

GEELY

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REPORT

Explore the Journey of Self-development and Innovation



• Geely chairman suggests education system reform be reinforced

• **President Hu encourages Geely**

to expand overseas

• Geely University, Geely Automobile Research Institute sign cooperative agreement

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President Hu encourages Geely to expand overseas

▲ Chinese President Hu Jintao shakes hands with Geely chairman Li Shufu at the joint group meeting of the Third Session of the 11th Chinese People's Political Consultative Conference (CPPCC), March 4, 2010

China actively supports qualified enterprises like Geely to “go out”, stated President Hu Jintao on March, 4 when attending a joint group meeting of the Third Session of the 11th Chinese People's Political Consultative Conference (CPPCC).

Hu pointed out that when implementing the “going-out” strategy, Chinese enterprises should not only bring in technologies and talents at a proper time, but also integrate resources and expand the international

market. He hoped that enterprises like Geely could keep an eye on various risks and do a thorough analysis on the international market.

The joint group meeting was held by the China Democratic National Construction Association (CDNCA) and the All-China Federation of Industry and Commerce (ACFIC). During the meeting, Li Shufu, Geely chairman and a CPPCC member, gave a work report on Geely's strategy of attracting foreign investment and “going out”.

After implementing the Reform and Opening up policy, Chinese companies have gained a lot of experience in attracting foreign investment and technology, but private enterprises like Geely need more government support and experiences for their “going out” strategy, said Li.

Li expressed his excitement to the media, saying that President Hu's speech inspired him a lot and gave him confidence for Geely's accelerating its “going-out” process with the direction of the central government.

Geely launches new online services



Geely launched two online service web pages on the company's official website on March, 15, which is seen as two key steps for Geely's modern online marketing process, according to information published on the company's website.

The "Geely inquiry system for maintenance", the first auto online service system of its kind in China, and the new "Geely club" service

with over 100,000 registered members and a daily page view of over 10,000, also helped to carry on the "Care for customers in every possible way" principle, a service ideology of Geely.

With a strong data base and the technological support, the "Geely inquiry system for maintenance" will improve Geely's maintenance skills and services and speed up the pace for trouble shooting for the cus-

tomers.

The new "Geely club" intends to strengthen the communication between Geely and its customers by providing them with sufficient information on basic necessities of life.

In 2010, Geely will do more for the customers and will set up six service systems for the customers, for example, the "Geely on call" service, which means to provide emergency rescues for customers on the road.



Geely acquires Zhongyu to boost R&D

Zhejiang Geely Holding Group acquired special vehicle maker Zhejiang Zhongyu Automobile on February 26, paving the way for a Geely auto technology center.

A signing ceremony on Geely's purchase of Zhongyu's Hangzhou base and entering of the Linjiang Industrial Zone in Hangzhou was held at the People's Great Hall of Zhejiang Province Friday, and Cai Qi, mayor of Hangzhou attended the ceremony.

The purchase will include Zhongyu's property rights and sales network for the special-purpose vehicles and commercial vehicles.

Geely's founder and chairman Li Shufu said besides helping Geely motor into the special-vehicle market, the deal also provides facilities and land, which he said Geely will use to build a world-class technology center and the Zhejiang Auto Engineering College.

Yang Xueliang, spokesman of Geely said that this acquisition is a 100 percent purchase, and Geely would use

Zhongyu Auto's existing facilities and technologies to develop its own premium passenger cars, multi-purpose vehicles and special-purpose vehicles to extend the company's products lines.

The company will also launch a technology center in Linjiang to support the development of the whole vehicle, core parts and other key technology systems, including the cars' test and checking capability, according to Yang.

Geely Automobile Research Institute in Linhai, which was built in 2005, will remain unchanged to form a large research and development system consisting of the technology center and research center, the spokesman said.

In addition, the firm will also launch the Zhejiang Automotive Engineering College in Linjiang to form a development model of "integration of production, learning and research", according to Yang.

The technology center and the college will pump a steady flow of technical support and talent into Geely, laying a solid foundation for its future development, Li said.

Zhongyu was launched in 2004 with a planned capacity of 25,000 premium multi-purpose vehicles and motor homes. It also makes special-purpose vehicles based on technologies developed by Germany's Daimler AG.

The company has two production bases in Wuhan and Hangzhou. The Hangzhou base has an academy of design, as well as producing luxury car, limousine bus, heavy-duty truck and passenger cars.



J.D. Power: Geely's overall competitiveness significantly improved

(Apeal) report by J.D. Power.

