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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)

**MAJOR TRANSACTION IN RELATION TO THE ESTABLISHMENT OF
A JOINT VENTURE WITH BNP PARIBAS PERSONAL FINANCE
INVOLVING THE GRANT OF THE CALL OPTION AND THE PUT OPTION**

Financial adviser to Geely Automobile Holdings Limited



China Securities (International) Corporate Finance Company Limited

A notice convening the EGM of Geely Automobile Holdings Limited to be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Monday, 27 January 2014 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

8 January 2014

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DEFINITIONS

In this circular, the following expressions shall have the following meanings, unless the context otherwise requires:

“affiliates”	with respect to any party, any corporate or other entity that controls or is controlled by such party or is under common control with such party by a third party. For the purposes of this definition, a party has “control” of another party if the first party has, directly or indirectly, at least 50% voting power (the threshold shall be 30% in case of the Company or in case of a listed company) at the second party’s decision making authority or retains management control over the second party. For the avoidance of doubt, any entity that is controlled, as defined above, by an affiliate, shall be deemed as an affiliate for the purpose of this circular
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Call Option”	the option granted to BNP Paribas Personal Finance pursuant to which BNP Paribas Personal Finance has the right at any time within 2 years after the Lock-up Period to acquire from the Company such equity interest in the JV Company to increase its interests to up to 50%
“CBRC”	China Banking Regulatory Commission
“Commercial Agreements”	the Master Agreements, the Dealers Agreements and the Retailers Agreements
“Company”	Geely Automobile Holdings Limited (Stock code: 175), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the agreement dated 16 December 2013 entered into between Geely Holding and BNP Paribas Personal Finance for the support of the operation of the JV Company and guaranteeing the performance of the obligation by the Company under the JV Agreement
“Dealers Agreements”	the agreements to be entered into between the JV Company and each of the dealers of Geely Holding and its affiliates (including the Group and Volvo) for the provision of wholesale finance by the JV Company to such dealers and the distribution of retail finance in such dealers’ premises or shops
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, to approve the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement
“Fair Market Value”	the fair market value of the JV Company upon the exercise of the Call Option, the Put Option or the Geely Call Option, the calculation details of which are set out in the paragraph headed “Fair Market Value” under the section headed “Letter from the Board” to this circular
“Geely Call Option”	the option granted to the Company pursuant to which the Company has the right to acquire the equity interest in the JV Company from BNP Paribas Personal Finance upon the occurrence of certain Option Triggering Events
“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, which owns approximately 42.62% interest in the issued share capital of the Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards
“JV Agreement”	the agreement dated 16 December 2013 entered into by and between the Company and BNP Paribas Personal Finance in relation to the JV Formation
“JV Company”	the joint venture company to be established by the Company and BNP Paribas Personal Finance pursuant to the terms of the JV Agreement
“JV Formation”	the establishment of the JV Company which will be owned as to 80% by the Company and as to 20% by BNP Paribas Personal Finance, respectively
“Latest Practicable Date”	3 January 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Period”	a period of three years from the establishment date of the JV Company
“Master Agreements”	the master agreements to be entered into between the JV Company and the distributing companies of Geely Holding and its affiliates (including the Group and Volvo)
“Mr. Li”	Mr. Li Shu Fu, an executive Director and a controlling Shareholder, holding approximately 42.62% interest in the issued share capital of the Company as at the Latest Practicable Date
“Option Triggering Events”	the occurrence of the events under which the Put Option or the Geely Call Option can be exercised, details of which are set out in the paragraph headed “Option Triggering Events” under the section headed “Letter from the Board” to this circular
“PRC” or “China”	the People’s Republic of China and for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Put Option”	the option granted to BNP Paribas Personal Finance pursuant to which BNP Paribas Personal Finance has the right to dispose of its entire equity interest in the JV Company to the Company upon the occurrence of any of the Option Triggering Events
“Retailers Agreements”	the retail financing agreements to be entered into between the JV Company and each end-customer of vehicles with the brands of Geely Holding and its affiliates (including the Group and Volvo) in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Volvo”	Volvo Car Corporation of which more than 50% of its equity interests is owned by Geely Holding

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Li Shu Fu
Mr. Yang Jian
Mr. Gui Sheng Yue
Mr. An Cong Hui
Mr. Ang Siu Lun, Lawrence
Mr. Li Dong Hui, Daniel
Mr. Liu Jin Liang
Ms. Wei Mei

Non-executive Director:

Mr. Carl Peter Edmund Moriz Forster

Independent Non-executive Directors:

Mr. Lee Cheuk Yin, Dannis
Mr. Song Lin
Mr. Yeung Sau Hung, Alex
Mr. Fu Yu Wu
Mr. Wang Yang

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong:

Room 2301, 23rd Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

8 January 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO THE ESTABLISHMENT OF
A JOINT VENTURE WITH BNP PARIBAS PERSONAL FINANCE
INVOLVING THE GRANT OF THE CALL OPTION AND THE PUT OPTION**

On 16 December 2013, the Board announced that the Company entered into the JV Agreement with BNP Paribas Personal Finance for the establishment of the JV Company to engage in the vehicles financing business in the PRC. The registered capital of the JV Company will be RMB900 million and will be contributed as to 80% (equivalent to RMB720 million) by the Company through the Group's internal resources, and as to 20% (equivalent to RMB180 million) by BNP Paribas Personal Finance, respectively.

LETTER FROM THE BOARD

Pursuant to the terms of the JV Agreement, the Call Option and the Put Option will be granted by the Company to BNP Paribas Personal Finance. As the Call Option and the Put Option are exercisable at the discretion of BNP Paribas Personal Finance and the exercise prices for the Call Option and the Put Option are to be determined based on the Fair Market Value of the JV Company at the time of exercise, the grant of the Call Option and the Put Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. Accordingly, the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement constitute a major transaction for the Company and are subject to the Shareholders' approval at the EGM.

The purpose of this circular is to provide you with, among other things, (i) further information about the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement; (ii) a notice of the EGM; and (iii) all other information required by the Listing Rules.

THE JV AGREEMENT

Date of the JV Agreement

16 December 2013

Parties to the transaction

- (A) the Company; and
- (B) BNP Paribas Personal Finance.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, BNP Paribas Personal Finance, its associates and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons as at the Latest Practicable Date.

