–	–	–	9,000,000
Ms. Wei Mei	18 January 2010 to 17 January 2020	4.07	3,000,000	–	–	–	–	3,000,000
	23 March 2012 to 22 March 2022	4.07	5,000,000	–	–	–	–	5,000,000
Mr. Yang Jian	18 January 2010 to 17 January 2020	4.07	12,000,000	–	–	–	–	12,000,000
Mr. Lee Cheuk Yin, Dannis	18 January 2010 to 17 January 2020	4.07	1,000,000	–	–	–	–	1,000,000
Mr. Song Lin	18 January 2010 to 17 January 2020	4.07	1,000,000	–	–	–	(1,000,000)	–
Mr. Yeung Sau Hung, Alex	18 January 2010 to 17 January 2020	4.07	1,000,000	–	–	–	–	1,000,000
Mr. Li Dong Hui, Daniel	23 March 2012 to 22 March 2022	4.07	7,000,000	–	–	–	(7,000,000)	–
			70,500,000	–	–	–	(8,000,000)	62,500,000

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33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

2014 (Continued)

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Granted during the year	Exercised during the year	Forfeited during the year	Transfer upon resignation	Outstanding at 31 December
Employees	18 January 2010 to 17January 2020	4.07	330,600,000	–	–	(24,850,000)	1,000,000	306,750,000
	21 April 2010 to 20 April 2020	4.07	14,400,000	–	–	(400,000)	–	14,000,000
	23 March 2012 to 22 March 2022	4.07	12,000,000	–	–	(2,500,000)	7,000,000	16,500,000
	25 June 2012 to 24 June 2022	4.07	9,000,000	–	–	–	–	9,000,000
	17 January 2014 to 16 January 2023	4.11	4,100,000	–	–	–	–	4,100,000
			370,100,000	–	–	(27,750,000)	8,000,000	350,350,000
			440,600,000	–	–	(27,750,000)	–	412,850,000

	Outstanding at 1 January HK$	Forfeited during the year HK$	Transfer upon resignation HK$	Outstanding at 31 December HK$
Weighted average exercise price per share	4.07	4.07	4.07	4.07
Weighted average remaining contractual life of options outstanding at 31 December 2014				5 years
Number of options exercisable at 31 December 2014				198,275,000
Weighted average exercise price per share of options exercisable at 31 December 2014				HK$4.07

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

During the year ended 31 December 2015, 32,900,000 options and 21,400,000 options were granted on 9 January 2015 and 2 June 2015 with estimated total fair values of approximately RMB34,300,000 and RMB25,500,000 respectively. The closing prices of the Company's shares immediately before the date on which the share options granted on 9 January 2015 and 2 June 2015 were HK$2.79 and HK$4.02 respectively. The exercise prices of the share options granted were HK$2.79 per share for share options granted on 9 January 2015 and HK$4.08 per share for share options granted on 2 June 2015 respectively.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair values were measured based on Binomial Option Pricing Model. The inputs into the model are as follows:

Grant date	2 June 2015	9 January 2015
Share price	HK$4.02	HK$2.79
Exercise price	HK$4.08	HK$2.79
Expected volatility	46.12%	46.72%
Expected life (expressed as weighted average life used in the modelling under Binomial Option Pricing Model)	5 years	5 years
Risk-free interest rate	1.12%	1.28%
Expected dividends	1.14%	1.26%

Expected volatility was determined by using historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate. The Group recognised a total expense of RMB61,875,000 (2014: RMB59,850,000) for the year ended 31 December 2015 in relation to share options granted by the Company. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share options granted.

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34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS

Certain transactions fell under the definition of continuing connected transactions (as defined in the Listing Rules) are disclosed in Directors' Report.

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following material transactions with connected and related parties:

(a) Transactions

Name of related parties	Nature of transactions	2015 RMB'000	2014 RMB'000
Related companies (notes (a) and (b))			
Zhejiang Geely Automobile Company Limited# 浙江吉利汽車有限公司	Sales of complete knock down kits and sedan tool kits	**14,554,461**	8,459,803
	Sales of automobile parts and components	**15,397**	4,644
	Claims income on defective materials purchased	**80,610**	56,631
	Purchase of complete buildup units	**15,270,192**	8,748,155
	Purchase of automobile parts and components	**21,645**	–
	Sub-contracting fee paid	**31,709**	26,054
	Claims paid on defective materials sold	**73,151**	55,799
	Acquisition of property, plant and equipment	**6,343**	949
	Research and development services rendered	**6,567**	–
	Sales of property, plant, and equipment	**1,026**	–
Shanghai Maple Automobile Company Limited# 上海華普汽車有限公司	Sales of complete and semi knock down kits and sedan tool kits	**–**	233,573
	Sales of automobile parts and components	**479**	515
	Claims income on defective materials purchased	**244**	2,102
	Purchase of complete buildup units	**–**	243,776
	Claims paid on defective materials sold	**–**	1,076
	Rental income	**178**	962
	Research and development services rendered	**1,480**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2015 RMB'000	2014 RMB'000
Related companies (notes (a) and (b))			
Zhejiang Haoqing Automobile Manufacturing Company Limited# 浙江豪情汽車製造有限公司	Sales of complete knock down kits and sedan tool kits	**11,132,964**	7,232,232
	Sales of automobile parts and components	**772**	902
	Claims income on defective materials purchased	**101,606**	70,924
	Purchase of complete buildup units	**11,661,224**	7,514,731
	Purchase of automobile parts and components	**333**	18,675
	Sub-contracting fee paid	**17,575**	18,052
	Claims paid on defective materials sold	**103,850**	64,926
	Acquisition of property, plant and equipment	**1,241**	1,812
	Rental income	**290**	290
Zhejiang Geely Automobile Parts and Components Company Limited# 浙江吉利汽車零部件採購有限公司	Claims income on defective materials purchased	**25,316**	20,858
	Purchase of automobile parts and components	**4,601,237**	3,282,616
	Acquisition of property, plant and equipment	**1,758**	–
	Disposal of subsidiaries (note 30)	**–**	185,500
Taizhou Haoqing Automobile Sales Company Limited# 台州豪情汽車銷售有限公司	Sales of after sales car parts	**3,254**	3,837
	Sales of complete buildup units	**186,964**	137,838
	Claims paid on defective materials sold	**1,611**	1,053
	Acquisition of property, plant and equipment	**581**	–

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34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2015 RMB'000	2014 RMB'000
Related companies (notes (a) and (b))			
Zhejiang Wisdom Electronics Equipment Company Limited# ("Zhejiang Wisdom") 浙江智慧電裝有限公司 (note (c))	Purchase of automobile parts and components	**–**	10,426
	Rental income	**–**	86
	Claims income on defective materials purchased	**–**	24
Chengdu New Land Automobile Co., Ltd# 成都新大地汽車有限責任公司	Sales of complete knock down kits and sedan tool kits	**–**	2,923,968
	Purchase of complete buildup units	**–**	3,096,706
	Acquisition of property, plant and equipment	**–**	1,335
	Claims paid on defective materials sold	**–**	26,660
	Claim income on defective materials purchased	**–**	23,195
Shanghai LTI Automobile Components Company Limited# 上海英倫帝華汽車部件有限公司	Sales of automobile parts and components	**33**	239
	Purchase of automobile parts and components	**4,424**	1,695
	Rental income	**4,198**	7,617
	Sales of complete knock down kits and sedan tool kits	**–**	103
Hunan Jisheng International Drivetrain System Company Limited# ("Hunan Jisheng") (note (d)) 湖南吉盛國際動力傳動系統有限公司	Purchase of automobile parts and components	**69,574**	98,905
	Sales of automobile parts and components	**–**	10
	Claims income on defective materials purchased	**11,188**	6,020

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34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2015 RMB'000	2014 RMB'000
Related companies (notes (a) and (b))			
Shandong Geely Gearbox Company Limited# 山東吉利變速器有限公司	Acquisition of property, plant and equipment	–	580
Geely Automobile Research Development Co., Ltd# 寧波吉利汽車研究開發有限公司	Sales of complete knock down kits and sedan tool kits	12,159	–
	Sales of automobile parts and components	2,391	1,816
Zhejiang Jirun Chunxiao Automobile Components Company Limited# (note (e)) 浙江吉潤春曉汽車部件有限公司	Sales of automobile parts and components	–	739
DSI Holdings Pty Limited	Research and development fee paid	–	12,573
	Sales of automobile parts and components	–	228
Volvo Technology (Shanghai) Co., Ltd# 沃爾沃汽車技術(上海)有限公司	Service fee income	2,151	–
Associates			
Mando (Ningbo) Automotive Parts Co., Limited# 萬都(寧波)汽車零部件有限公司	Purchase of automobile parts and components	1,169,254	735,838
	Claims income on defective materials purchased	–	4,870
	Service fee income	4,015	–

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34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2015 RMB'000	2014 RMB'000
Associates			
Ningbo DIPO Traffic Facilities Co., Ltd# 寧波帝寶交通器材有限公司	Purchase of automobile parts and components	**38,676**	2,431
Closed Joint Stock Company BELGEE	Sales of complete buildup units	**15,601**	531,474
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd.# 佛吉亞排氣控制技術(寧波)有限公司	Purchase of automobile parts and components	**180,922**	–
Joint venture and its subsidiary			
Kandi Electric Vehicles (Shanghai) Co., Ltd.# 康迪電動汽車(上海)有限公司	Sales of complete buildup units	**–**	49,011
	Sales of automobile parts and components	**71,802**	44,837
	Disposal of property, plant and equipment	**–**	4,549
Genius Auto Finance Company Limited# 吉致汽車金融有限公司	Service fee income	**6,030**	–
Immediate parent			
Proper Glory Holding Inc.	Disposal of a subsidiary (note 30)	**–**	474,375
Ultimate holding company			
Zhejiang Geely Holding Group Company Limited# 浙江吉利控股集團有限公司	Rental income	**–**	460

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

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34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Notes:

(a) The Group and the related companies are under the common control of the substantial shareholder of the Company's ultimate holding company.