As one of the most important parts of the J.D. Power appraisal system, Apeal evaluates a car's appearance, inner configuration and space, stereo, navigation system, seats, air conditioner, driving experience, engines, gearbox, vision, driving safety and oil consumption.

The Geely's cars that are evaluated include Geely Vision, Panda, Geely King Kong and Geely Free Cruiser. Since the Geely Emgrand was only launched in August last year, it wasn't included in the list.

Geely cars' engine and transmission performances, oil consumption efficiency and exterior design were the biggest competitive edges of the auto maker, the report shows. With an overall score much higher than that of the average level, Geely Panda ranked the first place in the compact car market, becoming the most competitive compact model.

The Apeal, also known as a car's "charm index", is a composite indicator that measures a car's quality, sales record and after-sales services.

The statistics that the J. D. Power released showed that in the latest three years, the "charm index" of Geely saw an obvious rising trend. As the launch of the Geely Emgrand EC7, Geely's charm index will rise further and the company's overall competitiveness will also be largely improved, said Mei Songlin, J.D. Power Asia Pacific general manager.

Geely, the only band that has kept an upward development trend among China self-owned auto makers, saw a significant improvement in its overall competitiveness in 2009, according to the latest released Automotive Performance Execution and Layout



Geely to launch 21 new models in 2010

Geely has set the 2010 sales target to 412,000 units, and it plans to launch 21 new models to achieve the goal.

According to the Chinese automaker, it will develop two types of CE-1 and CE-2 models both for Chinese and European markets. The type for western market will be designed by automotive engineering company Italdesign. And CE-1 and CE-2 models made under this type will be exported for customers driving with steering wheel at the right side of the car.

Geely will put its first seven seats SUV NL-1 into production at its Chengdu plant in Sichuan Province and its first C-class sedan GC-1 will be produced at the company's Jinan plant in Shandong Province.

The cross version of Geely Panda along with right-steering wheel and 1.5-liter AT versions of the model will be released. Geely's Golden eagle cross will be the latest models driven into the market.

Geely's B-class EC7 and EC7-RV models will be equipped with CVT (continuously variable transmission) this year. The 6AT gearbox developed by DSI will feature some of Geely's models at the end of 2010.

This year, Geely is going to develop new energy vehicles, including electric vehicles based on the Panda production platform, plug-in hybrid cars and GSG hybrid cars.

Models mentioned above are under Geely's three sub-brands, namely Emgrand, Gleagle and Shanghai Englon. At present, the blueprint of the

three brands has been finished and the building of its marketing network is almost completed.

At the Shanghai Auto Show in 2009, the Chinese automaker exhibited 22 models, nine engines and three gearboxes. Geely's Vice President Zhao Fuquan said at the exhibition that by 2015 the company will build five technology platforms, 15 production platforms and 42 models. Now half of the models are going to enter the auto market. Vehicles used to exhibit in the Shanghai Auto Show, including Panda and EC7, are turning into productions running in the streets.

Geely sold a total of 334,000 units of Free Cruiser, Vision, King Kong, Panda, EC7 and EC7-RV in 2009.

Geely eyes opportunity in 2010 World Cup

Customers who buy Shanghai Englon SC7 (Haijing in Chinese) during March 1 to May 15 period will have a chance win a ticket for the upcoming 2010 South Africa World Cup, said Geely.

Geely expects the promotion would bring a sales frenzy for its Shanghai Englon SC7 series.

Shanghai Englon plans to invest tens of millions for the sports marketing. Except setting up on-site offices for the awards worth between 300 to 3,000 yuan, Shanghai Englon will select 10 lucky Englon SC7 buyers in the second round draw on May 17 under the supervision of notary office and with a complete live video report via the internet. The 10 lucky winners will get the opportunity to go to South Africa to watch the 2010 World Cup for free.





展销大厅



Up to now, 20,000 units of A-Class SC7 have been sold since the model entered the market in June 2009. In the first month of 2010, the sales figure of SC7 stood at 6,000.

“Selling a car is to sell its culture and idea. Shanghai Englon SC7 will attract consumers with our distinctive marketing methods,” said Liu Jinliang, Vice President of Geely Group and general manager of Geely Sales Co. Though sports marketing is nothing new, it re-

mains a well-responded promotional method, Liu added.

Liu said that the SC7 model transformed from the Maple Haijing needs time to be accepted by consumers. And the marketing in connection with the World Cup can help the company to reach the goal of raising awareness for the SC7 series, as well as the brand Shanghai Englon itself.



Geely chairman suggests education system reform be reinforced

Geely chairman Li Shufu, member of the Chinese People's Political Consultative Conference (CPPCC), submitted his proposal entitled "Coordinated development of China's industrial upgrading and education reform" at The Third Session of the Eleventh National People's Congress.

