吉 利 汽 車 控 股 有 限 公 司
GEELY AUTOMOBILE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock code: 175)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

INTERIM RESULTS

The Board of Directors (the "Board") of Geely Automobile Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006. These interim results have been reviewed by the Company's Audit Committee, comprising a majority of independent non-executive directors, one of whom chairs the Committee, and the Company's auditors, Deloitte Touche Tohmatsu.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006

		Six months ended 30 June	
	NOTES	**2006**	2005
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue		**69,331**	35,881
Cost of sales		**(59,986)**	(34,094)
Gross profit		**9,345**	1,787
Other income		**7,840**	201
Distribution and selling expenses		**(1,949)**	(167)
Administrative expenses		**(10,714)**	(7,953)
Fair value loss on embedded derivatives components of convertible bonds		**(7,518)**	–
Effective interest expense on convertible bonds	8	**(10,142)**	–
Share of profits of associates		**137,680**	47,446
Profit before taxation		**124,542**	41,314
Income tax expense	4	**(842)**	–
Profit for the period	5	**123,700**	41,314
Attributable to:			
Equity holders of the Company		**120,699**	40,779
Minority interests		**3,001**	535
		123,700	41,314
Dividend paid	6	**41,203**	41,203
Earnings per share	7		
Basic		**HK2.93 cents**	HK0.99 cents
Diluted		**HK2.78 cents**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2006

	NOTES	**30 June 2006** *HK$'000* **(Unaudited)**	31 December 2005 *HK$'000* (Audited)
Non-current assets			
Plant and equipment		**11,185**	7,433
Interests in associates	*9*	**696,600**	786,996
		707,785	794,429
Current assets			
Inventories	*10*	**15,332**	5,703
Trade and other receivables	*11*	**38,256**	44,840
Dividend receivable from associates		**189,234**	8,220
Convertible bonds – embedded derivatives	*8*	**220,931**	–
Time deposits, bank balances and cash		**744,966**	8,449
		1,208,719	67,212
Current liabilities			
Trade and other payables	*12*	**39,621**	34,817
Amounts due to related companies		**1,077**	923
Amount due to a minority shareholder		**5,357**	4,588
Amount due to immediate holding company		**11,220**	14,220
Convertible bonds – embedded derivatives	*8*	**280,131**	–
		337,406	54,548
Net current assets		**871,313**	12,664
Total assets less current liabilities		**1,579,098**	807,093
Capital and reserves			
Share capital		**82,405**	82,405
Reserves		**798,252**	715,675
Equity attributable to equity holders of the Company		**880,657**	798,080
Minority interests		**12,014**	9,013
Total Equity		**892,671**	807,093
Non-current liabilities			
Convertible bonds	*8*	**686,427**	–
		1,579,098	807,093

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" which is one of the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRS") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial position of the Group.

A summary of the Group's new accounting policy adopted in the current period is as follow:

Convertible bonds

In the case that the conversion options are not settled by the exchange of a fixed amount for fixed number of equity instrument, the issuer recognises the convertible bonds as liabilities with embedded derivatives. Derivatives embedded in a financial instrument are treated as separate derivatives when their economic risks and characteristics are not closely related to those of the host contract (the liability component) and the host contract is not carried at fair value through profit or loss. An embedded option-based derivative (such as a put, call, and conversion) is separated from its host contract on the basis of the stated terms of the option feature. At the date of issue, both the embedded derivatives and liability component are recognised at fair value.

Issue costs are apportioned between the liability component and the conversion option derivative of the convertible bonds based on their relative fair value at the date of issue. The portion relating to the conversion option derivative is charged directly to the profit or loss and the remaining portion is deducted from the liability component.

The liability component is subsequently measured at amortised cost, using the effective interest rate method. The interest charged on the liability component is calculated by applying the original effective interest rate. The difference between this amount and the interest paid (if any) is added to the carrying amount of the liability component. The embedded derivatives are subsequently measured at their fair values at each balance sheet date.

3. SEGMENT INFORMATION

Business Segments

No business segment information has been presented for the six months period ended 30 June 2006 and 30 June 2005 as the directors considered that the Group is principally engaged in manufacturing and trading of automobile parts and related automobile components which accounts for the total turnover and trading profits of the Group for the periods.

Geographical segments

The Group's activities and operations are based in the People's Republic of China (the "PRC"). Accordingly, no geographical analysis is presented.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PRC income tax	**842**	–

Hong Kong Profits Tax has not been provided for the period as the companies within the Group had no estimated assessable profits in Hong Kong.

