

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# 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: 175)

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE VOLVO FINANCING ARRANGEMENTS**

**Financial Adviser to Geely Automobile Holdings Limited**



**上銀國際有限公司**  
BOSC International Company Limited

**Independent Financial Adviser to Geely Automobile Holdings Limited**



**建泉環球金融服務有限公司**  
V Baron Global Financial Services Limited

Reference is made to the Company's announcement dated 16 December 2013 in relation to the JV Agreement with BNPP PF for the establishment of a joint venture company to engage in the vehicles financing business in the PRC. Genius AFC was established on 12 August 2015 pursuant to the JV Agreement. As at the date of this announcement, the Company is interested in 80% of the equity interests in Genius AFC and BNPP PF is interested in the remaining 20% equity interests in Genius AFC.

### **VOLVO FINANCING ARRANGEMENTS – VOLVO FINANCE COOPERATION AGREEMENTS**

Since the establishment of Genius AFC, relevant approvals from the CBRC and other PRC governmental authorities have been obtained by Genius AFC, and it is currently expected that Genius AFC will commence its business operation for Volvo-branded vehicles during the first quarter of 2016.

For the purpose of setting out the future cooperation arrangements between Genius AFC and Volvo and the strategies to promote the Volvo Wholesale Financing Business and the Volvo Retail Financing Business, Genius AFC entered into the Volvo Finance Cooperation Agreement (Imported Vehicles) with VCDC and; the Volvo Finance Cooperation Agreement (Domestic Vehicles) with ZJSH on 11 December 2015, respectively. The Volvo Finance Cooperation Agreements sets out the terms on which Genius AFC will supply vehicle financing services to the Volvo Wholesale Dealers and Volvo Retail Customers, including (i) wholesale financing to the Volvo Wholesale Dealers to assist them to buy Volvo-branded vehicles and eventually selling such vehicles to Volvo Retail Consumers; and (ii) retail financing to the Volvo Retail Consumers to assist them to buy Volvo-branded vehicles from the Volvo Wholesale Dealers.

After commencement of the Volvo Wholesale Financing Business, Genius AFC will enter into the Wholesale Facility Agreements with the Volvo Wholesale Dealers, and the Wholesale Facility Agreements will govern the financing terms between Genius AFC and the Volvo Wholesale Dealers. The aggregate maximum transaction amounts between Genius AFC and the Volvo Wholesale Dealers will be subject to the Volvo Annual Caps (Wholesale), which for the three years ending 31 December 2016, 2017 and 2018 are RMB30 billion, RMB37 billion and RMB49 billion, respectively.

Pursuant to the Retail Loan Cooperation Agreements to be entered into between Genius AFC and dealers of Volvo, these dealers will recommend their retail customers (i.e. the Volvo Retail Consumers) to use Genius AFC for obtaining vehicle loans to finance their purchase of Volvo-branded vehicles. After the commencement of the Volvo Retail Financing Business, Genius AFC will enter into the Retail Loan Agreements with the Volvo Retail Consumers, and the Retail Loan Agreements will govern the financing terms between Genius AFC and the Volvo Retail Consumers. The aggregate maximum transaction amounts between Genius AFC and the Volvo Retail Consumers will be subject to the Volvo Annual Caps (Retail), which for the three years ending 31 December 2016, 2017 and 2018 are RMB7 billion, RMB9 billion and RMB11 billion, respectively.

## **IMPLICATIONS UNDER THE LISTING RULES**

Volvo, VCDC and ZJSH are connected persons of the Company under the Listing Rules as Volvo, VCDC and ZJSH are subsidiaries of Geely Holding, a company which Mr. Li and his associate are the ultimate beneficial owners. As such, Volvo is an associate of Mr. Li, an executive Director and a substantial Shareholder holding approximately 42.88% of the total issued share capital of the Company as at the date of this announcement.