Material terms of the JV Agreement

Establishment of the JV Company

The Company and BNP Paribas Personal Finance will establish the JV Company to engage in the vehicles financing business in the PRC. The JV Company will be a limited liability company established under the laws of the PRC. Its establishment will be subject to, among others, the approval of the CBRC and other relevant PRC governmental authorities.

The JV Company will engage in, among other things, provision of auto finance products and services in the PRC market (including auto finance services and products for vehicles branded with trademarks owned and/or used by the Geely Holding or Volvo), such as (i) provision of wholesale financing solutions to dealers of Geely Holding and its affiliates (including the Group and Volvo) to finance the purchase of vehicles and the facilities for their operations; and (ii) provision of retail financing to end-customers of vehicles of the brands of Geely Holding and its affiliates (including the Group and Volvo) in China.

LETTER FROM THE BOARD

Registered capital

The registered capital of the JV Company will be RMB900 million and will be contributed as to 80% (equivalent to RMB720 million) by the Company through the Group's internal resources, and as to 20% (equivalent to RMB180 million) by BNP Paribas Personal Finance, respectively.

Term of the JV Company

The JV Company will have a term of 30 years, commencing from the date of issuance of its business license, unless it is terminated earlier pursuant to the JV Agreement.

Composition of the board of the JV Company

The board of the JV Company will consist of five directors, of whom four will be nominated by the Company, and one will be nominated by BNP Paribas Personal Finance, respectively. However, certain key corporate matters of the JV Company require a positive vote from BNP Paribas Personal Finance or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of the JV Company, the JV Company will be treated as a jointly controlled entity of the Company. As such, the JV Company will be equity accounted for in the financial statements of the Group and its financial results will not be consolidated into the financial statements of the Group.

Business scope of the JV Company

Subject to final approvals by the CBRC and the PRC governmental authorities, the business scope of the JV Company will include the following businesses in the PRC:

- (a) accepting the deposit with a fixed term of more than three months (inclusive) from its shareholders and the wholly-owned subsidiaries in the PRC of the group to which the shareholders of the JV Company belong;
- (b) accepting the deposit of automobile dealers for loans for purchasing automobiles and the deposit of lessees to rent automobiles;
- (c) issuing financial bonds upon approval;
- (d) engaging in inter-bank lending;
- (e) borrowing money from financial institutions;
- (f) providing loans for purchasing automobiles;
- (g) providing loans to auto dealers for the purpose of procurement of automobiles and operating facilities (including loans for the construction of show rooms, purchase of spare parts and maintenance equipment, etc.);
- (h) conducting automobile finance lease business (excluding sale and leaseback business);

LETTER FROM THE BOARD

- (i) selling to or repurchasing from financial institutions the accounts receivable of automobile loans and the accounts receivable of automobile finance lease;
- (j) selling and disposing of the rental automobiles at salvage value;
- (k) engaging in consulting and agency business relating to financing for automobile purchase;
- (l) engaging in equity investment business of financial institutions relating to automobile finance business upon approval; and
- (m) other business to be approved by the CBRC.

Lock-up

Each of the parties has agreed not to transfer any of its equity interest in the JV Company during the Lock-up Period unless as otherwise required by the CBRC as mandatory requirement in accordance with the laws of the PRC.

Conditions Precedent

The JV Agreement will take effect upon (i) the Shareholders' approval on the entry into and performance of the JV Agreement by the Company (including but not limited to the grant of the Call Option and the Put Option under the JV Agreement) as well as the JV Formation in accordance with the Listing Rules, has been obtained at the EGM within 3 months from the date of signing of the JV Agreement; and (ii) the issuance of the official approval by the CBRC in relation to the preparation of the JV Formation.

THE CALL OPTION, THE PUT OPTION AND THE GEELY CALL OPTION

The Call Option

Pursuant to the JV Agreement, BNP Paribas Personal Finance was granted the Call Option pursuant to which BNP Paribas Personal Finance has the right at any time within 2 years after the Lock-up Period to acquire from the Company such equity interest in the JV Company to increase its interest in the JV Company to up to 50%.

Premium and exercise price

No premium is payable by BNP Paribas Personal Finance for the Call Option. The exercise price of the Call Option will be determined based on the Fair Market Value at the time of exercise. BNP Paribas Personal Finance shall pay the exercise price to the Company on the closing date (same date as the Valuation Date (as defined below)), subject to any adjustment of such exercise price thereafter in accordance with the JV Agreement. Within 60 business days after determination of the exercise price of the Call Option, the parties shall execute the transfer of the relevant equity interest in the JV Company.

LETTER FROM THE BOARD

The Put Option

Pursuant to the JV Agreement, BNP Paribas Personal Finance was granted the Put Option pursuant to which BNP Paribas Personal Finance has the right at any time after the Lock-up Period to dispose of its entire equity interest in the JV Company to the Company upon the occurrence of any of the Option Triggering Events. However, in case BNP Paribas Personal Finance exercises the Call Option, the events (c) and (g) (*as set out in the paragraph headed "Option Triggering Events" below*) will cease to be the Option Triggering Events and event (b) (*as set out in the paragraph headed "Option Triggering Events" below*) will be modified to "A material adverse event which may be, inter alia, a prohibition of foreign investments in China, preventing BNP Paribas Personal Finance to hold or benefit from its participation in the JV Company and voting rights or any other event that may invalidate any of its rights under the JV Agreement" three years after the completion of the Call Option.

Premium and exercise price

No premium is payable by BNP Paribas Personal Finance for the Put Option. The exercise price of the Put Option will be based on the following:

- (i) For events (a) and (f) of the Option Triggering Events, the exercise price should be: {(the equity interest percentage owned by BNP Paribas Personal Finance) x (the Fair Market Value Estimate (as defined below) or the Fair Market Value as applicable)} plus 10%;
- (ii) For events (b), (c), (d), (e) and (g) of the Option Triggering Events, the exercise price should be: {(the equity interest percentage owned by BNP Paribas Personal Finance) x (the Fair Market Value Estimate (as defined below) or the Fair Market Value as applicable)}; and
- (iii) For event (h) of the Option Triggering Events, the exercise price should be based on the higher of the following two values at the time of exercise: (x) {(the equity interest percentage owned by BNP Paribas Personal Finance) x (the Fair Market Value Estimate (as defined below) or the Fair Market Value as applicable)} less 10%; (y) {the book value of the JV Company (as of the Calculation Date (as defined below) or the Valuation Date (as defined below) as applicable) prorated based on the equity interest percentage owned by BNP Paribas Personal Finance} less 5%.