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

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	**6,346**	4,859
Retirement benefits scheme contributions	**136**	151
Total staff costs	**6,482**	5,010
Depreciation	**622**	377
Recognition of share-based payments (included in administrative expenses)	**2,985**	523
Share of tax of associates (included in share of profits of associates)	**15,837**	–
Cost of inventories recognised	**59,986**	34,094
Interest income from bank deposits	**(6,975)**	(17)

6. DIVIDEND

During the current period, dividend of HK1 cent per share, amounting to approximately HK$41,203,000, was paid to shareholders as final dividend for the year ended 31 December 2005.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the six months ended 30 June 2006 is based on the following data:

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to equity holders of the Company and earnings for the purpose of basic earnings per share	**120,699**	40,779
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**10,142**	–
Fair value loss on embedded derivatives components of convertible bonds	**7,518**	–
Earnings for the purpose of diluted earnings per share	**138,359**	40,779

	Six months ended 30 June	
Number of shares	**2006**	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	**4,120,264,902**	4,120,264,902
Effect of dilutive potential ordinary shares:		
Share options	**16,652,899**	–
Convertible bonds	**833,258,427**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,970,176,228**	4,120,264,902

No diluted earnings per share had been presented for the six months ended 30 June 2005 because the exercise price of the share options was higher than the average market price per share for that period. No convertible bond was in issue or outstanding for 2005.

8. CONVERTIBLE BONDS

On 10 April 2006, the Company issued HK$741.6 million zero coupon convertible bonds due 2011 ("CB 2011"). The CB 2011 are listed on the Singapore Stock Exchange. The CB 2011 does not bear interest. Unless previously redeemed, converted or purchased and cancelled, the CB 2011 will be redeemed by the Company at 126.456 per cent of their principal amount on 10 April 2011. All of these bonds may be redeemed at the option of the Company, in whole or in part, from time to time, (i) on or after 10 April 2008 when the closing price of the Company shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") shall have been at least 130 per cent of the conversion price for each of the 30 consecutive trading day period or (ii) at any time providing at least 90% of the principal amount of the CB 2011 has been converted, redeemed or purchased and cancelled and (iii) the Company may, at its option, satisfy its obligation to deliver share following the exercise of the right of conversion by a holder, in whole or in part, by paying to relevant holder a cash amount which equal to the number of shares deliverable upon exercise of the conversion right and average closing price of the shares. The conversion price is subject to a "reset feature" which include (a) a reset on 10 April 2007 and 10 April 2008 by reference to the average market price of the Company's shares in the past 20 trading days prior to the respective reset dates and (b) reset price less than 80% of the conversion price at the reset dates and shall not be reduced below the par value of the shares.

On 10 April 2009, the bondholders may, at their options, require the Company to redeem all or some of the bonds at 115.123 per cent of the principal amount.

The convertible bonds recognised in the balance sheet are calculated as follows:

	2006
	HK$'000
	(Unaudited)
Fair value of convertible bonds at issue date	**689,917**
Less: Transaction costs	**(13,632)**
	676,285
Add: Accrued interest	**10,142**
Liability component at 30 June	**686,427**

Accrued interest on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 6.76% to the liability component.

The derivatives embedded in the CB 2011 comprises a put option, a call option and a conversion option. They are measured at fair value at both issuance date and 30 June 2006 by an independent professional valuer, BMI Appraisal Limited.

9. INTERESTS IN ASSOCIATES

	30 June	31 December
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Share of net assets	**696,600**	786,996

The following details have been extracted from the unaudited financial statements of the Group's significant associates, Zhejiang Geely Automobile Company Limited ("Zhejiang Geely") and Shanghai Maple Guorun Automobile Company Limited ("Maple Guorun").

	Zhejiang Geely *HK$'000* (Unaudited)	Maple Guorun *HK$'000* (Unaudited)
Results for the period ended 30 June 2006		
Revenue	2,600,166	687,997
Profit for the period	262,497	31,692
Group's share of result of associates for the period	122,848	14,832
Financial position at 30 June 2006		
Non-current assets	1,113,456	597,147
Current assets	2,835,658	383,398
Current liabilities	(2,897,305)	(537,049)
Non-current liabilities	(4,516)	(2,328)
Net assets	1,047,293	441,168
Net assets attributable to the Group	490,133	206,467

10. INVENTORIES

	30 June 2006 ***HK$'000*** **(Unaudited)**	31 December 2005 *HK$'000* (Audited)
At costs:		
Raw materials	**8,596**	2,366
Work in progress	**2,327**	1,288
Finished goods	**4,409**	2,049
	15,332	5,703

11. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranging from 30 days to 90 days to its trade customers.