Although the Volvo Wholesale Dealers and the Volvo Retail Consumers, who are parties to the Wholesale Facility Agreements and the Retail Loan Agreements, respectively, are independent third parties to the Company and its connected persons, the Volvo Financing Arrangements are deemed to be connected transactions of the Company under Rule 14A.23 of the Listing Rules for

the reason that the Volvo Wholesale Dealers and the Volvo Retail Consumers will use the loans provided by Genius AFC to purchase new vehicles from Volvo, who is a connected person under of the Company the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) for each of the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail) exceed 5%, the entering into of the Volvo Financing Arrangements is subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

Mr. Li, Mr. Yang Jian and Mr. An Cong Hui, each an executive Director, are considered to have material interests in the Volvo Financing Arrangements by virtue of their interests and/or directorship in Geely Holding. As a result, Mr. Li, Mr. Yang Jian and Mr. An Cong Hui have abstained from voting on the Board resolutions for approving the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)).

Mr. Li and his associates together holding 3,774,299,000 Shares (representing approximately 42.88% of the issued share capital of the Company), Mr. Yang Jian and his associates together holding 14,475,000 Shares (representing approximately 0.16% of the issued share capital of the Company) and Mr. An Cong Hui and his associates together holding 15,380,000 Shares (representing approximately 0.17% of the issued share capital of the Company) as at the date of this announcement, will all abstain from voting on the resolutions to be proposed at the EGM to approve the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)).

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Volvo Financing Arrangements, and the Independent Financial Adviser, being V Baron Global Financial Services Limited, has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) information on of the Volvo Financing Arrangements; (ii) a letter from the Independent Board Committee and the recommendations of the Independent Financial Adviser in respect of the Volvo Financing Arrangements; and (iii) a notice of the EGM will be despatched to the Shareholders on or about 5 January 2016.

Reference is made to the Company's announcement dated 16 December 2013 in relation to the JV Agreement with BNPP PF for the establishment of a joint venture to engage in the vehicles financing business in the PRC. Genius AFC was established on 12 August 2015 pursuant to the JV Agreement. As at the date of this announcement, Genius AFC is owned as to 80% by the Company and as to 20% by BNPP PF. Since the establishment of Genius AFC, relevant approvals from the CBRC and other

PRC governmental authorities have been obtained by Genius AFC, and it is currently expected that Genius AFC will commence its business operation for Volvo-branded vehicles during the first quarter of 2016.

## **VOLVO FINANCING ARRANGEMENTS – THE VOLVO FINANCE COOPERATION AGREEMENTS**

For the purpose of setting out the future cooperation arrangements between Genius AFC and Volvo and the future strategies to promote the Volvo Wholesale Financing Business and the Volvo Retail Financing Business, Genius AFC entered into the Volvo Finance Cooperation Agreement (Imported Vehicles) with VCDC and; the Volvo Finance Cooperation Agreement (Domestic Vehicles) with ZJSH on 11 December 2015, respectively. Save for the manufacturing locations and models of the vehicles, other terms of the Volvo Finance Cooperation Agreement (Imported Vehicles) and the Volvo Finance Cooperation Agreement (Domestic Vehicles) are substantially the same.

Details of the Volvo Finance Cooperation Agreements are set out below:

### **Date**

11 December 2015 (after trading hours)

### **Parties**

- (i) Genius AFC and VCDC for the Volvo Finance Cooperation Agreement (Imported Vehicles) and;
- (ii) Genius AFC and ZJSH for the Volvo Finance Cooperation Agreement (Domestic Vehicles)

VCDC is a limited liability company incorporated under the laws of the PRC, and is beneficially wholly-owned by Geely Holding. ZJSH is a limited liability company incorporated under the laws of the PRC, and which is 50% owned by Volvo, a subsidiary controlled by Geely Holding, and 50% owned by Geely Holding. Geely Holding, a company which Mr. Li, an executive Director and a substantial Shareholder holding approximately 42.88% of the total issued share capital of the Company as at the date of this announcement, and his associate are the ultimate beneficial owners. Accordingly, VCDC and ZJSH are connected persons of the Company under the Listing Rules.

VCDC is principally engaged in the distribution of imported Volvo-branded vehicles, and ZJSH is principally engaged in the distribution of Volvo-branded vehicles manufactured domestically in the PRC.

