



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

## **2008 Interim Results**

10 September 2008

# Results Highlights

- Strong 1H2008 due to success in strategic transformation and despite slower growth of China's sedan market since 2Q2008
- Net profit up 217% to HK\$261 million in 1H2008 (FD EPS up 156% to HK 4.46 cents), due to:
  - 122% increase in net profits from vehicle manufacturing associates
  - favourable non-cash items related to CBs (HK\$11 million net gain in 1H2008 vs. HK\$39 million net expense in 1H2007);

and despite:

- startup losses at Shanghai LTI and Kingkong R&D totalled HK\$13 million
- lower earnings from auto parts subsidiary Zhejiang Fulin
- HK\$6 million provisions for withholding taxes on dividends from associates



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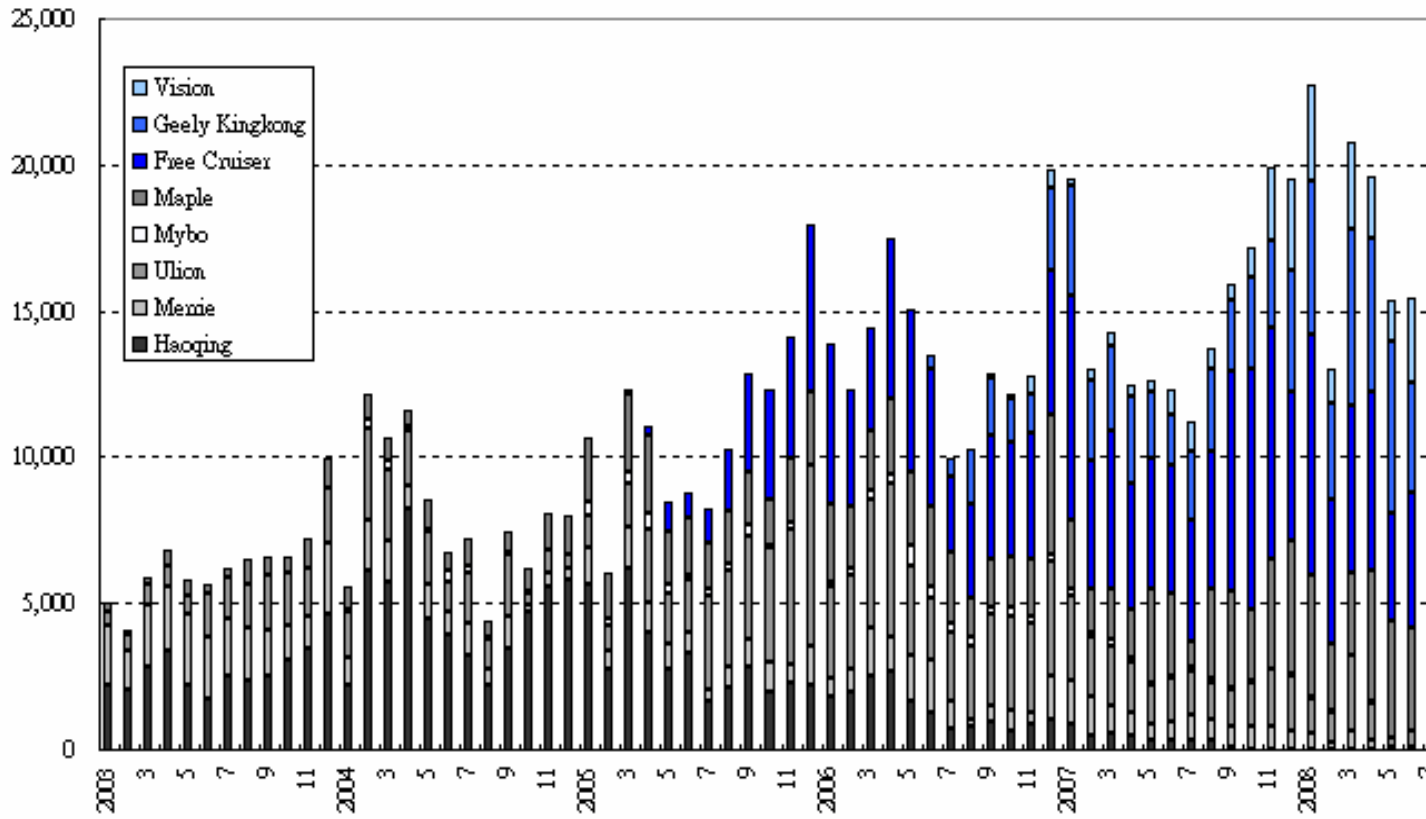
# Achievements in 1H2008