Included in trade and other receivables are trade and bills receivables of approximately HK$35,261,000 (31 December 2005: HK$43,966,000).

The following is an aged analysis of trade receivables at the balance sheet date:

	30 June 2006	31 December 2005
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 60 days	**35,261**	43,489
61 – 90 days	**–**	67
Over 90 days	**–**	410
	35,261	43,966

The trade and bills receivables comprise:

Trade and bills receivables from associates	**35,261**	24,925
Trade and bills receivables from group companies of an associate	**–**	19,041
	35,261	43,966

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$34,331,000 (31 December 2005: HK$27,047,000).

The following is an aged analysis of trade payables at the balance sheet date.

	30 June 2006	31 December 2005
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 60 days	**24,263**	24,576
61 – 90 days	**6,007**	1,989
Over 90 days	**4,061**	482
	34,331	27,047

13. POST BALANCE SHEET EVENTS

(1) On 25 July 2006, the Group entered into a First Capital Increase Agreement (the "First Agreement") with Zhejiang Geely Merrie to increase its registered capital by way of prorate subscription in Zhejiang Geely (as defined in the Company's announcement dated 25 July 2006). Pursuant to the First Agreement, the registered capital of Zhejiang Geely will increase from approximately US$82.8 million to approximately US$176.27 million (equivalent to approximately RMB1,410.13 million or HK$1,371.35 million). The interest of the Group in Zhejiang Geely remains unchanged upon completion of the First Agreement.

On 23 August 2006, the Group entered into a Second Capital Increase Agreement (the "Second Agreement") with Zhejiang Geely Merrie (as defined in the Company's announcement dated 23 August 2006) to increase the registered capital of Zhejiang Geely from approximately US$176.27 million to US$231.01 million (equivalent to approximately RMB1,848.07 million or HK$1,797.24 million). The interest of the Group in Zhejiang Geely remains unchanged upon completion of the Second Agreement.

(2) On 25 July 2006, the Group entered into a Capital Increase Agreement (the "Agreement") with Shanghai Maple Automobile to increase their registered capital by way of prorate subscription in Shanghai Maple. Pursuant to the Agreement, the registered capital of Shanghai Maple will increase from approximately US$51.7 million to approximately US$99.76 million (equivalent to approximately RMB798.11 million or HK$776.16 million). The interest of the Group in Shanghai Maple remains unchanged upon completion of the Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Company's turnover, which principally came from the Company's 51%-owned auto parts subsidiary Zhejiang Fulin Guorun Automobile Parts & Components Co. Ltd ("Zhejiang Fulin"), amounted to HK$69.3 million for the six months ended 30 June 2006, representing an increase of 93.2% over the same period last year. Profit attributable to shareholders amounted to HK$120.7 million, a significant increase of 196% over the same period in 2005. The big increase in net profit was mainly attributable to the large increase in profit contribution from the Company's two associates – Zhejiang Geely Automobile Company Limited ("Zhejiang Geely") and Shanghai Maple Guorun Automobile Company Limited ("Shanghai Maple") – mainly due to their strong sales volume growth as well as the improvement in their product mixes towards higher priced models during the period.

The earnings performance of the company's 51%-owned auto parts subsidiary Zhejiang Fulin in the first half of 2006 continued to benefit from strong sales volume growth of Geely sedans, which utilize the company's braking and steering products. As a result, Zhejiang Fulin's net profit increased by almost 4.4 times to HK$6 million during the period.

As a result of the issue of the 5-year HK$741.6 million zero coupon convertible bonds ("CB") in April 2006, the Company's cash holding increased significantly towards the end of first half 2006, resulting in significant increase in interest incomes, which was included in the other operating income during the period. This, however, was more than offset by the additional costs incurred by the CB outstanding during the period, mainly being non-cash expenses like accrued interests for the debt portion of the CB and the revaluation deficit of the derivative portion of the CB. It is estimated that the net expenses related to the convertible bonds should have reduced the Company's pre-tax profit by around HK$11 million in the first half of 2006.

Issue of Convertible Bonds to Fund the Capital Expansion of the Two Associates

To cope with the rapid growth of the Group's businesses through the expansion and upgrading of the Group's production facilities and the development and launches of more new models, the Company's two associates Zhejiang Geely and Shanghai Maple had decided to significantly expand their capitals from a combined HK$1,046 million to HK$2,573 million by way of pro rata subscription by their respective shareholders. With its 46.8% stakes in the two associates, the Company's total entitlements towards the capital expansion exercises amounted to HK$715 million. To fund the Company's capital commitments to the two associates, the Company issued a HK$741.6 million five-year zero coupon convertible bonds in April 2006.