## **Subject matter**

The Volvo Finance Cooperation Agreement (Imported Vehicles) sets out the terms under which Genius AFC will supply vehicle financing services to the Volvo Wholesale Dealers and Volvo Retail Customers for imported Volvo-branded vehicles. The Volvo Finance Cooperation Agreement (Domestic Vehicles) sets out the terms under which Genius AFC will supply vehicle financing services to the Volvo Wholesale Dealers and Volvo Retail Customers, for Volvo-branded vehicles manufactured domestically. These terms include providing (i) wholesale financing to the Volvo Wholesale Dealers to assist them to buy Volvo-branded vehicles and eventually selling such vehicles to the Volvo Retail Consumers; and (ii) retail financing to the Volvo Retail Consumers to assist them to buy Volvo-branded vehicles from the Volvo Wholesale Dealers.

## **Term**

The Volvo Finance Cooperation Agreements will have an initial term of three years and then continue unless and until terminated by either party by giving at least 6 months written notice in accordance with the Listing Rules. Such continuation/renewal shall be approved by (i) the regulators in Hong Kong (i.e. the Stock Exchange and/or the Securities and Futures Commission of Hong Kong); and (ii) the Independent Shareholders.

## **Termination**

VCDC may terminate the Volvo Finance Cooperation Agreement (Imported Vehicles) and ZJSH may terminate the Volvo Finance Cooperation Agreement (Domestic Vehicles) with immediate effect if (i) Genius AFC becomes insolvent; (ii) there is a change of control of Genius AFC; (iii) Genius AFC materially breaches, or materially fails to comply with, the Volvo Finance Cooperation Agreements and such failure is not capable of remedy or is capable of remedy but is not remedied within thirty (30) days of VCDC and/or ZJSH giving Genius AFC written notice of such breach subject to the remediation clause under the Volvo Finance Cooperation Agreements; or (iv) the relevant trademark agreement terminates due to material breach by Genius AFC.

Genius AFC may terminate the Volvo Finance Cooperation Agreements with immediate effect if (i) VCDC and/ or ZJSH becomes insolvent; or (ii) VCDC and/ or ZJSH materially breaches, or materially fails to comply with, the Volvo Finance Cooperation Agreements and such failure is not capable of remedy or is capable of remedy but is not remedied within thirty (30) days of Genius AFC giving VCDC and/or ZJSH written notice of such breach subject to the remediation clause under the Volvo Finance Cooperation Agreements.

## **Conditions precedent**

The Volvo Finance Cooperation Agreements shall take effect upon

- (i) the approval of the Independent Shareholders on the Volvo Financing Arrangements; and/or

- (ii) the approval of the Stock Exchange and/or the Securities and Futures Commission of Hong Kong on the Volvo Financing Arrangements, as required.

### **Principle terms regarding the mode of cooperation between Genius AFC and Volvo**

#### **(i) *Cooperation***

Volvo shall: (i) encourage actively and diligently the Volvo Wholesale Dealers to use Genius AFC for the Volvo Wholesale Financing Business and Volvo Retail Financing Business; (ii) according to the regional coverage agreed with Volvo, for a financed Volvo Wholesale Dealer, use its best effort to grant subsidies to the benefit of this specific Volvo Wholesale Dealer in order to promote the Volvo Wholesale Financing Business; and (iii) promote the Volvo Retail Financing Business to the Volvo Retail Consumers.

Pursuant to the Volvo Finance Cooperation Agreements, the parties have agreed to work together to undertake promotional activities, incentives and training to increase the finance penetration of Genius AFC and sale of Volvo-branded vehicles in the PRC.

#### **(ii) *Pricing policy***

Genius AFC should ensure that the terms of the Wholesale Facility Agreements and the Retail Loan Agreements are market competitive at all times during the term of the Volvo Finance Cooperation Agreements, and such terms should be in line with general auto finance market practice. Genius AFC shall remain the sole decision maker for the final pricing to be applied to the Volvo Wholesale Dealers and the Volvo Retail Consumers.

The interest rates, at the time of each setting, for the loans provided by Genius AFC to the Volvo Wholesale Dealers and the Volvo Retail Consumers will be above the lending base rate published by PBOC for similar types of loans, provided that all relevant laws and regulations are complied with.

#### **(iii) *Lending risk***

All lending risk assessments and decisions shall be the sole responsibility of Genius AFC, and such decisions shall conform to applicable regulatory requirements. The extension of financing in any form to any Volvo Wholesale Dealer or any Volvo Retail Consumer is subject to satisfactory credit risk assessment in accordance with the Genius AFC's credit risk management procedures (an example of this would be assessing the debt-to-asset ratio of Volvo Wholesale Dealers) and all other internal risk policies as from time to time determined by Genius AFC at its sole discretion.