- Improvement in product mix: higher-priced new models accounted for 72% of total sales volume in 1H2008 (vs. 59% in 1H2007)
- Stable product prices, reflecting Geely's improved brand image
- 27% growth in total sales volume, mainly fueled by exports
- 195% growth in exports sales volume to over 20,000 units
- 44% increase in vehicle sales revenues to HK\$4.7bn
- 52% improvement in gross margin to almost 22%
- 53% improvement in net profit margin to almost 13%
- 7% increase in Average Selling Price in RMB terms



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# Monthly Sales Performance



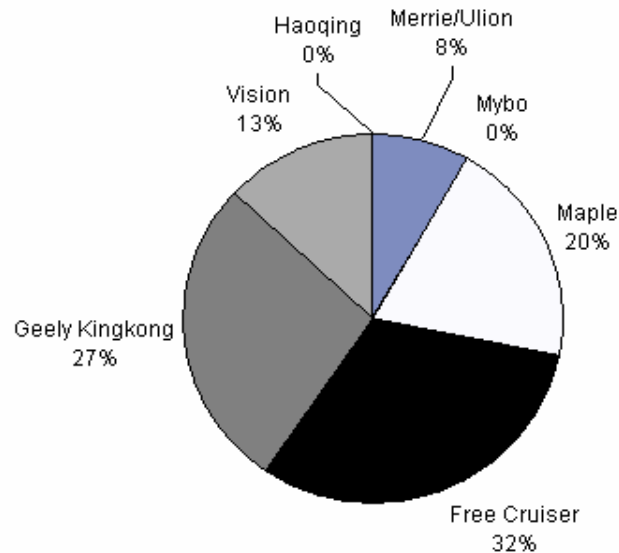
Source: Zhejiang Geely Holding



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# Sales Breakdown of Operating Associates

Sales Volume Breakdown (6 months to June)			
	2008	2007	+/- % ch.
Haoqing	6	2,958	-100%
Merrie/Ulion	8,816	17,223	-49%
Mybo	222	974	-77%
Maple	21,168	13,224	60%
Free Cruiser	33,426	30,606	9%
Geely Kingkong	29,342	16,504	78%
Vision	13,968	2,622	433%
Total	106,948	84,111	27%



- **12% YoY decrease in sales volume of lower priced models was more than compensated by the 54% increase in sales volume of higher priced models in 1H2008**
- **Sales of three higher priced models now accounted for 72% of total sales volume during the period**
- **“Free Cruiser” remained the best selling models in terms of sales volume in 1H2008**
- **Exports accounted for 19% of total sales volume vs. 8% in same period last year**



# Consolidated Income Statement

Income Statement (HK\$m, 6M to June)	2008	2007	YoY %
Revenue	72.1	65.6	10%
Cost of sales	-68.1	-57.5	18%
Gross profit	4.0	8.1	-50%
Other operating income	9.5	9.7	-1%
Distribution and selling expenses	-1.9	-1.8	7%
Administrative expenses	-47.4	-22.1	115%
Finance costs	-7.0	-20.8	-66%
Fair value loss on derivative instruments	17.6	-18.6	-
Share of results of associates	287.8	129.6	122%
Profit before taxation	262.6	84.1	212%
Income tax expense	-6.1	-0.7	737%
Profit after taxation	256.5	83.3	208%
Minority interests	4.6	-0.9	-594%
Profit attributable to shareholders	261.1	82.4	217%
Basic EPS (HK cents)	5.02	1.77	184%
Diluted EPS (HK cents)	4.46	1.74	156%

- **Net profit at parts subsidiary Zhejiang Fulin was down 55% to HK\$2.4m due to cost pressure**
- **Other operating income included HK\$9.1m interest income**
- **30% of administrative expenses came from Shanghai LTI**
- **Net loss at Shanghai LTI amounted to HK\$9.4m, after including HK\$5.1m exchange losses**
- **Admin. expenses also included HK\$18m share option expenses**
- **HK\$6m provisions for withholding taxes on dividends from associates**



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# Consolidated Balance Sheet