(b) The Group does not have the automobile catalogue issued by the National Development Reform Commission in the PRC which is required to facilitate payment of the PRC consumption tax. The related parties referred to above have the relevant automobile catalogue license and therefore the sales of complete knock down kits and sedan tool kits to and purchase of complete buildup units from related parties as set out above have been presented on a net basis in the consolidated income statement (to the extent that they are back-to-back transactions) since the said related parties in effect only act as a channel to facilitate the payment of the PRC consumption tax. For the same reason, the related claims income from and claims expenses paid to these related parties have also been presented on a net basis as long as they are back-to-back transactions.

(c) In May 2014, the Company's ultimate holding company has disposed of Zhejiang Wisdom to an independent third party. Subsequently, Zhejiang Wisdom is no longer a related company of the Group.

(d) In May 2015, the Company's ultimate holding company has disposed of Hunan Jisheng to an independent third party. Subsequently, Hunan Jisheng is no longer a related company of the Group. The transactions represented purchases and claims income before the disposal.

(e) Zhejiang Jirun Chunxiao Automobile Components Company Limited had been acquired by the Group as a wholly-owned subsidiary in May 2015 (note 35). The transactions represented sales before the acquisition.

(b) Compensation of key management personnel

The remuneration of directors (as disclosed in note 13) and other members of key management during the year are as follows:

	2015	2014
	RMB'000	RMB'000
Short-term benefits	**12,796**	23,552
Retirement scheme contribution	**216**	775
Equity settled share-based payments	**61,875**	59,850
	74,887	84,177

The remuneration of directors and key management are determined by the remuneration committee having regard to the performance of individuals and market trends. Total remuneration is included on "staff costs" (see note 9(b)).

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel (Continued)

Other than the material related party transactions disclosed above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Financial guarantee contracts

As at 31 December 2015, the Group has provided guarantees with respect to banking facilities granted to the Company's ultimate holding company of RMB320,000,000 (2014: RMB340,000,000), and bank borrowings and notes payables of the Group's joint ventures totalling RMB143,690,000 (2014: RMB138,630,000). Without taking into account of any collateral held, this represented the Group's maximum exposure under the financial guarantee contracts at the reporting date. During the year, the maximum guarantee provided by the Group was determined to be RMB463,690,000 (2014: RMB478,630,000). As at the reporting date, the Company's ultimate holding company will provide 100% counter guarantees to the Group by way of cash in respect of the above guarantees provided by the Group to the respective banks.

Under the financial guarantee contracts, land lease prepayments and property, plant and equipment of the Group with carrying amounts of RMB78,588,000 (2014: RMB80,404,000) and RMB141,297,000 (2014: RMB146,250,000) respectively, have been pledged to the banks as at 31 December 2015.

The Group would only be liable to pay the banks if the banks are unable to recover the loans. No provision for the Group's obligation under the financial guarantee contracts have been made as it was not probable that the repayment of the bank borrowings by the Company's ultimate holding company and settlement of bank borrowings and notes payables by the joint ventures would be in default. According to the terms of the bank loans, the earliest repayment dates of the bank loans of RMB400,000,000 and RMB220,000,000 are in 2016 and 2017 respectively (2014: RMB100,000,000 and RMB240,000,000 in 2015 and 2017 respectively) and the notes payables would be repayable within one year. The financial guarantee is measured at fair value in initial recognition. The fair value of the guarantee is insignificant.

35. BUSINESS COMBINATIONS

Zhejiang Jirun Chunxiao Automobile Components Company Limited ("Chunxiao Automobile")

On 6 February 2015, the Group entered into an equity transfer agreement with Zhejiang Geely Automobile Company Limited, a related party controlled by the substantial shareholder of the Company, to acquire the entire equity interest of Chunxiao Automobile at a cash consideration of RMB1,137,841,000. Chunxiao Automobile is engaged in provision of research, development, production and marketing services and sales of sedans and related automobile components in the PRC. 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.

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35. BUSINESS COMBINATIONS (Continued)

Zhejiang Jirun Chunxiao Automobile Components Company Limited ("Chunxiao Automobile") (Continued)

The assets acquired and liabilities recognised at the acquisition date are as follows:

	Pre-acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognised values on acquisition RMB'000
The net assets acquired:			
Property, plant and equipment (note 14)	1,508,483	(950)	1,507,533
Land lease prepayments (note 16)	389,902	47,029	436,931
Trade and other receivables	293,378	–	293,378
Inventories	143,205	–	143,205
Bank balances and cash	3,946	–	3,946
Trade and other payables	(1,249,736)	–	(1,249,736)
	1,089,178	46,079	1,135,257
Goodwill arising on acquisition (note 17):			
Cash consideration transferred			1,137,841
Fair value of identifiable net assets acquired			(1,135,257)
			2,584
Net cash outflow arising on acquisition of a subsidiary:			
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. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose. No acquisition-related costs had been incurred in relation to the acquisition.