**(iv) *Loan term and credit limit***

The maximum loan term for each Volvo Wholesale Dealer shall be 360 days. The maximum loan term for each Volvo Retail Consumer shall be 60 months.

**(v) *Subsidies***

Genius AFC shall provide financing to all the Volvo Wholesale Dealers according to the sales objectives and regional coverage agreed with Volvo. Volvo may from time to time offer Volvo Wholesale Dealers support with their vehicle financing and may choose to pay the interest accruing under the relevant Wholesale Facility Agreements on the Volvo Wholesale Dealer's behalf for an agreed period of time. The terms and period of such subsidies shall be determined by Volvo in its quarterly sales incentive policy.

**(vi) *Security***

Under the Wholesale Facility Agreement and the Retail Loan Agreement, acceptable securities may include security deposits, security over the Volvo Wholesale Dealers' and Volvo Retail Consumers' vehicles and/or different types of guarantees.

**Principle terms to be applied to the Wholesale Facility Agreements and the Retail Loan Agreements**

**(i) *Wholesale Facility Agreements***

After commencement of the Volvo Wholesale Financing Business, Genius AFC will enter into the Wholesale Facility Agreements with the Volvo Wholesale Dealers, pursuant to which Genius AFC will provide vehicle financing to these Volvo Wholesale Dealers to facilitate their purchase of Volvo-branded vehicles. The terms of the Wholesale Facility Agreements (including, among others, pricing policy, loan term and credit limits, subsidies etc.) that Genius AFC will enter into with each of these Volvo Wholesale Dealers are expected to be consistent with the terms of the Volvo Finance Cooperation Agreements as disclosed above.

*Volvo Annual Caps (Wholesale)*

There are no historical figures as the Volvo Wholesale Financing Business to be carried out by Genius AFC is expected to commence in the first quarter of 2016. The table below sets out the Volvo Annual Caps (Wholesale) for each of the three years ending 31 December 2016, 2017 and 2018:

	<b>Estimated annual caps for the year ending 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Volvo Wholesale Financing Business			
– Maximum new financing amounts to be provided by Genius AFC to Volvo Wholesale Dealers	30,000	37,000	49,000

*Basis of determination of the Volvo Annual Caps (Wholesale)*

For determining the proposed Volvo Annual Caps (Wholesale), Genius AFC has taken into account (i) the historical wholesale sales units for both imported and domestically manufactured Volvo vehicles and average selling price of Volvo vehicles; (ii) the projected units of Volvo vehicles to be purchased by the Volvo Wholesale Dealers for each of the years ending 31 December 2016, 2017 and 2018; (iii) the expected average selling price of Volvo vehicles to dealers for each of the years ending 31 December 2016, 2017 and 2018; and (iv) the estimated dealers' coverage by Genius AFC's Volvo Wholesale Financing Business for each of the years ending 31 December 2016, 2017 and 2018.

**(ii) Retail Loan Agreements**

Genius AFC shall enter into the Retail Loan Cooperation Agreements with dealers of Volvo. Pursuant to the Retail Loan Cooperation Agreements to be entered into between Genius AFC and dealers of Volvo, dealers of Volvo shall recommend their retail consumers (i.e. the Volvo Retail Consumers) to use Genius AFC for obtaining vehicle loans to finance their purchase of Volvo-branded vehicles. The purpose of the Retail Loan Cooperation Agreement is to promote the sale of vehicles of dealers of Volvo, as well as to kick-start the Volvo Retail Financing Business of Genius AFC.

Genius AFC will further enter into the Retail Loan Agreements with the Volvo Retail Consumers, pursuant to which Genius AFC will provide vehicle financing to these Volvo Retail Consumers to facilitate their purchase of Volvo-branded vehicles. The terms of the Retail Loan Agreements (including, among others, pricing policy, loan term and credit limits etc.) that Genius AFC will enter into with each of these Volvo Retail Consumers are expected to be consistent with the terms of the Volvo Finance Cooperation Agreements as disclosed above.