The Company shall pay the exercise price to BNP Paribas Personal Finance on the closing date (same date as the Valuation Date (as defined below)), subject to any adjustment of such exercise price thereafter in accordance with the JV Agreement. Within 60 business days after determination of the exercise price of the Put Option, the parties shall execute the transfer of the relevant equity interest in the JV Company.

The Geely Call Option

Pursuant to the JV Agreement, the Company was granted the Geely Call Option pursuant to which the Company has the right at any time after the Lock-up Period to acquire the equity interest in the JV Company then owned by BNP Paribas Personal Finance upon the occurrence of certain Option Triggering Events.

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Premium and exercise price

No premium is payable by the Company for the Geely Call Option. The exercise price of the Geely Call Option will be based on the following:

- (i) For event (a) of the Option Triggering Events, the exercise price should be: {(the equity interest percentage owned by BNP Paribas Personal Finance) x (the Fair Market Value Estimate (as defined below) or the Fair Market Value as applicable)} less 10%;
- (ii) For events (d) and (e) of the Option Triggering Events, the exercise price should be: {(the equity interest percentage owned by BNP Paribas Personal Finance) x (the Fair Market Value Estimate (as defined below) or the Fair Market Value as applicable)}; and
- (iii) For event (h) of the Option Triggering Events, the exercise price should be based on the higher of the following two values at the time of exercise: (x) {(the equity interest percentage owned by BNP Paribas Personal Finance) x (the Fair Market Value Estimate (as defined below) or the Fair Market Value as applicable)} plus 10%; (y) {the book value of the JV Company (as of the Calculation Date (as defined below) or the Valuation Date (as defined below) as applicable) prorated based on equity interest percentage owned by BNP Paribas Personal Finance} + (cumulative net losses* if any, incurred by the JV Company over the period from the issuance date of the business license of the JV Company until the Calculation Date or the Valuation Date as applicable, prorated based on the equity interest percentage owned by BNP Paribas Personal Finance when the losses were incurred).

*: *For the avoidance of doubt, the cumulative net losses will be set to zero in the formula above after the completion of the Call Option.*

The Company shall pay the exercise price to BNP Paribas Personal Finance on the closing date (same date as the Valuation Date (as defined below)) subject to any adjustment of such exercise price thereafter in accordance with the JV Agreement. Within 60 business days after determination of the exercise price of the Geely Call Option, the parties shall execute the transfer of the relevant equity interest in the JV Company.

Fair Market Value

The Fair Market Value will be determined in accordance with the following formula:

The Fair Market Value = the Fair Market Value Estimate adjusted for any change in the book value of the JV Company between the Calculation Date and the Valuation Date as confirmed by the Appointed Auditor.

Where:

- (i) Fair Market Value Estimate is an amount to be calculated based on the arithmetic mean of the values given by the discounted cash flow method and price-to-book valuation, and such Fair Market Value Estimate shall not be lower than 1.0 times IFRS book equity value as of the Calculation Date. The Company and BNP Paribas Personal Finance shall endeavor to agree on

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the Fair Market Value Estimate. If no mutual agreement is reached on the Fair Market Value Estimate within the period as provided in the JV Agreement, the Fair Market Value Estimate shall be determined in accordance with the procedures and rules as provided in the JV Agreement;

- (ii) Calculation Date is a reference date which is the last day of the month prior to the date on which the exercise notice of the Call Option, the Put Option or the Geely Call Option (as the case maybe) is served;
- (iii) Valuation Date is the date on which the transfer of the equity interest under the Call Option, the Put Option or the Geely Call Option (as the case maybe) is effectively completed; and
- (iv) Appointed Auditor is a big four audit firm jointly selected and appointed by the Company and BNP Paribas Personal Finance to audit the IFRS book value as of the Calculation Date and Valuation Date.

Option Triggering Events

The Put Option may be triggered upon the occurrence of any of the following events. However, in case BNP Paribas Personal Finance exercises the Call Option, the parties to the JV Agreement, after an arm's length negotiation, mutually agreed to limit the scope of the Option Triggering Events for the Put Option so as to reflect their equal equity interests and participation under the new 50%:50% shareholding structure in the JV Company after the completion of the Call Option. As such, the following events (c) and (g) will cease to be the Option Triggering Events and the following event (b) will be modified to "A material adverse event which may be, inter alia, a prohibition of foreign investments in China, preventing BNP Paribas Personal Finance to hold or benefit from its participation in the JV Company and voting rights or any other event that may invalidate any of its rights under the JV Agreement" three years after the completion of the Call Option. The Geely Call Option may be triggered upon the occurrence of any of the following events (a), (d), (e) and (h):

- (a) a material breach of the JV Agreement by one party to the JV Agreement that would have a significant negative impact on the JV Company or any party's rights and obligations;
- (b) a material adverse event affecting the JV Company or any party to the JV Company. A material adverse event may be, inter alia, a prohibition of foreign investments in China, preventing BNP Paribas Personal Finance to hold or benefit from its participation in the JV Company and voting rights or any other event that may invalidate any of its rights under the JV Agreement;
- (c) change in regulations or market conditions that may prevent the JV Company to implement its key corporate policies, which include, among other things, (i) the management and control of treasury and asset-liability management risks of the JV Company; (ii) the management of legal and compliance risks of the JV Company; and (iii) the management of credit risks in retail finance and wholesale finance of the JV Company;