<b>Consolidated Balance Sheet (HK\$m)</b>	<b>30/6/2008</b>	<b>31/12/2007</b>
Property, plant & equipment	76.3	32.2
Intangible assets	8.9	0.0
Interests in associates	2,355.1	2,125.5
	<b>2,440.3</b>	<b>2,157.7</b>
Inventory	21.4	14.5
Trade and other receivables	94.8	68.2
Dividend receivables	160.4	3.6
Amount due from an associate	31.0	0.0
Other assets	2.4	4.7
Cash and bank balances	576.2	793.4
<b>Current assets</b>	<b>886.2</b>	<b>884.3</b>
Trade and other payables	46.1	38.7
Amounts due to related companies	1.1	0.1
Taxation	0.0	0.7
Convertible bonds - embedded derivatives	1.9	19.5
Short-term bank borrowings (secured)	0.0	20.5
<b>Current liabilities</b>	<b>49.0</b>	<b>79.6</b>
<b>Net current assets</b>	<b>837.2</b>	<b>804.8</b>
	<b>3,277.5</b>	<b>2,962.5</b>
Financed by:		
Share capital	104.0	104.0
Reserves	2,626.6	2,337.4
<b>Shareholders' equity</b>	<b>2,730.6</b>	<b>2,441.4</b>
Convertible bonds	316.3	309.3
Deferred tax liability	5.7	0.0
Minority interests	224.8	211.8
	<b>3,277.5</b>	<b>2,962.5</b>

- Total cash level remained strong at HK\$576m by the end of 1H2008 despite major capex spending at Shanghai LTI
- Total outstanding CBs stayed at slightly over HK\$300 million



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# Major Associates – Combined Income Statement

Major Associates - Combined Income Statement			
(HK\$m, 6M to June)	2008	2007	YoY %
Turnover	6,190.8	5,006.2	24%
Cost of sales	-5,156.7	-4,534.2	14%
Sales tax	-7.9	-0.9	833%
Gross profit	1,026.1	471.2	118%
Other net operation income	136.6	191.6	-29%
Distribution and selling expenses	-307.2	-200.5	53%
Administrative expenses	-174.5	-126.9	38%
Finance costs	-32.2	-41.1	-22%
Profit before taxation	648.9	294.2	121%
Taxation	-40.5	-15.4	164%
Profit before minority interests	608.3	278.8	118%
Minority interests	-1.0	-2.0	-
Net profit	607.4	276.9	119%
Sales of motor vehicle (HK\$m)	4,689.8	3,262.6	44%
Average selling price (HK\$)	43,852	38,789	13%
Average selling price (RMB)	40,782	38,013	7%
Gross margin	21.9%	14.4%	52%
Net margin	13.0%	8.5%	53%
Net profit per car	5,679	3,292	73%

- Improved product mix & stable prices more than offset higher costs and thus lifted margins
- Total turnover included intra-company sales. Actual vehicle sales revenue was up 44% to HK\$4.7bn
- Effective tax rates remained low due to better tax planning and tax holiday enjoyed by newly setup associates



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# Major Associates – Combined Balance Sheet

<b>Major Associates - Combined Balance Sheet (HK\$m)</b>	<b>30/6/2008</b>	<b>31/12/2007</b>
Property, plant and equipment	2,681.7	2,936.4
Intangible asset	495.3	177.5
Prepaid lease payments	1,118.5	1,069.5
Goodwill	220.3	42.5
Long-term deferred expenses/tax	2.4	3.7
Long-term investment	1.9	1.9
	<b>4,520.2</b>	<b>4,231.5</b>
Inventories	964.3	646.9
Prepaid lease payments	28.1	26.0
Bills receivables	670.9	900.7
Tax reoverable	102.7	7.0
Trade and other receivables	1,017.2	559.7
Amounts due from related companies	1,786.3	1,648.9
Short-term investment	11.4	12.3
Bank balances and cash	1,583.3	985.2
Current assets	<b>6,164.3</b>	<b>4,786.6</b>
Bank borrowings	543.1	585.8
Bills payables	1,256.6	767.5
Trade and other payables	1,946.4	1,480.7
Amount due to related companies	1,991.5	1,803.0
Taxation	0.0	16.5
Dividend payable	176.2	0.5
Current liabilities	<b>5,913.8</b>	<b>4,653.9</b>
Net current assets	<b>250.5</b>	<b>132.7</b>
	<b>4,770.6</b>	<b>4,364.2</b>
Financed by:		
Share capital	3,072.8	2,999.7
Reserves	1,444.9	1,115.6
Shareholders' equity	<b>4,517.7</b>	<b>4,115.3</b>
Minority interests	34.1	7.1
Shareholders' loans and LT liabilities	218.8	241.8
	<b>4,770.6</b>	<b>4,364.2</b>

- **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. These, however, could be largely offset when their accounts were consolidated**
- **Both AR and Inventory at healthy levels**
- **net cash of over HK\$1 billion at major associates' level**



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# 2008 Plan and Targets

- On track to sell 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



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# 2008 New Products

- “Geely Kingkong” Hatchback (1.5L, AT)
- “Geely Panda” Economy Hatchback (1.0L, 1.3L)
- “China Dragon” Sport Car (1.8L)
- “TX-4” Taxi Vehicle (2.5L diesel)



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