### *Volvo Annual Caps (Retail)*

There are no historical figures as the Volvo Retail Financing Business to be carried out by Genius AFC is expected to commence in the first quarter of 2016. The table below sets out the Volvo Annual Caps (Retail) for each of the three years ending 31 December 2016, 2017 and 2018:

	<b>Estimated annual caps for the year ending 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Volvo Retail Financing Business			
– Maximum new financing amounts to be provided by Genius AFC to Volvo Retail Consumers	7,000	9,000	11,000

### *Basis of determination of the Volvo Annual Caps (Retail)*

For determining the proposed Volvo Annual Caps (Retail), Genius AFC has taken into account (i) the historical retail sales units for both imported and domestically manufactured Volvo vehicles and average selling price of Volvo vehicles; (ii) the projected number of units of Volvo vehicles to be purchased by the Volvo Retail Consumers for each of the years ending 31 December 2016, 2017 and 2018; (iii) the expected average retail selling price of Volvo vehicles for each of the years ending 31 December 2016, 2017 and 2018; and (iv) the estimated retail coverage by Genius AFC's Volvo Retail Financing Business for each of the three years ending 31 December 2016, 2017 and 2018.

## **RELEVANT INTERNAL CONTROL MEASURES**

### **Internal control within Genius AFC**

Based on customer requirements, all loan and product pricing proposals (including any subsequent modifications) are prepared by Genius AFC's sales and marketing function. In order to ensure that the aforesaid pricing basis for the Volvo Finance Cooperation Agreements are adhered to, the finance function of Genius AFC will regularly monitor the fluctuations of the interest rates in the market, which include, among others, the PBOC base lending rates, in order to ensure the interest rates offered for the loan proposals will be higher than the PBOC base lending rates for similar types of loans under similar terms and conditions. All loan and product pricing proposals prepared by Genius AFC's sales and marketing function must be validated by Genius AFC's finance, operations, risks, and information technology functions, and afterwards brought up to a sales and marketing committee for final approval. Such committee includes members who are the heads of various key functions of Genius AFC.

## **Internal control within the Group**

The internal audit department of the Group will also regularly conduct assessment on the internal control measures for all continuing connected transactions of the Company to ensure such internal control measures have been adhered to and are effective. The independent non-executive Directors will also conduct review on all continuing connected transactions every year and confirm that the transactions have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Independent Shareholders as a whole. The Company also engages its independent auditors to report on all continuing connected transactions every year. The independent auditors review and confirm whether all continuing connected transactions have been approved by the Board; were in accordance with the pricing policies of the relevant agreement governing the transactions; and have not exceeded the relevant annual caps.

The Board considers the results from the above reviews and takes action to further strengthen the internal control measures on all continuing connected transactions of the Group if necessary.

## **REASONS FOR AND BENEFITS OF THE VOLVO FINANCING ARRANGEMENTS**

Genius AFC is an auto finance company and is principally engaged in providing finance to dealers and retail customers for the purchase of automobiles, and the Group is principally engaged in the manufacturing and trading of automobiles and automobile parts and related automobile components. In line with the practice of the major global automobile companies, most of the PRC automobile companies have established automobile financing subsidiaries to provide financing services to their customers. With the expertise of BNPP PF coupled with the experience of the Group in the automobile business in the PRC, it is expected that Genius AFC will enable the Company to enhance its services to its customers and strengthen its competitiveness in the market as well as to benefit from the fast-growing auto financing business in the PRC.

As Genius AFC is a new start-up business with no historical track record, the Volvo Financing Arrangements allows Genius AFC to build up its market reputation, in addition to business developed with Geely dealers and clients of the Group, by co-operating with a trusted connected person, namely Volvo, to provide vehicle financing solutions to the Volvo Wholesale Dealers and the Volvo Retail Consumers. It is expected that as the Volvo Wholesale Financing Business and the Volvo Retail Financing Business become more mature and Genius AFC begins to gain the trust of vehicle wholesale dealers and retail customers in the market, AFC Genius may commence providing vehicle financing solutions to other wholesale dealers and customers for their purchase of vehicles that are not Volvo-branded. The entering into of the Volvo Financing Arrangements is therefore an important initial stepping stone for Genius AFC to gain market share in the PRC automobile financing industry.