Li suggested China's talents training and management system reform be reinforced to fundamentally adapt to the nation's industrial transformation and upgrading.

Li pointed out in his proposal that the misallocation of educational resources may result in a mismatch between talents cultivated and those needed.

Beijing Geely University, run and supported by the Geely Group, adopts a market-oriented training mode. Li suggested China learn lessons from successful private

schools. The schools run by non-governmental sectors know the market needs better and accordingly they know how to train their students to meet the needs, Li added.

Li also called for more freedom for China's schools in his proposal. "Schools should be able to decide on their own what teaching materials to use, what evaluation systems to be adopted, etc. And it would be better to grant schools instead of the Ministry of Education the authority to issue graduation certificates for their graduates," said Li.

School should also carry out reform based on the social and market demands on talents, the chairman said.

Equal education opportunity for everyone, creative educational system and market-oriented training mode should be top three standards to evaluate a government's endeavor on education reform, according to Li's proposal.

Chinese auto industries should learn lessons from Toyota: Li Shufu

Li Shufu, chairman of Geely Holding Group Co., Ltd., expressed his opinions on Toyota's recall when interviewed by the mass media, including Xinhua News Agency, after the opening ceremony of the CPPCC on late March, 3.

We could still learn something from Toyota after the recall and sum up lessons from it, for example, how they handled this problem and how they improved their business management afterward, said Li.

From a macroscopic perspective, wherever there was a problem happened in a country or an enterprise, there should be something to do with its culture or education and training, deemed Li.

Li said that in order to achieve Geely's strategic transformation, which is to transform Geely from a low-price identical brand to a middle-and-high price brand with more sub-brands, Geely will focus on the technology improvement and the personnel training.

We were clear that there is a gap between Chinese auto industries and auto industries in the Western world, especially on the research and devel-



opment, according to Li.

From the beginning of the strategic transformation, Geely attached great importance on the new energy technology. Geely planned to lift the electric cars and the hybrid vehicles to the top of the world, stated Li.

In terms of personnel training, Geely will establish its own training system for an on-going training pro-

cess and will always improve it in order to keep pace with the times, expressed Li.

Li, a member of the Chinese People's Political Consultative Conference (CPPCC), shared his proposal and other related information to the CPPCC with the media during the interview.

Int'l acquisition helps Geely win domestic market

Geely bid to purchase Ford-owned Volvo for \$2 billion. If successful, Volvo may replace Audi A6 as Chinese state officials' car of choice.

Li Shufu, 47, son of a farmer, has been compared to China's Henry Ford because of his ambition to establish a Chinese auto empire.

The Geely-Volvo deal is expected to be completed by May and the annual output of Geely's Volvo plant in Beijing is set to reach 300,000 units.

"Li Shufu has made an unrestrained gambling, but he may bring Volvo back to life for he is backed up with the Chinese market," said John Zeng, an analyst with the IHS Global Insight.

Last year, China surpassed the US to be the world's largest auto market and China became a place of strategic importance for auto makers from both home and abroad. At the same time, more and more Chinese auto producers draw a bead on international mergers and acquisitions.

Compared with Japanese and South Korean counterparts, Chinese auto makers are facing more challenges to go global. However, international mergers and acquisitions can help Chinese auto makers win in domestic market.

Start from the home

Many Chinese auto automakers, including The SAIC Motor, Geely and BYD, have expressed willingness to sell products in Western markets. But the market share of autos with China's





self-owned brands only accounts one thirds of the nation's total. Chinese auto makers mainly focus on compact cars which are normally priced at \$4,000 each. On the contrary, before landing abroad, Toyota and Hyundai have occupied most of their domestic markets.

“Chinese auto brands can meet the low-end needs in the domestic market, but if they want to be global brands, they have to improve their products' quality and reliability, or no matter how low your car is, you would not go any further ,” said Stephen Dyer, a Chinese Principal of A.T. Kearney.

Toyota's recent global recall of eight million cars increased the difficulty for new brands' survival. “Those foreign auto makers who have already entered North America market, such as Hyundai , would be the biggest beneficiaries from Toyota's recall, but for Chinese auto makers that are still lingering outside the market, the entry threshold would be even higher,” said Qin Xuwen, an analyst with the Orient Securities.

“Toyota used to be the pronoun of quality and safety, and there is a gap between the Chinese auto makers and Toyota,” said Qin.

International Merger and Acquisition

Acquiring famous international auto makers can help obtain good brands and technology. Chinese auto makers are making the most of the financial crisis to buy properties around the world.