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- (d) insolvency of any party or another event that would prevent the JV Company to operate in ordinary course of business. For the avoidance of doubt, in case that BNP Paribas Personal Finance is the non-defaulting party, BNP Paribas Personal Finance can exercise the Put Option or propose to liquidate the JV Company in accordance with the terms of the JV Agreement, while in case that the Company is the non-defaulting party, the Company can exercise the Geely Call Option or propose to liquidate the JV Company in accordance with the terms of the JV Agreement;
- (e) change of control resulting in, in respect of the Company or Geely Holding, that (i) Mr. Li together with his direct relatives directly or indirectly holds less than 50% equity interest in Geely Holding or any of the operational companies or any of the distributing companies or holds less than 30% equity interest of the Company; or (ii) loses management control over Geely Holding, any of the operational companies or any of the distributing companies or the Company; or (iii) the Company directly or indirectly holds less than 50% equity interest of or loses management control over the distributing companies that have entered into Commercial Agreements with the JV Company, except if Mr. Li together with his direct relatives, directly or indirectly holds at least 50% equity interests or management control over these distributing companies; in respect of BNP Paribas Personal Finance, that BNP Paribas holds less than 50% equity interest of BNP Paribas Personal Finance or lose management control over BNP Paribas Personal Finance, the party to the JV Agreement not under a change of control can exercise the put or call option thereto, as the case may be;
- (f) non-implementation of key principles of the Commercial Agreements between the JV Company and Geely Holding and its affiliates attributable to Geely Holding and its affiliates, which causes material adverse effect on the business of the JV Company;
- (g) non-performance indicators of the JV Company, where non-performance indicators refer to: (i) non-achievement of the JV Company by 50% of the gross profit target in 2 successive years; (ii) drop in production (aggregate of retail finance and wholesale finance) volumes by more than 50% as compared to the previous 12 months period; or (iii) more than 50% of the total dealers within the targeted network in line with the business plan become unbankable; and
- (h) the approval and change of the business plan of the JV Company becomes irresolvable deadlock between the parties to the JV Agreement.

THE COOPERATION AGREEMENT

On 16 December 2013, Geely Holding entered into the Cooperation Agreement with BNP Paribas Personal Finance for the support of the operation of the JV Company as well as guaranteeing the performance of the obligation by the Company under the JV Agreement.

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The terms of the Cooperation Agreement include, among other things,

- (a) in the event of non-fulfilment by the Company of its obligations on the Put Option under the JV Agreement, Geely Holding will be obliged to purchase the equity interest in the JV Company owned by BNP Paribas Personal Finance if BNP Paribas Personal Finance elects to do so;
- (b) Geely Holding will use its best endeavours to support the JV Company, inter alia, repossess and resell vehicles to other dealers, financing guarantee, coordinate the JV Company's relations with regulatory bodies at different levels;
- (c) Geely Holding will not establish any new auto finance company in the PRC competing with the JV Company; and
- (d) Geely Holding will support the JV Company to develop a competitive commercial offer, to secure its business model and meet its commercial and financial targets.

In the event that Geely Holding purchases the equity interest in the JV Company owned by BNP Paribas Personal Finance pursuant to the Cooperation Agreement, the Company will publish an announcement and comply with the relevant requirements of the Listing Rules (if applicable).

THE COMMERCIAL AGREEMENTS

It is contemplated that subsequent to the completion of the JV Formation, the Commercial Agreements, which include the Master Agreements, the Dealers Agreements and the Retailers Agreements, will be executed to formalise the terms for the operation of the JV Company.

The Master Agreements

The JV Company will enter into Master Agreements with the distributing companies of Geely Holding and its affiliates (including the Group (“**Geely Distributing Companies**”) and Volvo (“**Volvo Distributing Companies**”)) (together, “**Distributing Companies**”). The Master Agreements will provide, among other things, (i) the characteristics of the wholesale financing and the retail financing engaged in by the JV Company; (ii) the obligation of the Distributing Companies in terms of providing marketing campaigns support to the dealers of Geely Holding and its affiliates (including the Group and Volvo) and/or providing financial support to dealers of the Group and Volvo in consideration of the wholesale financing services of the JV Company; (iii) the Distributing Companies shall use their best endeavours to persuade such dealers to enter into the Dealers Agreements with the JV Company; and (iv) the key terms and conditions or principles to be applied to the Dealers Agreements.

The Dealers Agreements

The Dealers Agreements are the agreements to be entered into between the JV Company and each of the dealers of Geely Holding and its affiliates (including the Group and Volvo) for the provision of wholesale finance by the JV Company to such dealers and the distribution of retail finance in such dealers' premises or shops, pursuant to which the JV Company agrees to grant the wholesale financing to such

LETTER FROM THE BOARD

dealers and such dealers agree to be granted the wholesale financing by the JV Company and for distribution by the dealers of retail finance products to end-customers of vehicles based on the terms and conditions as set out therein.

The Retailers Agreements

The Retailers Agreements are the retail financing agreements to be entered into between the JV Company and each of the end-customers of vehicles with the brands of Geely Holding and its affiliates (including the Group and Volvo) in the PRC pursuant to which the JV Company agrees to grant retail financing to such end-customer and such end-customer agrees to be granted the retail financing by the JV Company on the terms and conditions as set out therein.

FINANCIAL EFFECTS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP OF ENTERING INTO THE JV AGREEMENT AND THE EXERCISE OF THE CALL OPTION AND THE PUT OPTION

Upon the completion of the JV Formation, the Company will own 80% of the equity interest in the JV Company and as explained under the paragraph headed “Composition of the board of the JV Company” on page 6 under the section headed “Letter from the Board” to this circular, the JV Company will be treated as a jointly controlled entity of the Company. As such, the JV Company will be equity accounted for in the financial statements of the Group and its financial results will not be consolidated into financial statements of the Group. Upon the completion of the JV Formation, the Group’s total assets and liabilities will remain unchanged and the working capital of the Group will decrease by RMB720 million, being the registered capital of the JV Company to be contributed by the Company. In light of future prospects of the JV Company, the Directors are of the view that the JV Formation will promote the sales of the Group and Volvo’s passenger vehicles in the PRC as well as allow the Group to share profits from the operation of the JV Company.

At the time of exercising the Call Option, the Company will dispose of 30% of the equity interest in the JV Company to BNP Paribas Personal Finance. After such disposal, the Company will own 50% of the equity interest in the JV Company and continue to treat it as its jointly controlled entity. Accordingly, the JV Company will continue to be equity accounted for in the financial statements of the Group and its financial results will not be consolidated into financial statements of the Group. The actual financial effect to the Group in relation to the exercise of the Call Option by BNP Paribas Personal Finance will be determined by the actual exercise price to be calculated based on the then Fair Market Value.

At the time of exercising the Put Option, the Company will acquire either 20% or 50% (as the case maybe) of the equity interest in the JV Company from BNP Paribas Personal Finance. After such acquisition, the JV Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. The actual financial effect to the Group in relation to the exercise of the Put Option by BNP Paribas Personal Finance will be determined by the actual exercise price to be calculated based on the then Fair Market Value.

