



吉利汽車控股有限公司
GEELY AUTOMOBILE HOLDINGS LIMITED

2007 Final Results

16 April 2008

Results Highlights

- Strong 2007 results due to initial success in strategic transformation & despite slow down in the demand for economy sedans in China
- Net profit up 51% to HK\$315 million in 2007 (FD EPS up 27% to HK 6.28 cents), due to:
 - 45% increase in net profits from vehicle manufacturing associates
 - Stabilized non-cash expenses related to CBs (HK29m in 2007 vs. HK\$37m in 2006);and despite:
 - 5-10% price cuts during the year
 - Flat earnings from parts subsidiary Zhejiang Fulin
- Final dividend increased to HK 1.3 cents per share (2006: HK1.0 cents + HK0.2 cents special dividend)

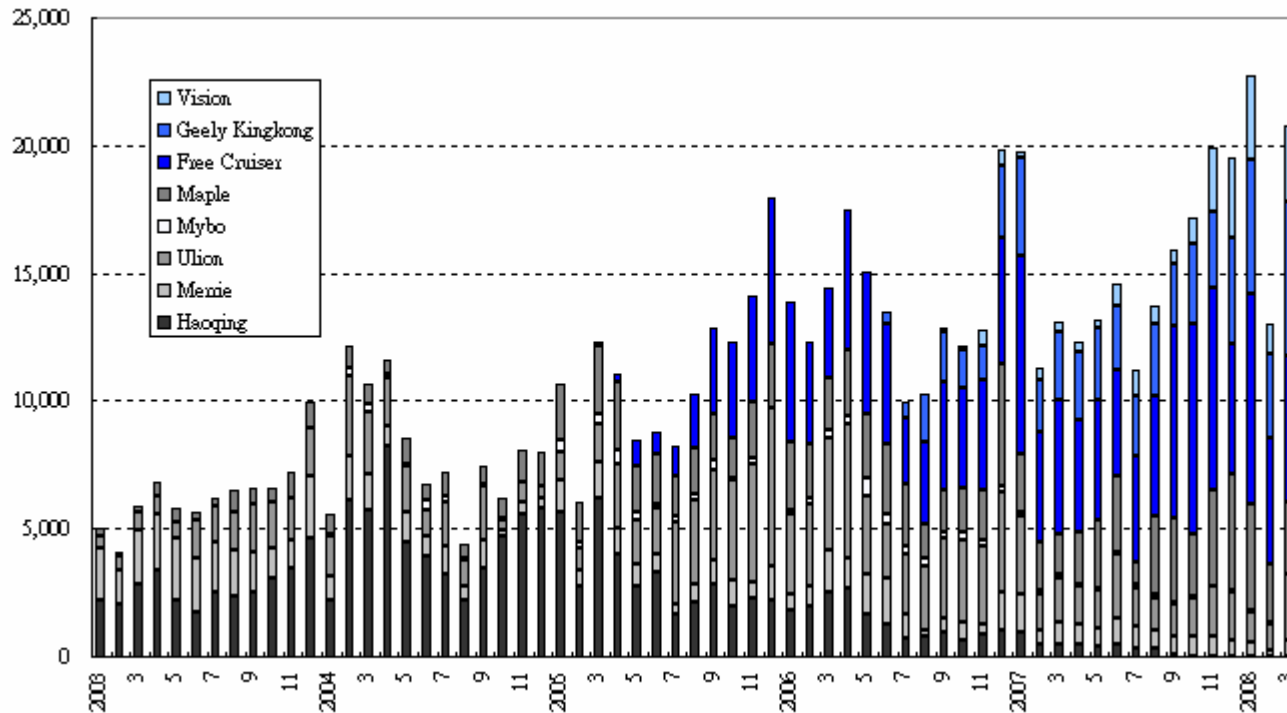


Achievements in 2007

- Improvement in product mix: 3 higher-priced new models accounted for 63% of 2007 total sales volume compared with only 39% in 2006
- Accompanied by an additional 10% growth in total sales volume
- 18% increase in vehicle sales revenues to HK\$7.3bn
- 17% improvement in gross margin to almost 20%
- 23% improvement in net profit margin to over 10%
- 7% increase in Average Selling Price (3% in RMB terms)
- Exports volume more than doubled to over 20,000 units