Automobile Parts Manufacturing – Zhejiang Fulin Guorun Automobile Parts and Components Co. Ltd

51%-owned Zhejiang Fulin is principally engaged in manufacturing and sales of brake system and electric power steering ("EPS") for sedans. Demand for the Company products continued to be strong helped by the strong sales volume growth enjoyed by Geely and Maple sedans, which utilize the Company's braking and steering products. As a result, Zhejiang Fulin's turnover grew significantly by over 93.2% to HK$69 million and net profit grew 440% to HK$6 million in the first half of 2006. We believe Zhejiang Fulin's earnings performance should continue to improve in the remainder of 2006, helped by the continued strong growth in sales volume projected by its major customers Zhejiang Geely and Shanghai Maple during the period. Zhejiang Fulin had started the research and development for the next generation of Electric Power Steering ("EPS"). The new generation of EPS, if successfully developed, should help to maintain the Company's leading position in EPS technology in China. This, coupled with the planned construction of new and larger production plant to replace the existing plant in the coming year, should help to sustain the Company's longer-term earnings growth in the future.

Vehicle manufacturing – Zhejiang Geely and Shanghai Maple

46.8%-owned Zhejiang Geely and Shanghai Maple remain the key earnings contributors to the Company, accounting for the bulk of the Company's earnings in the first half of 2006. The two associates sold a total of 91,953 vehicles in the first six months of 2006, up 60% over the same period last year and achieving 51% of their combined full year targets of 180,000 units. The combined market share of Geely and Maple sedans improved from 4.8% in 2005 to over 5% in the first half of 2006, making the Group the 9th largest sedan manufacturer in China in terms of sales volume during the period.

In addition to the rapid increase in sales volume, the two associates continued to improve their product mixes towards higher-priced models through the introduction of more higher-priced models like "Free Cruiser" with automatic transmissions and the 1.5L-1.6L "Geely Kingkong". Sales of higher-priced models like "Mybo", "Free Cruiser", "Geely Kingkong" and "Maple" accounted for 56% of their total sales volume in the first half of 2006 compared with only 38% in 2005. In particular, "Free Cruiser", the Group's key new product last year, continued to receive very good market response and achieved a tremendous success in the first half of 2006 with a total sales volume of 31,542 units during the period. "Geely Kingkong" – the Group's latest new mid-end sedan model, was officially launched in April 2006 and has so far received very encouraging response.

In the first half of 2006, Zhejiang Geely and Shanghai Maple recorded total net profit of HK$294 million, up 190% over the same period in 2005, on 60% increase in sales volume to 91,953 units and 69% increase in total revenue to HK$3,288 million. Average revenue per car improved 5% to HK$35,759 per car as improved product mix more than offset the 4-10% price reduction by selected low-end models in April 2006. Net profit per car also improved significantly from HK$1,971 (full year 2005) and HK$1,768 (1st half 2005) per car to HK$3,199 per car in the first half of 2006, helped by the improved margins for most of their models and strong demand for higher-priced "Free Cruiser" models, which accounted for 34% of the two associates' total sales volume during the period.

Despite continued pressure from fierce competition and rising raw material prices in China's sedan market in the first half of 2006, the two associates still managed to improve their margins through improvement of their product mixes to include more higher-priced and thus higher margin models and reduction of their total unit cost by over 5%, largely offsetting the 4-10% price cut effective from mid April 2006.

Outlook

We believe the strong growth in demand in China for fuel-efficient and easy-to-maintain affordable economy sedans should be sustainable in the coming decade, helped by China's consistent economic growth, rising household incomes and its still low car ownership at less than 1% of the population owning a car at present.

According to figures compiled by the China Association of Automobile Manufacturers, total sales volume of passenger cars in China grew 47% YoY in the first half of 2006 to 1.8 million, surpassing most market expectations. Although competition in China's sedan market appears to have intensified over the past few months, we expect the growth of China's sedan sales volume to be maintained at around 20% per annum in the coming few years. Total sales volume of sedans should exceed 3.5 million units for full year 2006, up over 25% from previous year. Longer-term, demand for environmental friendly, fuel efficient economy sedans should continue to grow faster than other types of sedans in the foreseeable future due to the continued migration of demand from corporates to individuals, and increased government intervention and incentives to promote economy sedans.