LETTER FROM THE BOARD

REASONS FOR THE ENTERING INTO OF THE JV AGREEMENT

The Company is an investment holding company 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 or are in the process of establishing vehicle financing subsidiaries to provide financing services to their customers. The JV Formation can provide an opportunity for the Group to promote the sales of its and Volvo's passenger vehicles in the PRC as well as allowing the Group to share profits from the operation of the JV Company.

With the expertise of BNP Paribas Personal Finance coupled with the experience of the Group in the automobile business in the PRC, the Board is of the view that the JV Company will enable the Group 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.

Given the JV Formation is beneficial to the Company, the Directors consider the commercial terms of the grant of the Call Option and the Put Option to BNP Paribas Personal Finance was determined on arm's length basis for facilitating the entering into of the JV Agreement by both parties.

The Board thus considers that the JV Agreement, which includes the grant of the Call Option and the Put Option, was entered into on normal and commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Li, Mr. Yang Jian, Mr. An Cong Hui, Mr. Li Dong Hui, Daniel and Mr. Carl Peter Edmund Moriz Forster are considered to have material interests in the JV Agreement by virtue of their directorship in either Geely Holding or Volvo and each of them had abstained from voting on the Board resolution to approve the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement.

INFORMATION ON BNP PARIBAS PERSONAL FINANCE AND BNP PARIBAS

BNP Paribas Personal Finance is the leader in France and in Europe for personal loans via its activities in consumer credit and mortgage lending. A 100% subsidiary of the BNP Paribas Group, BNP Paribas Personal Finance has more than 16,000 employees and operates in over 20 countries. Under brands including Cetelem, Findomestic, and AlphaCredit, the company offers a full range of personal credit products at points of sale and car dealerships and directly to consumers through its customer relations centres and Internet. Worldwide automotive financing services are one of the historical know-how and expertise of BNP Paribas Personal Finance either in the new car business or in the second-hand car market. Developing its automotive financing services offer also is one of the main three strategic areas of growth of BNP Paribas Personal Finance.

LETTER FROM THE BOARD

BNP Paribas Personal Finance has added an insurance and savings offer for its clients in France, in Italy, Germany and Bulgaria. BNP Paribas Personal Finance has developed an active partnership strategy with retailers, web merchants and financial institutions (banks and insurance companies), based on its experience with marketing credit offers and integrated services tailored to partners' business and commercial objectives. It is also a leading player in the field of responsible lending and financial education.

BNP Paribas (<http://www.bnpparibas.com>) has a presence in nearly 80 countries with 190,000 employees, including 145,000 in Europe. It ranks highly in its three core activities: Retail Banking, Investment Solutions and Corporate & Investment Banking. In Europe, the BNP Paribas Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the leader in personal lending. BNP Paribas is rolling out its integrated retail banking model across Mediterranean basin countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Investment Banking and Investment Solutions activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas and solid and fast-growing businesses in Asia-Pacific.

GENERAL

The JV Formation itself does not constitute a notifiable transaction for the Company under the Listing Rules. However, as the Call Option and the Put Option are exercisable at the discretion of BNP Paribas Personal Finance and the exercise prices for the Call Option and the Put Option are to be determined based on the Fair Market Value of the JV Company at the time of exercise, the grant of the Call Option and the Put Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. Accordingly, the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement constitute a major transaction for the Company and are subject to the Shareholders' approval at the EGM. Moreover, Mr. Li, Mr. Yang Jian, Mr. An Cong Hui, Mr. Li Dong Hui, Daniel and Mr. Carl Peter Edmund Moriz Forster are considered to have material interests in the JV Agreement by virtue of the directorship in either Geely Holding or Volvo. Further, Mr. Li, through his 90% equity interest in Geely Holding, Mr. Yang Jian and Mr. An Cong Hui held 3,751,159,000 Shares, 8,000,000 Shares and 6,000,000 Shares respectively (or together held 3,765,159,000 Shares (representing approximately 42.78% of the total issued share capital of the Company) as at the Latest Practicable Date; whereas each of Mr. Li Dong Hui, Daniel and Mr. Carl Peter Edmund Moriz Forster did not hold any Shares as at the Latest Practicable Date. Accordingly, Mr. Li, Geely Holding, Mr. Yang Jian and Mr. An Cong Hui and their respective associates will abstain from voting on the resolutions to approve the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement at the EGM.

In the event that at the time of exercise of the Call Option or the Put Option, the relevant percentage ratios to be calculated using the then Fair Market Value in respect of the exercise of the Call Option or the Put Option by BNP Paribas Personal Finance would result in the transaction falling within a higher classification of notifiable transaction, the Company will comply with the additional requirements under Chapters 14 and 14A of the Listing Rules. In addition, the Company will publish an announcement and comply with additional requirements of the applicable Listing Rules when it exercises the Geely Call Option.

LETTER FROM THE BOARD

EGM

Set out on pages EGM-1 to EGM-2 is a notice convening the EGM to be held at 10:00 a.m. on Monday, 27 January 2014 at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong at which ordinary resolutions will be proposed to consider and, if thought fit, approve the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong share registrar, Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong, as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Voting on the proposed resolution at the EGM will be taken by poll.

RECOMMENDATION

The Directors, including the independent non-executive Directors, consider the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement are on normal commercial terms, are entered into in the usual and ordinary course of business and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be put forward at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to additional information set out in the appendices to this circular.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for (i) the six months ended 30 June 2013 is disclosed on 26 August 2013 in the interim report 2013 of the Company from pages 4 to 30; (ii) the year ended 31 December 2012 is disclosed on 26 March 2013 in the annual report 2012 of the Company from pages 67 to 159; (iii) the year ended 31 December 2011 is disclosed on 28 March 2012 in the annual report 2011 of the Company from pages 56 to 131; and (iv) the year ended 31 December 2010 is disclosed on 29 March 2011 in the annual report 2010 of the Company from pages 71 to 143, all of which have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.geelyauto.com.hk>).

2. INDEBTEDNESS STATEMENT**Borrowings**

At the close of business on 30 November 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had secured bank borrowings of RMB340 million and unsecured bank borrowings of RMB762 million. The secured bank borrowings were secured by the Group's prepaid land lease payments of RMB228 million and guaranteed by certain third parties. The unsecured bank borrowings of RMB585 million and RMB68 million were guaranteed by the Company's ultimate holding company and certain third parties respectively.