The Board (excluding the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) is of the view that the terms of the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)) were negotiated on an arm's length basis and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Volvo, VCDC and ZJSH are connected persons of the Company under the Listing Rules by virtue of the fact that Volvo, VCDC and ZJSH are subsidiaries of Geely Holding, a company which Mr. Li and his associate are the ultimate beneficial owners. As such, Volvo is an associate of Mr. Li, an executive Director and a substantial Shareholder holding approximately 42.88% of the total issued share capital of the Company as at the date of this announcement.

Although the Volvo Wholesale Dealers and the Volvo Retail Consumers, who are parties to the Wholesale Facility Agreements and the Retail Loan Agreements, respectively, are independent third parties to the Company and its connected persons, the Volvo Financing Arrangements are deemed to be connected transactions of the Company under Rule 14A.23 of the Listing Rules for the reason that the Volvo Wholesale Dealers and the Volvo Retail Consumers will use the loans provided by Genius AFC to purchase new vehicles from Volvo, who is a connected person of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) for each of the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail) exceed 5%, the entering into of the Volvo Financing Arrangements is subject to the reporting, announcement, annual review, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

Mr. Li, Mr. Yang Jian and Mr. An Cong Hui, each an executive Director, are considered to have material interests in the Volvo Financing Arrangements by virtue of their interests and/or directorship in Geely Holding. As a result, Mr. Li, Mr. Yang Jian and Mr. An Cong Hui have abstained from voting on the Board resolutions for approving the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)).

Mr. Li and his associates together holding 3,774,299,000 Shares (representing approximately 42.88% of the issued share capital of the Company), Mr. Yang Jian and his associates together holding 14,475,000 Shares (representing approximately 0.16% of the issued share capital of the Company) and Mr. An Cong Hui and his associates together holding 15,380,000 Shares (representing approximately 0.17% of the issued share capital of the Company) as at the date of this announcement, will all abstain from voting on the resolutions to be proposed at the EGM to approve the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)).

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Volvo Financing Arrangements, and the Independent Financial Adviser, being V Baron Global Financial Services Limited, has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

A circular containing, among other things, (i) information on the Volvo Financing Arrangements; (ii) a letter from the Independent Board Committee and the recommendations of the Independent Financial Adviser in respect of the Volvo Financing Arrangements; and (iii) a notice of the EGM will be despatched to the Shareholders on or about 5 January 2016.

## **DEFINITIONS**

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:–

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“BNPP PF”	BNP Paribas Personal Finance, a subsidiary of the BNP Paribas Group, which engaged in consumer credit and mortgage lending activities
“Board”	the board of Directors
“Company”	Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (Stock code: 175)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail))
“Geely Holding”	浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Company Limited), a private limited liability company incorporated in Zhejiang Province, the PRC, and is owned as to 90% by Mr. Li and as to 10% by Mr. Li Xing Xing, the son of Mr. Li, respectively, as at the date of this announcement

“Genius AFC”	吉致汽車金融有限公司 (Genius Auto Finance Co., Ltd.), a vehicle financing company established under the laws of PRC, which the Company and BNPP PF are interested in 80% and 20% of its registered capital, respectively, as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, which comprises all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders on the terms of the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail))
“Independent Financial Adviser”	V Baron Global Financial Services Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail))
“Independent Shareholders”	Shareholder(s) other than Mr. Li and his associates
“JV Agreement”	the agreement dated 16 December 2013 entered into between the Company and BNPP PF in relation to the formation of Genius AFC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a substantial Shareholder holding 42.88% interest in the issued share capital of the Company as at the date of this announcement
“PBOC”	the People’s Bank of China (中國人民銀行)
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC” or “China”	the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan

“Retail Loan Agreement(s)”	financing agreements to be entered into between Genius AFC and the Volvo Retail Consumers which set out the terms of the loans to be provided by Genius AFC to the Volvo Retail Consumers for their purchase of Volvo vehicles
“Retail Loan Cooperation Agreement”	cooperation agreements to be entered into between Genius AFC and the Volvo Wholesale Dealers which governs, among other things, the arrangements between Genius AFC and the Volvo Wholesale Dealers in promoting the sale of the Volvo Wholesale Dealers and provision of vehicle loans from Genius AFC to the Volvo Retail Consumers
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Volvo”	Volvo Car Cooperation, a limited liability company incorporated under the laws of Sweden and a subsidiary controlled by Geely Holding
“Volvo Annual Caps (Retail)”	the proposed annual caps (representing the annual new financing amounts to be provided by Genius AFC to the Volvo Retail Consumers) in respect of the Volvo Retail Financing Business for each of the three financial years ending 31 December 2016, 2017 and 2018 as set out under the paragraph headed “Volvo Annual Caps (Retail)”
“Volvo Annual Caps (Wholesale)”	the proposed annual caps (representing the annual new financing amounts to be provided by Genius AFC to the Volvo Wholesale Dealers) in respect of the Volvo Wholesale Financing Business for each of the three financial years ending 31 December 2016, 2017 and 2018 as set out under the paragraph headed “Volvo Annual Caps (Wholesale)”
“VCDC”	Volvo Car Distribution (Shanghai) Co., Ltd., a limited liability company incorporated under the laws of the PRC, a wholly-owned subsidiary of Geely Holding
“Volvo Financing Arrangements”	the parcel of arrangements which includes (i) the cooperation arrangements as stipulated in the Volvo Finance Cooperation Agreements; (ii) the Volvo Wholesale Financing Business; and (iii) the Volvo Retail Financing Business

“Volvo Finance Cooperation Agreements”	the Volvo Finance Cooperation Agreement (Domestic Vehicles) and the Volvo Finance Cooperation Agreement (Imported Vehicles)
“Volvo Finance Cooperation Agreement (Domestic Vehicles)”	the cooperation agreement entered into between Genius AFC and ZJSH on 11 December 2015 which sets out, among other things, the terms on which Genius AFC will supply vehicle financing services to the Volvo Wholesale Dealers and Volvo Retail Customers for domestic vehicles, including (i) wholesale financing to the Volvo Wholesale Dealers to assist them to buy Volvo-branded vehicles and eventually selling such vehicles to the Volvo Retail Consumers; and (ii) retail financing to the Volvo Retail Consumers to assist them to buy Volvo-branded vehicles from the Volvo Wholesale Dealers
“Volvo Finance Cooperation Agreement (Imported Vehicles)”	the cooperation agreement entered into between Genius AFC and VCDC on 11 December 2015 which sets out, among other things, the terms on which Genius AFC will supply vehicle financing services to the Volvo Wholesale Dealers and Volvo Retail Customers for imported vehicles, including (i) wholesale financing to the Volvo Wholesale Dealers to assist them to buy Volvo-branded vehicles and eventually selling such vehicles to the Volvo Retail Consumers; and (ii) retail financing to the Volvo Retail Consumers to assist them to buy Volvo-branded vehicles from the Volvo Wholesale Dealers
“Volvo Retail Consumer(s)”	retail consumers who finance their purchase of Volvo-branded vehicles by obtaining vehicles loans from Genius AFC
“Volvo Retail Financing Business”	one of the principal businesses to be carried out by Genius AFC regarding the provision of vehicle loans to the Volvo Retail Consumers pursuant to the Retail Loan Agreements
“Volvo Wholesale Dealer(s)”	vehicle wholesale dealers which finance their purchase of Volvo vehicles by obtaining vehicles loans from Genius AFC
“Volvo Wholesale Financing Business”	one of the principal businesses to be carried out by Genius AFC regarding the provision of vehicle loans to the Volvo Wholesale Dealers pursuant to the Wholesale Facility Agreements
“Wholesale Facility Agreement(s)”	financing agreements to be entered into between Genius AFC and the Volvo Wholesale Dealers which set out the terms of the loans to be provided by Genius AFC to the Volvo Wholesale Dealers for their purchase of Volvo vehicles

“ZJSH”

中嘉汽車製造(上海)有限公司 (Zhongjia Automobile Manufacturing (Shanghai) Company Limited), a company 50% owned by Volvo and 50% owned by Geely Holding

“%”

per cent

By order of the Board  
**Geely Automobile Holdings Limited**  
**David C.Y. Cheung**  
*Company Secretary*

Hong Kong, 11 December 2015

*As at the date of this announcement, the executive directors of the Company are 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 and Ms. Wei Mei, the non-executive director of the Company is Mr. Carl Peter Edmund Moriz Forster and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu, Mr. An Qing Heng and Mr. Wang Yang.*