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35. BUSINESS COMBINATIONS (Continued)

Zhejiang Jirun Chunxiao Automobile Components Company Limited ("Chunxiao Automobile") (Continued)

Chunxiao Automobile has contributed a revenue and a profit of RMBNil and RMB82,512,000 respectively from the acquisition date to 31 December 2015.

If the acquisition had occurred on 1 January 2015, the consolidated revenue and consolidated profit of the Group for the year ended 31 December 2015 would be RMB30,138,256,000 and RMB2,318,577,000 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 had been occurred on 1 January 2015 and could not serve as a basis for the forecast of future operation results.

Shanxi New Energy Automobile Sales Company Limited# 山西新能源汽車銷售有限公司 ("Shanxi New Energy")

On 10 June 2015, the Group entered into an equity transfer agreement with Shanxi New Energy Automobile Industrial Company Limited, a related party controlled by the substantial shareholder of the Company, to acquire the entire equity interest of Shanxi New Energy at a cash consideration of RMB5,000,000. Shanxi New Energy engaged in provision of marketing services and sales of automobiles. The acquisition of Shanxi New Energy was completed in July 2015.

The assets acquired and liabilities recognised at the acquisition date are as follows:

	RMB'000
The net assets acquired:	
Trade and other receivables	7,959
Bank balances and cash	4,966
Trade and other payables	(7,740)
Income tax payable	(46)
	5,139
Bargain purchase gain arising from acquisition of a subsidiary (note 8):	
Cash consideration transferred	5,000
Fair value of identifiable net assets acquired	(5,139)
	(139)
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	(5,000)
Bank balances and cash acquired	4,966
	(34)

35. BUSINESS COMBINATIONS (Continued)

Shanxi New Energy Automobile Sales Company Limited# 山西新能源汽車銷售有限公司 ("Shanxi New Energy") (Continued)

There is no material difference between the pre-acquisition carrying amounts and fair value of the assets acquired and liabilities recognised. No acquisition-related costs had been incurred in relation to the acquisition.

Shanxi New Energy has contributed a revenue and a profit of RMBNil and RMB39,000 respectively from the acquisition date to 31 December 2015. The consolidated revenue and consolidated profit for the year would not be significantly different if the acquisition had occurred on 1 January 2015.

The English translation of the name of the company is for reference only. The official name of the Company is in Chinese.

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt (which includes Senior Notes and bank borrowings) and equity attributable to equity holders of the Company, comprises issued share capital and reserves.

Gearing ratio

The Company's Board of Directors reviews the capital structure on a regular basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. The Group does not have a specific target gearing ratio determined as the proportion of debt to equity but will closely monitor the fluctuations of the gearing ratio.

The gearing ratio at the reporting date was as follows:

	2015 **RMB'000**	2014 RMB'000
Debt	**1,928,856**	2,511,754
Equity attributable to equity holders of the Company	**19,523,816**	17,287,996
Debt to equity ratio	**10%**	15%

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to market risk (including interest rate risk and currency risk), credit and liquidity risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

These risks are limited by the Group's financial management policies and practices described below.

Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Bank balances and cash of the Group have been deposited into established banks in countries that the Group operates.

In respect of trade and other receivables, credit evaluations are performed on customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic and business environment in which the customer operates. Normally, the Group does not obtain collateral from customers except as disclosed in note 21(a). In addition, most of the debtors have good credit quality as set out in note 21(a) to the consolidated financial statements.

The maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset, excluding financial assets at fair value through profit or loss, in the consolidated statement of financial position after deducting any impairment allowance. In addition, as set out in note 34(c) to the consolidated financial statements, some of the Group's assets have been pledged and the Group also provided guarantees to secure banking facilities granted to the Company's ultimate holding company and to secure the bank borrowings and notes payables to the Group's joint ventures. The directors consider the Company's ultimate holding company and the joint ventures have sufficient financial strength and the probability of default is low. The Group does not provide any other guarantees which would expose the Group to credit risk. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Equity price risk

The Group is exposed to the equity price changes arising from the equity securities classified as financial assets at fair value through profit or loss (note 22).

The Group's listed investments are listed overseas. Decisions to buy or sell securities are based on the Group's liquidity needs. The Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least twice a year against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

At 31 December 2015, it is estimated that an increase/(decrease) of 10% (2014: 10%) in the relevant stock market index (for listed investments) with all other variables held constant, would have increased/decreased the Group's profit after taxation (and accumulated profits) and other components of consolidated equity as follows:

	2015		2014	
		Effect on profit after taxation and accumulated profits RMB'000		Effect on profit after taxation and accumulated profits RMB'000
Change in the relevant equity price risk variable				
Increase	**10%**	**1,712**	10%	1,529
Decrease	**10%**	**1,712**	10%	1,529

The sensitivity analysis indicates the instantaneous change in the Group's profit after taxation (and accumulated profits) and other components of consolidated equity that would arise assuming that the change in the stock market index or other relevant risk variables had occurred at the reporting date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the reporting date. The fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables and that all other variables remain constant. The analysis is performed on the same basis for 2014.