Financial guarantee contracts

At the close of business on 30 November 2013, the Group has provided guarantees with respect to banking facilities granted to the Company's ultimate holding company amounting to RMB340 million. Under the financial guarantee contracts, certain prepaid land lease payments and property, plant and equipment of the Group with carrying amounts of RMB82 million and RMB151 million respectively, have been pledged to the banks as at 30 November 2013.

Capital commitments

At the close of business on 30 November 2013, the Group had capital commitments, which were contracted but not provided for, in respect of property, plant and equipment and investment in associates of RMB786 million and RMB34 million respectively.

Save as aforesaid in this section of the circular and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 30 November 2013, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and any liabilities under acceptances (other than normal trade bills) or other similar indebtedness, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into account the financial resources available to the Group, including the internally generated funds and the banking facilities available, the Group has sufficient working capital for its present requirements, that is for the next twelve months from the date of this circular.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the manufacturing and trading of automobiles and automobile parts and related automobile components. The Group sells most of its products in the China market and has also expanded its sales through export to other developing countries in the past few years. With its eight manufacturing plants in Linhai, Ningbo, Luqiao, Lanzhou, Xiangtan, Jinan, Chengdu and Cixi in China, the Group currently has a total annual production capacity of 635,000 units of vehicle per shift. As of 30 June 2013, the Group sold its 14 major sedan models, which were powered by its own 1.0L-2.4L petro-engines and developed from 5 product platforms of its own under three product brands – “GLEagle”, “Emgrand” and “Englon” – and these sedan models were retailed through 1,068 dealers in China. As of 30 June 2013, the Group also exported its products through 38 sales agents, and 490 sales and service outlets in 38 overseas markets, mainly to developing countries in the Middle East, Eastern Europe, and Central and South America.

In line with the practice of the major global automobile companies, most of the PRC automobile companies have established or are in the process of establishing vehicle financing subsidiaries to provide financing services to their customers. The JV Formation can provide an opportunity for the Group to promote the sales of its and Volvo’s passenger vehicles in the PRC as well as allowing the Group to share profits from the operation of the JV Company.

With the expertise of BNP Paribas Personal Finance coupled with the experience of the Group in the automobile business in the PRC, the Board is of the view that the JV Company will enable the Group 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. Together with the new product platforms, new powertrains and high standard new production facilities under development, the Group is confident to deliver quality products and outstanding customer satisfaction and experience, thus allowing the Group to participate in global competition with confidence and to achieve sustainable, long-lasting and stable growth and development in the future.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Directors' and chief executives' interests and short positions**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives in the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(i) *Interests and short positions in the securities of the Company*

Name of Directors	Capacity	Number of Shares in the Company		Shareholding percentage (%)
		Long position	Short position	
Shares				
Mr. Li (<i>Note 1</i>)	Interest in controlled corporation	3,751,159,000	–	42.62
Mr. Yang Jian	Personal	8,000,000	–	0.09
Mr. Gui Sheng Yue	Personal	11,800,000	–	0.13
Mr. An Cong Hui	Personal	6,000,000	–	0.07
Mr. Ang Siu Lun, Lawrence	Personal	4,270,000	–	0.05
Share options				
Mr. Yang Jian	Personal	12,000,000 (<i>Note 2</i>)	–	0.14
Mr. Gui Sheng Yue	Personal	11,500,000 (<i>Note 2</i>)	–	0.13
Mr. An Cong Hui	Personal	9,000,000 (<i>Note 2</i>)	–	0.10
Mr. Ang Siu Lun, Lawrence	Personal	11,000,000 (<i>Note 2</i>)	–	0.12
Mr. Li Dong Hui, Daniel	Personal	7,000,000 (<i>Note 2</i>)	–	0.08
Mr. Liu Jin Liang	Personal	9,000,000 (<i>Note 2</i>)	–	0.10
Ms. Wei Mei	Personal	8,000,000 (<i>Note 2</i>)	–	0.09
Mr. Song Lin	Personal	1,000,000 (<i>Note 2</i>)	–	0.01
Mr. Yeung Sau Hung, Alex	Personal	1,000,000 (<i>Note 2</i>)	–	0.01
Mr. Lee Cheuk Yin, Dannis	Personal	1,000,000 (<i>Note 2</i>)	–	0.01

Notes:

- Proper Glory Holding Inc. (“Proper Glory”) and its associates in aggregate hold 3,751,159,000 Shares, representing approximately 42.62% of the issued share capital of the Company as at the Latest Practicable Date. Proper Glory is a private company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li and his associate.
- The percentage of holding is calculated on the basis (i) that the options are fully exercised; and (ii) the number of issued share capital of the Company when the options are exercised is the same as that as at the Latest Practicable Date.

(ii) *Interests and short positions in the securities of the associated corporations of the Company*

Name of Director	Name of its associated corporations	Number of shares in its associated corporations		Shareholding percentage (%)
		Long position	Short position	
Mr. Li	Proper Glory	(Note 1)	–	(Note 1)
Mr. Li	Geely Group Limited	50,000	–	100
Mr. Li	Geely Holding	(Note 2)	–	(Note 2)
Mr. Li	Zhejiang Geely Automobile Company Limited	(Note 3)	–	(Note 3)
Mr. Li	Shanghai Maple Automobile Company Limited	(Note 4)	–	(Note 4)
Mr. Li	Zhejiang Haoqing Automobile Manufacturing Company Limited	(Note 5)	–	(Note 5)
Mr. Li	Zhejiang Jirun Automobile Company Limited	(Note 6)	–	(Note 6)
Mr. Li	Shanghai Maple Guorun Automobile Company Limited	(Note 7)	–	(Note 7)
Mr. Li	Zhejiang Kingkong Automobile Company Limited	(Note 8)	–	(Note 8)
Mr. Li	Zhejiang Ruhoo Automobile Company Limited	(Note 9)	–	(Note 9)
Mr. Li	Hunan Geely Automobile Components Company Limited	(Note 10)	–	(Note 10)
Mr. Li	Chengdu Gaoyuan Automobile Industries Company Limited	(Note 11)	–	(Note 11)
Mr. Li	Lanzhou Geely Automobile Industries Company Limited	(Note 12)	–	(Note 12)
Mr. Li	Jinan Geely Automobile Company Limited	(Note 13)	–	(Note 13)

Notes:

1. Proper Glory and its associates in aggregate hold 3,751,159,000 Shares, representing approximately 42.62% of the issued share capital of the Company as at the Latest Practicable Date. Proper Glory is a private company incorporated in the British Virgin Islands and is beneficially wholly owned by Mr. Li and his associate.
2. Geely Holding is a limited liability company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.