Monthly Sales Performance



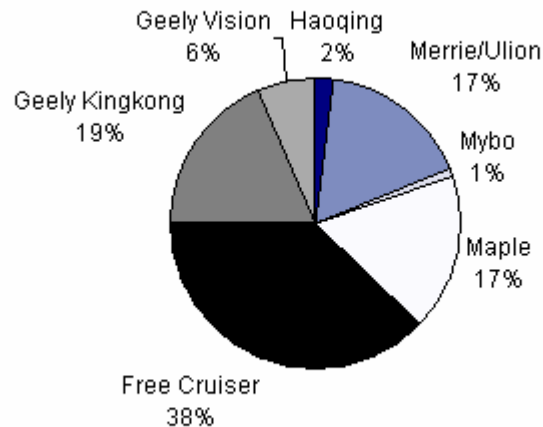
Source: Zhejiang Geely Holding



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Sales Breakdown of Operating Associates

| | 2007 | 2006 | +/- % ch. |
|----------------|---------|---------|-----------|
| Haoqing | 4,075 | 16,733 | -76% |
| Merrie/Ulion | 30,641 | 51,139 | -40% |
| Mybo | 1,470 | 3,844 | -62% |
| Maple | 31,196 | 28,492 | 9% |
| Free Cruiser | 68,258 | 52,029 | 31% |
| Geely Kingkong | 34,337 | 10,740 | 220% |
| Geely Vision | 11,540 | 1,518 | 660% |
| Total | 181,517 | 164,495 | 10% |



- **33% YoY decrease in sales volume of lower priced models was more than compensated by the 78% increase in sales volume of higher priced models in 2007**
- **Sales of three higher priced new models now accounted for 63% of total sales volume during the year**
- **“Free Cruiser” remained the best selling models in terms of sales volume in 2007**



Consolidated Income Statement

| Income Statement (HK\$m, Y/E December) | 2007 | 2006 | YoY % |
|---|--------|--------|-------|
| Revenue | 137.2 | 127.0 | 8% |
| Cost of sales | -121.3 | -110.0 | 10% |
| Gross profit | 16.0 | 17.0 | -6% |
| Other operating income | 31.9 | 18.2 | 75% |
| Distribution and selling expenses | -3.2 | -3.0 | 6% |
| Administrative expenses | -47.3 | -22.5 | 110% |
| Finance costs | -35.1 | -32.4 | 8% |
| Fair value loss on derivative instruments | 5.7 | -4.7 | - |
| Share of results of associates | 351.8 | 243.2 | 45% |
| Profit before taxation | 319.8 | 215.7 | 48% |
| Income tax expense | -1.7 | -1.6 | 6% |
| Profit after taxation | 318.1 | 214.1 | 49% |
| Minority interests | -3.4 | -5.4 | -36% |
| Profit attributable to shareholders | 314.7 | 208.8 | 51% |
| Basic EPS (HK cents) | 6.38 | 5.05 | 26% |
| Diluted EPS (HK cents) | 6.28 | 4.95 | 27% |

- Net profit at auto parts subsidiary Zhejiang Fulin was flat at HK\$12m
- Other operating income include HK\$20m interest income
- Almost half of the administrative expenses came from Shanghai LTI
- Net loss at Shanghai LTI amounted to HK\$5.3m, after including HK\$19m exchange losses
- Negligible contribution from 23%-owned MBH



Consolidated Balance Sheet

| Consolidated Balance Sheet (HK\$m, At 31 December) | 2007 | 2006 |
|---|----------------|----------------|
| Property, plant & equipment | 32.2 | 12.3 |
| Interests in associates | 2,125.5 | 1,667.0 |
| | 2,157.7 | 1,679.3 |
| Inventory | 14.5 | 9.9 |
| Trade and other receivables | 68.2 | 59.1 |
| Dividend receivables | 3.6 | 74.8 |
| Financial assets at fair value | 4.7 | 0.0 |
| Cash and bank balances | 793.4 | 21.0 |
| Current assets | 884.3 | 164.8 |
| Trade and other payables | 38.7 | 23.7 |
| Amounts due to related companies | 0.1 | 0.0 |
| Amounts due to immediate holding company | 0.0 | 11.2 |
| Taxation | 0.7 | 0.3 |
| Convertible bonds - embedded derivatives | 19.5 | 53.9 |
| Short-term bank borrowings (secured) | 20.5 | 22.3 |
| Current liabilities | 79.6 | 111.3 |
| Net current assets | 804.8 | 53.5 |
| | 2,962.5 | 1,732.8 |
| Financed by: | | |
| Share capital | 104.0 | 83.0 |
| Reserves | 2,337.4 | 947.1 |
| Shareholders' equity | 2,441.4 | 1,030.2 |
| Convertible bonds | 309.3 | 682.8 |
| Minority interests | 211.8 | 19.8 |
| | 2,962.5 | 1,732.8 |

- **Total cash level increased significantly to HK\$793m by the end of 2007 due to fund raised by new share issue in early 2007 and increased dividend distribution from associates**
- **More than half of the CBs issued have been converted during 2007**