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows including interest and the contractual maturities.

	Weighted average effective interest rate %	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amount as at 31 December RMB'000
2015						
Financial liabilities at amortised cost						
Trade and other payables	–	15,077,506	–	–	15,077,506	15,077,506
Senior notes	5.54	102,229	102,229	2,127,580	2,332,038	1,928,856
Financial guarantee issued:						
Maximum amount guaranteed (note 34(c))	–	463,690	–	–	463,690	–
		15,643,425	102,229	2,127,580	17,873,234	17,006,362

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amount as at 31 December RMB'000
2014						
Financial liabilities at amortised cost						
Trade and other payables	–	13,792,858	–	–	13,792,858	13,792,858
Bank borrowings	4.55	695,791	–	–	695,791	691,616
Senior notes	5.54	–	–	1,841,547	1,841,547	1,820,138
Financial guarantee contracts:						
Maximum amount guaranteed (note 34(c))	–	478,630	–	–	478,630	–
		14,967,279	–	1,841,547	16,808,826	16,304,612

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the guarantee arrangement if that amounts are claimed by the counterparty to the guarantee on bank borrowings and notes payables procured by the ultimate holding company of the Company and the Group's joint ventures respectively. Based on the expectations at the reporting date, the Group considers that no amount will be payable for the financial guarantee contracts.

For the year ended 31 December 2015

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Group's interest rate risk relates primarily to Senior Notes (note 24). The Group does not apply any derivatives to hedge interest rate risk.

The interest rate profile of the Group as at the reporting date has been set out in the liquidity risk section of this note. Senior Notes bear fixed rate through the contractual terms. Therefore, the Group does not have significant exposure to interest rate risk as at 31 December 2015.

Currency risk

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The foreign currencies giving rise to this risk are primarily Hong Kong dollars, USD, Australian dollars and Euro.

The following table details the Group's exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2015				2014			
	Hong Kong dollars RMB'000	**USD RMB'000**	**Australian dollars RMB'000**	**Euro RMB'000**	Hong Kong dollars RMB'000	USD RMB'000	Australian dollars RMB'000	Euro RMB'000
Bank balances and cash	**45,028**	**125,828**	**17,941**	**3,980**	36,919	1,581,650	443,854	52,537
Trade and other receivables	**546**	**719,211**	**–**	**1,110**	192	1,663,345	10	281,666
Senior Notes	**–**	**(1,928,856)**	**–**	**–**	–	(1,820,138)	–	–
Trade and other payables	**–**	**(67,208)**	**–**	**–**	–	(209,965)	–	–
Net exposure arising from recognised assets and liabilities	**45,574**	**(1,151,025)**	**17,941**	**5,090**	37,111	1,214,892	443,864	334,203

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Currency risk (Continued)

As the Group is mainly exposed to the effects of fluctuation in Hong Kong dollars/USD/Australian dollars/Euro, the following table indicates the approximate change in the Group's profit after taxation and accumulated profits. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% change in foreign currency rate. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the below table represent an aggregation of the effects on each of the Group entities' profit after taxation and accumulated profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the reporting date for presentation purposes.

	Impact of Hong Kong dollars		Impact of USD		Impact of Australian dollars		Impact of Euro	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Profit after taxation/Accumulated profits	**2,279**	1,856	**(43,163)**	45,558	**897**	22,193	**191**	12,533

Fair value measurements of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

For the year ended 31 December 2015

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

The following tables illustrate the fair value measurement of the Group's financial instruments:

2015

	Fair value at 31 December RMB'000	**Fair value measurement as at 31 December 2015 categorised into Level 1 RMB'000**
Recurring fair value measurement		
Financial assets:		
Financial assets at fair value through profit or loss		
– Listed equity securities held for trading	**17,118**	**17,118**

2014

	Fair value at 31 December RMB'000	Fair value measurement as at 31 December 2014 categorised into Level 1 RMB'000
Recurring fair value measurement		
Financial assets:		
Financial assets at fair value through profit or loss		
– Listed equity securities held for trading	15,294	15,294

There was no transfer between instruments in Level 1 and Level 2 or transfers into or out of Level 3 for the years ended 31 December 2015 and 2014. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the reporting date in which they occurs.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

(b) Fair value of financial assets and liabilities carried at other than fair value

For which the trading volume of the Senior Notes in public market is low, management estimates the fair value of the Senior Notes to be approximately RMB2,000,875,000 (2014: RMB1,839,153,000) by reference to the 30-day average market price of the Senior Notes. The fair value measurement was categorised as Level 2 of fair value hierarchy.

Except for the Senior Notes, the carrying amounts of the other financial instruments of the Group's carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014 due to their short-term maturities.