3. Zhejiang Geely Automobile Company Limited (“Zhejiang Geely”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
4. Shanghai Maple Automobile Company Limited (“Shanghai Maple Automobile”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
5. Zhejiang Haoqing Automobile Manufacturing Company Limited (“Zhejiang Haoqing”) is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
6. Zhejiang Jirun Automobile Company Limited (“Zhejiang Jirun”) is a private company incorporated in the PRC and is 1% directly owned by Zhejiang Geely. Zhejiang Geely is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
7. Shanghai Maple Guorun Automobile Company Limited (“Shanghai Maple”) is a private company incorporated in the PRC and is 1% directly owned by Shanghai Maple Automobile. Shanghai Maple Automobile is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
8. Zhejiang Kingkong Automobile Company Limited is a private company incorporated in the PRC and is 1% directly owned by Zhejiang Haoqing. Zhejiang Haoqing is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
9. Zhejiang Ruhoo Automobile Company Limited is a private company incorporated in the PRC and is 1% directly owned by Zhejiang Haoqing. Zhejiang Haoqing is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
10. Hunan Geely Automobile Components Company Limited is a private company incorporated in the PRC and is 1% directly owned by Zhejiang Haoqing. Zhejiang Haoqing is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
11. Chengdu Gaoyuan Automobile Industries Company Limited is a private company incorporated in the PRC and is owned as to 90% by Zhejiang Jirun and as to 10% by Shanghai Maple. Zhejiang Jirun and Shanghai Maple is 1% directly owned by Zhejiang Geely and Shanghai Maple Automobile, respectively. Both Zhejiang Geely and Shanghai Maple Automobile are private companies incorporated in the PRC and are beneficially wholly owned by Mr. Li and his associate.
12. Lanzhou Geely Automobile Industries Company Limited is a private company incorporated in the PRC and is owned as to 90% by Zhejiang Jirun and as to 10% by Shanghai Maple. Zhejiang Jirun and Shanghai Maple is 1% directly owned by Zhejiang Geely and Shanghai Maple Automobile, respectively. Both Zhejiang Geely and Shanghai Maple Automobile are private companies incorporated in the PRC and are beneficially wholly owned by Mr. Li and his associate.
13. Jinan Geely Automobile Company Limited is a private company incorporated in the PRC and is owned as to 90% by Zhejiang Jirun and as to 10% by Shanghai Maple. Zhejiang Jirun and Shanghai Maple is 1% directly owned by Zhejiang Geely and Shanghai Maple Automobile, respectively. Both Zhejiang Geely and Shanghai Maple Automobile are private companies incorporated in the PRC and are beneficially wholly owned by Mr. Li and his associate.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Interests and short positions in shares and underlying shares of others persons

As at the Latest Practicable Date, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and so far as is known to the Directors or the chief executive of the Company, the persons, other than Directors or the chief executive of the Company, who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other members of the Group and the amount of each of such persons' interest in such securities, together with any options in respect of such capital, were as follows:

(i) Substantial Shareholders (as defined in the SFO)

Name	Capacity	Number of Shares held			Shareholding percentage (%)
		Long position	Short position	Lending pool	
Proper Glory (Note 1)	Beneficial owner	2,462,400,000	-	-	27.98
Geely Holding (Note 1)	Interest in controlled corporation	3,751,072,000	-	-	42.62
Zhejiang Geely (Note 2)	Corporate	776,408,000	-	-	8.82
Geely Group Limited (Note 1)	Beneficial owner	87,000	-	-	0.001
	Interest in controlled corporation	2,462,400,000	-	-	27.98
BlackRock, Inc.	Interest in controlled corporation	612,843,334	2,525,000	-	6.96 0.03
JPMorgan Chase & Co.	Interest in controlled corporation	531,725,551	68,444,471	-	6.04 6.78
				208,788,825	2.37

Note:

1. Proper Glory is a private company incorporated in the British Virgin Islands and is owned as to 68% by Geely Holding and as to 32% by Geely Group Limited. Geely Group Limited is a limited liability private company incorporated in the British Virgin Islands and is wholly owned by Mr. Li. Geely Holding is a limited liability private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
2. Zhejiang Geely is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.

Save as disclosed above so far as is known to the Directors or chief executives of the Company, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

Mr. Li is a director of each of Proper Glory, Geely Holding, Zhejiang Geely and Geely Group Limited. Mr. Yang Jian is a director of each of Geely Holding and Zhejiang Geely. Mr. An Cong Hui is a director of each of Geely Holding and Zhejiang Geely. Mr. Li Dong Hui, Daniel is a director of Geely Holding. Save as disclosed, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTEREST

The Group is principally engaged in the research, production, marketing and sales of sedans and related automobile components in the PRC. Geely Holding, which is ultimately owned by Mr. Li, the Company's Chairman, and his associate, has signed agreements or been in negotiations with local governments in the PRC and other entities to set up production plants for the manufacturing and distribution of Geely sedans. The potential production and distribution of Geely sedans by Geely Holding will constitute competing businesses (the "Competing Businesses") to those currently engaged by the Group. Mr. Li has undertaken to the Company (the "Undertaking") that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the independent non-executive Directors, he will, and will procure his associates (other than the Group) to sell to the Group all of the Competing Businesses and related assets, subject to compliance with applicable requirements of the Listing Rules and other applicable laws and regulations upon terms to be mutually agreed as fair and reasonable.

In August 2010, Geely Holding has completed the acquisition of Volvo, which manufactures of Volvo cars, a range of family sedans, wagons and sport utility cars, and has 2,500 dealerships in 100 markets (the "Volvo Acquisition"). Although the Group is not a party to the Volvo Acquisition nor in any discussions with Geely Holding to cooperate with Geely Holding in relation to the Volvo Acquisition, but Geely Holding has provided an irrevocable undertaking to the Company on 27 March 2011 to the effect that upon being notified of any decision by the Company pursuant to a resolution approved by a majority of the

independent non-executive Directors, Geely Holding will, and will procure its associates (other than the Group) to sell to the Group all or any part of the businesses and related assets of the Volvo Acquisition, and such transfer will be subject to the terms and conditions being fair and reasonable, and being in compliance with applicable requirements of the Listing Rules, other applicable laws and regulations and other necessary approvals and consents on terms to be mutually agreed.