Major Associates – Combined Income Statement

| Major Associates - Combined Income Statement | | | |
|--|----------|----------|-------|
| (HK\$m, Y/E December) | 2007 | 2006 | YoY % |
| Turnover | 11,350.4 | 6,588.8 | 72% |
| Cost of sales | -9,924.9 | -5,552.0 | 79% |
| Sales tax | -9.2 | -6.4 | 43% |
| Gross profit | 1,416.3 | 1,030.5 | 37% |
| Other net operation income | 215.0 | 236.5 | -9% |
| Distribution and selling expenses | -486.8 | -357.0 | 36% |
| Administrative expenses | -298.5 | -299.4 | 0% |
| Finance costs | -61.8 | -30.7 | 102% |
| Profit before taxation | 784.2 | 579.8 | 35% |
| Taxation | -26.3 | -57.2 | -54% |
| Profit before minority interests | 757.8 | 522.6 | 45% |
| Minority interests | -3.2 | -3.0 | - |
| Net profit | 754.6 | 519.6 | 45% |
| Sales of motor vehicle (HK\$m) | 7,333.0 | 6,212.1 | 18% |
| Average selling price (HK\$) | 40,398 | 37,764 | 7% |
| Gross margin | 19.3% | 16.6% | 16% |
| Net margin | 10.3% | 8.4% | 23% |

- Improved product mix helped offset price cuts, stabilize ASP, and improve margins
- Total turnover growth was inflated by inclusion of intra-company sales. Actual vehicle sales revenues was up 18% to HK\$7.3bn
- Lower effective tax rates due to tax holiday enjoyed by two newly setup associates



Major Associates – Combined Balance Sheet

| Major Associates - Combined Balance Sheet | | |
|--|----------------|----------------|
| (HK\$m, At 31 December) | 2007 | 2006 |
| Property, plant and equipment | 2,936.4 | 2,096.9 |
| Other long-term assets | 177.5 | 145.5 |
| Prepaid lease payments | 1,069.5 | 623.4 |
| Goodwill | 42.5 | 42.5 |
| Long-term deferred expenses | 3.7 | 2.0 |
| Long-term investment | 1.9 | 2.0 |
| | 4,231.5 | 2,912.4 |
| Inventories | 646.9 | 574.1 |
| Prepaid lease payments | 26.0 | 20.8 |
| Bills receivables | 900.7 | 1,246.4 |
| Tax reoverable | 7.0 | 0.0 |
| Trade and other receivables | 559.7 | 301.8 |
| Amounts due from related companies | 1,648.9 | 902.0 |
| Short-term investment | 12.3 | 7.7 |
| Pledged deposit | 0.0 | 242.8 |
| Bank balances and cash | 985.2 | 741.6 |
| Current assets | 4,786.6 | 4,037.2 |
| Bank borrowings | 585.8 | 960.0 |
| Bills payables | 767.5 | 390.0 |
| Trade and other payables | 1,480.7 | 1,018.7 |
| Amount due to related companies | 1,803.0 | 754.0 |
| Taxation | 16.5 | 24.4 |
| Provision | 0.0 | 2.6 |
| Dividend payable | 0.5 | 149.5 |
| Current liabilities | 4,653.9 | 3,299.2 |
| Net current assets | 132.7 | 738.0 |
| | 4,364.2 | 3,650.4 |
| Financed by: | | |
| Share capital | 2,999.7 | 2,959.7 |
| Reserves | 1,115.6 | 601.5 |
| Shareholders' equity | 4,115.3 | 3,561.2 |
| Minority interests | 7.1 | 18.6 |
| Shareholders' loans and LT liabilities | 241.8 | 70.6 |
| | 4,364.2 | 3,650.4 |

- **Setting up of two new operating associates significantly increased the amount of intra-company transactions and resulted in increase in amount due to and from related companies**
- **Both AR and Inventory at healthy levels**
- **At net cash position**



2008 Plan and Targets

- Produces and sells a total of 230,000 units of vehicles in 2008, up 27% from 2007
- Expanding annual production capacity from 340,000 units to 500,000 units by the end of 2008 through expansion and upgrading of existing plants and acquisition of new plants from parent
- Budgeted capex at the operating associates at RMB1 billion in 2008
- Launches of 6 new models
- Exports of around 50,000 vehicles in 2008



2008 New Products

- “Geely Kingkong” Hatchback (1.5L)
- “LC-1” Economy Hatchback (0.8L, 1.0L)
- “China Dragon” Sport Car (1.8L)
- “TX-4” Taxi Vehicle (2.4L, 2.5L diesel)



2008 Beijing International Automobile Exhibition



Geely GT
Sport Car



Geely NL SUV



吉利汽車控股有限公司
GEELY AUTOMOBILE HOLDINGS LIMITED

Hong Kong International Auto Parts & Accessories Fair



Geely GF Formula Car

Geely JL4G18 CVVT
Engine



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