For the year ended 31 December 2015

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**889**	128
Investments in subsidiaries		**–**	–
Interests in a joint venture		**698,756**	–
Available-for-sale financial asset		**–**	–
		699,645	128
Current assets			
Other receivables		**1,162**	1,736
Amounts due from subsidiaries		**4,486,871**	3,582,687
Bank balances and cash		**106,134**	1,932,136
		4,594,167	5,516,559
Current liabilities			
Other payables		**27,746**	25,861
Net current assets		**4,566,421**	5,490,698
Total assets less current liabilities		**5,266,066**	5,490,826
Capital and reserves			
Share capital	28	**161,354**	161,346
Reserves	(a)	**3,175,856**	3,509,342
Total equity		**3,337,210**	3,670,688
Non-current liabilities			
Senior notes	24	**1,928,856**	1,820,138
		5,266,066	5,490,826

Approved for issue by the Board of Directors on 22 March 2016.

Li Shu Fu	**Gui Sheng Yue**
Director	*Director*

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

(a) The movement of reserves represents:

	Share premium RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2014	5,815,964	524,353	(2,395,007)	3,945,310
Loss for the year	–	–	(175,973)	(175,973)
Transaction with owners:				
Equity settled share-based payments (note 33)	–	59,850	–	59,850
Transfer upon forfeiture of share options	–	(34,480)	34,480	–
Dividends paid to equity holders of the Company (note 11)	–	–	(319,845)	(319,845)
Total transactions with owners	–	25,370	(285,365)	(259,995)
Balance at 31 December 2014	5,815,964	549,723	(2,856,345)	3,509,342
Balance at 1 January 2015	**5,815,964**	**549,723**	**(2,856,345)**	**3,509,342**
Loss for the year	**–**	**–**	**(223,259)**	**(223,259)**
Transaction with owners:				
Equity settled share-based payments (note 33)	**–**	**61,875**	**–**	**61,875**
Share issued under share option scheme	**2,502**	**(775)**	**–**	**1,727**
Transfer upon forfeiture of share options	**–**	**(37,861)**	**37,861**	**–**
Dividends paid to equity holders of the Company (note 11)	**–**	**–**	**(173,829)**	**(173,829)**
Total transactions with owners	**2,502**	**23,239**	**(135,968)**	**(110,227)**
Balance at 31 December 2015	**5,818,466**	**572,962**	**(3,215,572)**	**3,175,856**

As at 31 December 2015, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB2,602,894,000 (2014: RMB2,959,619,000).

For the year ended 31 December 2015

39. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2015 and 2014 are as follows:

Name of company	Place of incorporation/ registration and operations	Issued and fully paid up capital/ registered capital	Percentage of equity interests held in 2015		Percentage of equity interests held in 2014		Principal activities
			Directly	**Indirectly**	Directly	Indirectly	
Centurion Industries Limited	British Virgin Islands	USD1	**100%**	**-**	100%	–	Investment holding
Value Century Group Limited	British Virgin Islands	USD1	**100%**	**-**	100%	–	Investment holding
Geely International Limited 吉利國際貿易有限公司	Hong Kong	HK$2	**100%**	**-**	100%	–	Investment holding and export of sedans outside the PRC
Zhejiang Fulin Guorun Automobile Parts & Components Co., Ltd.#* 浙江福林國潤汽車零部件有限公司	PRC	USD15,959,200	**-**	**100%**	–	100%	Research, production, marketing and sales of automobile parts and related components in the PRC
Linkstate Overseas Limited	British Virgin Islands	USD1	**100%**	**-**	100%	–	Inactive
Luckview Group Limited	British Virgin Islands	USD1	**100%**	**-**	100%	–	Investment holding
Luck Empire Investment Limited 帝福投資有限公司	Hong Kong	HK$1	**-**	**100%**	–	100%	Investment holding
Zhejiang Kingkong Automobile Parts & Components R&D Company Limited*# 浙江金剛汽車零部件研究開發有限公司	PRC	USD14,900,000	**-**	**100%**	–	100%	Research and development of automobile parts and components in the PRC
Zhejiang Geely Automobile Sales Company Limited# 浙江吉利汽車銷售有限公司	PRC	RMB15,000,000	**-**	**99%**	–	99%	Sales of automobile parts and components in the PRC
Zhejiang Jirun Automobile Company Limited^# 浙江吉潤汽車有限公司	PRC	USD476,636,575 (2014: USD330,715,081)	**-**	**99%**	–	99%	Research, development, production, marketing and sales of sedans and related automobile components in the PRC
Shanghai Maple Guorun Automobile Company Limited^# 上海華普國潤汽車有限公司	PRC	USD121,363,600	**-**	**99%**	–	99%	Research, development, production, marketing and sales of sedans and related automobile components in the PRC

39. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration and operations	Issued and fully paid up capital/ registered capital	Percentage of equity interests held in 2015 Directly	Percentage of equity interests held in 2015 Indirectly	Percentage of equity interests held in 2014 Directly	Percentage of equity interests held in 2014 Indirectly	Principal activities
Zhejiang Geely Holding Group Automobile Sales Company Limited#^ 浙江吉利控股集團汽車銷售有限公司	PRC	RMB60,559,006	-	99%	–	99%	Marketing and sales of sedans in the PRC
Geely International Corporation# 上海吉利美嘉峰國際貿易股份有限公司	PRC	RMB100,000,000	-	99%	–	99%	Export of sedans outside the PRC
Zhejiang Geely Automobile Research Institute Limited# 浙江吉利汽車研究院有限公司	PRC	RMB30,000,000	-	99%	–	99%	Research and development of sedans and related automobile components in the PRC
Ningbo Geely Engine Research Institute Limited# 寧波吉利發動機研究所有限公司	PRC	RMB10,000,000	-	99%	–	99%	Research and development of automobile engines in the PRC
Shanghai Maple Automobile Sales Company Limited# 上海華普汽車銷售有限公司	PRC	RMB20,000,000	-	99%	–	99%	Marketing and sales of sedans in the PRC
Zhejiang Ruhoo Automobile Company Limited^# 浙江陸虎汽車有限公司	PRC	RMB418,677,000	-	99%	–	99%	Research, development, production, marketing and sales of sedans and related automobile components in the PRC
Zhejiang Kingkong Automobile Company Limited^# 浙江金剛汽車有限公司	PRC	RMB413,000,000	-	99%	–	99%	Research, development, production and sales of sedans and related automobile components in the PRC
Zhejiang Geely Gearbox Limited# 浙江吉利變速器有限公司	PRC	RMB10,000,000	-	99%	–	99%	Production of automobile components in the PRC
Hunan Geely Automobile Components Company Limited^ 湖南吉利汽車部件有限公司	PRC	USD88,500,000	-	99%	–	99%	Research, development, production, marketing and sales of sedans and related automobile components in the PRC
Guilin Geely Stars Oil Electric Hybrid Engine Company Limited# 桂林吉星電子等平衡動力有限公司	PRC	RMB80,000,000	-	99%	–	99%	Research and development of electric hybrid engines in the PRC

For the year ended 31 December 2015

39. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration and operations	Issued and fully paid up capital/ registered capital	Percentage of equity interests held in 2015		Percentage of equity interests held in 2014		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Zhejiang Vision Auto-parts Fittings Company Limited# 浙江遠景汽配有限公司	PRC	RMB50,000,000	-	99%	–	99%	Procurement of automobile parts and components in the PRC
Zhejiang Shou La Shou Automobile Services Company Limited#@ 浙江手拉手汽車服務有限公司	PRC	RMB5,000,000	-	64.4%	–	64.4%	Sales of sedans and provision of automobile services
Lanzhou Zhidou Electric Vehicles Company Limited# (note) 蘭州知豆電動汽車有限公司	PRC	RMB420,000,000	-	-	–	99%	Research, development, production, marketing and sales of sedans and related automobile components in the PRC
Chengdu Gaoyuan Automobile Industries Company Limited# 成都高原汽車工業有限公司	PRC	RMB50,000,000	-	99%	–	99%	Research, development, production, marketing and sales of sedans and related automobile components in the PRC
Hunan Luoyou Engine Components Company Limited# 湖南羅佑發動機部件有限公司	PRC	RMB150,000,000	-	99%	–	99%	Production of automobile components in the PRC
Jinan Geely Automobile Company Limited# 濟南吉利汽車有限公司	PRC	RMB360,000,000	-	99%	–	99%	Research, development, production, marketing and sales of sedans and sales of related automobile components in the PRC
Jinan Geely Automobile Parts and Components Company Limited# 濟南吉利汽車零部件有限公司	PRC	RMB10,000,000	-	99%	–	99%	Research, development, production, marketing and sales of related automobile components in the PRC
Ningbo Vision Automobile Parts and Components Company Limited# 寧波遠景汽車零部件有限公司	PRC	RMB96,000,000	-	99%	–	99%	Research, development, production, marketing and sales of sedans and related automobile components in the PRC
Hangzhou Xuan Yu Human Resources Company Limited.# 杭州軒宇人力資源有限公司	PRC	RMB500,000	-	100%	–	100%	Not yet commenced business

39. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration and operations	Issued and fully paid up capital/ registered capital	Percentage of equity interests held in 2015		Percentage of equity interests held in 2014		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Limited Liability Company "Geely Motors"	Russia	Russian Rouble 10,000	-	99%	–	99%	Marketing and sales of sedans in Russia
Fewin S.A.	Uruguay	USD8,010,418	-	100%	–	100%	Marketing and sales of sedans in South America
Zhejiang Geely Luoyou Engine Company Limited# 浙江吉利羅佑發動機有限公司	PRC	RMB500,000,000	-	99%	–	99%	Production of automobile engines in the PRC
Hangzhou Ha Man Automobile Services Company Limited# 杭州哈曼汽車服務有限公司	PRC	RMB500,000	-	64.4%	–	64.4%	Not yet commenced business
Ningbo Geely Vision Auto-parts Fittings Company Limited# 寧波吉利遠景汽配有限公司	PRC	RMB10,000,000	-	99%	–	99%	Not yet commenced business
Geely Ukraine, LLC	Ukraine	Ukrainian hryvnia 61,000	-	99%	–	99%	Not yet commenced business
Ningbo Geely Luoyou Engine Components Company Limited# 寧波吉利羅佑發動機零部件有限公司	PRC	RMB282,800,000	-	99%	–	99%	Production of automobile components in the PRC
Taizhou Geely International Limited# 台州吉利美嘉峰貿易有限公司	PRC	RMB10,000,000	-	99%	–	99%	Export of sedans outside the PRC
Xiangtan Geely International Limited# 湘潭吉利美嘉峰貿易有限公司	PRC	RMB10,000,000	-	99%	–	99%	Export of sedans outside the PRC
Zhejiang Jirun Chunxiao Automobile Components Company Limited# 浙江吉潤春曉汽車部件有限公司	PRC	RMB1,100,000,000	-	99%	–	–	Research, development, production, marketing and sales of sedans and related automobile components in the PRC
Shanxi New Energy Automobile Sales Company Limited# 山西新能源汽車銷售有限公司	PRC	RMB5,000,000	-	99%	–	–	Not yet commenced business

* The Company's subsidiary in the PRC is wholly foreign-owned enterprise established for a period of 30 to 50 years.

^ The Company's subsidiary in the PRC is sino-foreign equity joint venture established for a period of 30 to 50 years.

@ The Company has control over this subsidiary through contractual agreement with the non-controlling shareholder.

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

Note: Lanzhou Zhidou has been disposed of during the year. Further details are disclosed in note 30.

For the year ended 31 December 2015

39. INVESTMENTS IN SUBSIDIARIES (Continued)

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

The following table lists out the information related to subgroup of Zhejiang Jirun Automobile Company Limited, the subsidiary of the Group which has material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2015 RMB'000	2014 RMB'000
Non-controlling interest percentage	**1%**	1%
Non-current assets	**9,569,300**	7,157,986
Current assets	**22,319,612**	20,383,805
Current liabilities	**(17,717,473)**	(16,475,351)
Non-current liabilities	**(570,512)**	(571,247)
Net assets	**13,600,927**	10,495,193
Carrying amount of non-controlling interests	**132,122**	100,781
Revenue	**36,511,061**	27,161,607
Profit for the year	**2,220,825**	1,201,424
Other comprehensive income/(loss) for the year	**91,302**	(25,583)
Total comprehensive income for the year	**2,312,127**	1,175,841
Profit allocated to non-controlling interests	**22,208**	12,014
Other comprehensive income/(loss) allocated to non-controlling interests	**913**	(256)
Dividends paid to non-controlling interests	**(1,020)**	–
Cash flows generated from operating activities	**5,222,215**	990,486
Cash flows used in investing activities	**(2,325,710)**	(525,697)
Cash flows generated from/(used in) financing activities	**82,104**	(221,703)
Net cash inflows	**2,978,609**	243,086

Executive Directors:

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
Ms. Wei Mei

Non-executive Director:

Mr. Carl Peter Edmund Moriz Forster

Independent Non-executive Directors:

Mr. Lee Cheuk Yin, Dannis
Mr. Yeung Sau Hung, Alex
Mr. Fu Yu Wu
Mr. An Qing Heng
Mr. Wang Yang

Audit Committee:

Mr. Lee Cheuk Yin, Dannis *(Committee's Chairman)*
Mr. Yeung Sau Hung, Alex
Mr. Fu Yu Wu
Mr. An Qing Heng
Mr. Wang Yang

Remuneration Committee:

Mr. Yeung Sau Hung, Alex *(Committee's Chairman)*
Ms. Wei Mei
Mr. Lee Cheuk Yin, Dannis
Mr. Fu Yu Wu
Mr. Wang Yang

Nomination Committee:

Mr. Fu Yu Wu *(Committee's Chairman)*
Mr. Gui Sheng Yue
Mr. Lee Cheuk Yin, Dannis
Mr. Yeung Sau Hung, Alex
Mr. Wang Yang

Company Secretary:

Mr. Cheung Chung Yan, David

Auditors:

Grant Thornton Hong Kong Limited

Legal Advisor on Hong Kong Law:

Sidley Austin

Legal Advisor on Cayman Islands Law:

Maples and Calder

CORPORATE INFORMATION

Principal Bankers in Hong Kong:

Standard Chartered Bank (Hong Kong) Limited
China CITIC Bank International Limited
Bank of America N.A.

Head Office and Principal Place of Business:

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Hong Kong Share Registrars & Transfer Office:

Union Registrars Limited
Before 5 April 2016
A18/F., Asia Orient Tower Town Place,
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Hong Kong

On or after 5 April 2016
Suites 3301-04, 33/F.,
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338 King's Road, North Point,
Hong Kong

Investor & Media Relations:

Prime International Consultants Limited

Listing Information:

The Stock Exchange of Hong Kong Limited
Stock Code: 0175

Company's Website:

http://www.geelyauto.com.hk

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