Geely's acquiring Volvo is seen as a big event for cross-border transactions in China's auto industry. Chinese government's supportive attitude towards the deal is clear.

Acquiring Volvo will bring China with advanced technologies and at the same time we can make a good use of the \$2000 billion foreign exchange reserves, while Volvo may benefit from the brand developing plans backed up by the Chinese government, including government procurements, said Yao Jian, spokesman of the Ministry of Commerce.

“The Chinese government aims to promote domestic brands and if Volvo becomes a local brand, it may enjoy some privileges and gain popularities in China,” said John Bonnell, a senior managing director from J.D. Power.

Geely has set an annual sales target of 2 million vehicles by 2015.

“I am very excited about the company's acquisition of Volvo and I'm sure it will be a success,” said a Geely staff in Ningbo plant.

Beijing Geely University wins an award



▲ The awards ceremony for Chinese Education Achievement Professor Jiang Shuren (R5)

The Sohu Education Annual Ceremony & Chinese Education Achievement Awarding Ceremony jointly hosted by Sohu website and Sohu education channel was held in Beijing on January 31. With the theme, “60 years, witnessing the rise of an education power”, the awards event recognized 100 educational institutions and 60 well-known education experts.

Beijing Geely University was

awarded “The most influential private education brand from 1949 to 2010” with the highest number of netizen votes. Professor Jiang Shuren, president of Beijing Geely University was awarded the “Chinese Education Achievement from 1949 to 2010” prize with 59 other people.

The ceremony is a yearly educational celebration initiated by Sohu website and Sohu education channel, and is jointly hosted by over 60 major

Chinese media. Since December 18, 2009, the event has successively held five activities, namely “The selection of 60 people for Chinese Education from 1949 to 2010”, “The list of Chinese Education brands from 1949 to 2010”, “The Chinese education and thought forum”, “A review of Chinese education from 1949 to 2010” and “A message to the new Minister of Education to begin a new era”.

Almost 6 million netizens cast their votes online with assessment from experts to select the winners for 14 prizes recognizing the major players of the 2009 Chinese Education List, including “Chinese Education Achievement from 1949 to 2010” and “The most influential private education brand from 1949 to 2010”. The prizes involved every field of the education industry and were awarded to those highly-praised and prestigious educational institutions with all-round assessments.

At the ceremony, President Jiang received the prize in person and delivered a speech. Almost a thousand people, including Wang Zuoshu, member of the NPC, vice administrative chairman of China Association for Promoting Democracy, and vice president of the Chinese Association for Non-Government Education, Cheng Lianchang, former vice administrative minister of the State Ministry of Personnel and Yu Wei, editor in chief of Sohu website, as well as education experts, diplomats of various consulates in China and representatives of the awarded institutions attended the annual ceremony celebrating Chinese education.



Geely University, Geely Automobile Research Institute sign cooperative agreement

Beijing Geely University and Zhejiang Geely Automobile Research Institute signed "Talents cultivation strategic cooperation agreement" in Beijing on March 18.

According to the agreement, the Zhejiang Geely Automobile Research Institute will provide 30-50 jobs for Geely University graduates annually. When the students are still in their senior year, they can start doing internship in the institute. After graduation, it is up to the students to choose to stay or for further study. Over half of the recruited 30 to 50 students may be admitted to Zhejiang Automobile Engineering College for postgraduate study.

At the signing ceremony, Zhao Fuquan, president of the Geely Automobile Research Institute, also promised that every year the institute will provide further study, internship as well as products development opportunities for 5-10 young teachers during summer vacation. Meanwhile, the institute will hold "Geely Automobile Institute Cup---Automobile Design Knowledge Competition for Car Fans" annually and the top five winners of the competition will have the opportunity of study and internship in the Geely Automobile Research Institute.

As a deeper cooperation between the school and the enterprise, Geely Automobile Research Institute will

send senior leaders and experts with doctorate degree as part-time professors for Automobile College of Geely University to instruct, help and promote the school's teaching and research level.

Automobile Research Institute employed 50 juniors of Geely University. Ding Yong, president assistant of Geely Automobile Research Institute, said the 50 positions are all in the research and development or service fields, such as automobile body design and projects analysis.

Ding introduced that all staff recruited should begin with the most basic work. The whole recruitment consists of exams of major subjects and an interview.

Geely's monthly sales report

Chinese auto maker Geely Automobile Holdings sold 28,712 cars in February 2010, up 54.2 percent from a year earlier.

However, the automaker's sales volume decreased 35 percent from January, mainly because of the

Chinese New Year holiday, the company said in a statement.

Geely sold 72,589 cars in the first two months of 2010, up 95.5 percent year-on-year.