We maintained our year beginning target of raising our market share in China's sedan market from 4.8% in 2005 to over 5% in 2006, thus translating into full year sales volume target of 180,000 units in 2006, up over 35% from 2005. In the first half of 2006, the Group's two associates had sold 91,953 units of vehicles, achieving 51% of their combined full year target, thus putting us on track to achieve our full year sales target.

In the medium to longer term, the Group will continue to upgrade and expand our production facilities to improve quality and reduce costs, to build new production facilities in less developed provinces to develop new markets and generate additional demand for Geely and Maple sedans, to invest in product and technology innovation in order to differentiate our products from the rest of the market, and to establish strategic alliances with major suppliers to reduce volatility of raw material and component costs, with an aim to develop the Group into an internationally competitive sedan manufacturer. With the long-term objective of a 10% market share in China and exporting two third of output to overseas market by 2015, we are aiming at expanding our production volume to over 2 million units in the coming decade.

In addition, we shall actively seek for ways and opportunities to further rationalize and restructure the Company's structure, aiming at improving the Company's overall transparency and its effectiveness as the ultimate holding company of Geely Holding's auto related businesses. To achieve that, the Company would actively consider to raise its shareholdings in the two associates to over 50% subject to government approval and compliance with relevant regulations.

Looking forwards, China's sedan market in the remainder of 2006 appears to be a tougher market compared with the first half of 2006, due to intensified price competition since the second quarter of 2006, significant increase in the number of new model launches scheduled for the second half 2006, continued high oil prices which could dampen sedan demand, and continued aggressive investments by major international car makers in China. To maintain our competitiveness and thus our profitability levels, major effort and management resources will be allocated to strengthen quality control, brand building, technological upgrading and innovation, and further cost reduction.

CAPITAL STRUCTURE AND TREASURY POLICIES

The business activities of the Group are mainly financed by the share capital, dividend received from the Group's two major associates, proceeds of the convertible bonds issued by the Company on 10 April 2006 and cash generated from the operating activities. As at 30 June 2006, the Group's shareholders' fund amounted to approximately HK$881 million (As at 31 December 2005: approximately HK$798 million). No additional share was issued during the period.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group considers that fluctuations in exchange rate do not impose a significant risk to the Group since the Group's operations are principally in the Mainland China and Hong Kong and all assets and liabilities are denominated either in Renminbi or Hong Kong dollars.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2006, the Group's current ratio (current assets/current liabilities) was 3.58 (As at 31 December 2005: 1.23) and the gearing ratio of the Group was 79.8% (As at 31 December 2005: 2.4%) which was calculated on the Group's total borrowings to total shareholders' equity. Total borrowings (excluding the embedded derivatives of the Company's convertible bonds) as at 30 June 2006 amounted to approximately HK$703 million (As at 31 December 2005: approximately HK$19 million) were mainly the Company's convertible bonds, advances from immediate holding company and amount due to a minority shareholder. For the Company's convertible bonds, please refer to note 8 to the financial statements. For the latter two, they were unsecured, interest-free and repayable on demand. Should other opportunities arise requiring additional funding, the Directors believe the Group is in a good position to obtain such financing.

EMPLOYEES' REMUNERATION POLICY

As at 30 June 2006, the total number of employees of the Group including associates was about 9,484 (As at 31 December 2005: approximately 7,714). Employees' remuneration packages are based on individual experience and work profile. The packages are reviewed annually by the management who takes into account the overall performance of the working staff and market conditions. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong and state-managed retirement benefit scheme in the PRC.

INTERIM DIVIDEND

At a meeting of the Board held on 15 September 2006, the Directors resolved not to pay an interim dividend to shareholders (2005: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2006.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the requirements as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules on the Stock Exchange, with a major deviation from CG Code provision A.4.2 in respect of number and frequency of directors' retirement by rotation throughout the review period. Details were disclosed in the Company's 2005 Annual Report.

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

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting processes and internal controls. As at 30 June 2006, the audit committee comprises Messrs. Lee Cheuk Yin, Dannis, Song Lin and Yeung Sau Hung, Alex, who are the independent non-executive directors of the Company.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE WEBSITE

The Company's 2006 Interim Report for the six months ended 30 June 2006 will be submitted to the Stock Exchange of Hong Kong Limited ("Stock Exchange") for uploading onto the Stock Exchange's website (www.hkex.com.hk) in due course.

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

Hong Kong, 15 September 2006

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

Please also refer to the published version of this announcement in The Standard.