Save for disclosed above, as at the Latest Practicable Date, none of the Directors or any of their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of or leased to any member of the Group.

Save for disclosed below, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Company.

- **Services agreement between the Company and Geely Holding**

- *Sales of CKDs and Sedan Tool Kits from the Group to the Geely Holding and its subsidiaries (together the “Geely Holding Group”)*

Pursuant to the services agreement dated 27 November 2009, the Group agreed to supply to the Geely Holding Group the Complete Knock Down Kits (“CKDs”) and sedan tool kits in accordance with the product specifications set out in the services agreement.

- *Sales of CBUs, automobile parts and components; and provision of process manufacturing services from Geely Holding Group to the Group*

Pursuant to the services agreement dated 27 November 2009, Geely Holding Group agreed to sell to the Group the complete buildup units (“CBUs”), automobile parts and components; and provide process manufacturing process to the Group in accordance with the product and service specifications set out in the services agreement.

As the applicable percentage ratios of the continuing connected transactions contemplated under the services agreement are higher than 5% on an annual basis, the Services Agreement is subject to the reporting, annual review, announcement requirements and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

- **Loan guarantee agreement between the Company and Geely Holding**

Pursuant to the loan guarantee agreement dated 27 November 2009, the Group agreed to provide guarantees (including the pledge of certain lands, buildings and facilities of the subsidiaries) on loans obtained or to be obtained by the Geely Holding Group on behalf of the Group's subsidiaries in relation to the manufacture and research and development of sedans of the Group.

As the applicable percentage ratios of the continuing connected transactions contemplated under the loan guarantee agreement are higher than 5% on an annual basis, the loan guarantee agreement is subject to the reporting, annual review, announcement requirements and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

- **Lease agreement between the Company, Geely Holding and Zhejiang Automotive Vocational and Technical College, as supplemented by the supplemental lease agreement**

Pursuant to the lease agreement dated 16 November 2012 and the supplemental lease agreement dated 5 February 2013, the Group agreed to lease certain properties located in the PRC to the Geely Holding Group and Zhejiang Automotive Vocational and Technical College.

As the applicable percentage ratios of the continuing connected transactions contemplated under the lease agreement and the supplemental lease agreement are less than 5% on an annual basis, the lease agreement and the supplemental lease agreement are subject to the reporting, annual review, announcement requirements, but are exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

- **Services agreement between the Company and Geely Holding**

Pursuant to the services agreement dated 11 April 2012, Geely Holding Group agreed to sell to the Group the processed automobile parts and components.

As the applicable percentage ratios of the continuing connected transactions contemplated under the aforementioned services agreement are less than 5% on an annual basis, the aforementioned services agreement is subject to the reporting, annual review, announcement requirements, but is exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

- **CBU agreement between the Company and Geely Holding**

Pursuant to the CBU agreement dated 11 April 2012, the Group agreed to sell to the Geely Holding Group the complete buildup units ("CBUs"), in accordance with the product and service specifications set out in the CBU agreement.

As the applicable percentage ratios of the continuing connected transactions contemplated under the CBU agreement are less than 5% on an annual basis, the CBU agreement is subject to the reporting, annual review, announcement requirements, but is exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract or had an unexpired service contract with any member of the Group, which is not determinable by any member of the Group within one year without payment of compensation other than statutory compensation.

6. LITIGATION

As at the Latest Practicable Date, as far as was known to the Directors, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by any member of the Group within two years immediately preceding the date of this circular, which are or may be material:

- a. the framework agreement dated 1 February 2013 entered into between Shanghai Maple Guorun Automobile Company Limited ("Shanghai Maple"), an indirectly 99%-owned subsidiary of the Company, and Zhejiang Kandi Vehicles Co., Ltd. (浙江康迪車業有限公司) pursuant to which the parties agreed to establish a 50:50 joint venture company with a registered capital of RMB1,000,000,000 (of which RMB500,000,000 was contributed by Shanghai Maple) to engage in the investment, research and development, production, marketing and sales of electric vehicles in the PRC;
- b. the equity transfer agreement dated 5 February 2013 entered into between Luck Empire Investment Limited ("Luck Empire"), an indirectly wholly-owned subsidiary of the Company, and Shanghai Maple pursuant to which Luck Empire agreed to dispose of its entire 51% interest in the registered capital of Shanghai LTI Automobile Components Company Limited, an indirectly owned subsidiary of the Company, to Shanghai Maple at a consideration of RMB173,350,000;
- c. the assets purchase agreement dated 10 December 2013 entered into between the Company and Geely Holding pursuant to which the Group agreed to purchase and Geely Holding Group agreed to sell the assets at a total consideration of RMB80,390,061;
- d. the equity transfer agreement dated 23 December 2013 entered into between Shanghai Maple and a 50:50 joint venture company ("JVC") formed with Zhejiang Kandi Vehicles Co., Ltd. (浙江康迪車業有限公司) pursuant to which Shanghai Maple transferred its entire 100% equity

interest in Kandi Electric Vehicles (Shanghai) Co., Ltd (康迪電動汽車(上海)有限公司), a wholly-owned subsidiary of Shanghai Maple, to the JVC for a consideration of RMB640,651,000; and

- e. the JV Agreement.

8. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (b) The company secretary of the Company is Mr. Cheung Chung Yan, David, a fellow member of the Association of Chartered Certified Accountants.
- (c) The share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Plaza, 33 Lockhart Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM (and any adjournment thereof):

- a. the memorandum and articles of association of the Company;
- b. the annual report 2011 and the annual report 2012 of the Company for the two financial years ended 31 December 2011 and 2012;
- c. the interim report 2013 of the Company for the six months ended 30 June 2013;
- d. the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix; and
- e. this circular.

NOTICE OF THE EGM

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of the shareholders of Geely Automobile Holdings Limited (the “**Company**”) will be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Monday, 27 January 2014 at 10:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the entering into of the joint venture agreement by the Company with BNP Paribas Personal Finance dated 16 December 2013 (the “**JV Agreement**”) in relation to the establishment of a joint venture company (the “**JV Company**”), a copy of which is tabled at the Meeting and marked “**A**”, and the grant of the Call Option (as defined in the circular of the Company dated 8 January 2014 (the “**Circular**”)) to BNP Paribas Personal Finance, pursuant to which BNP Paribas Personal Finance has the right at any time within 2 years after the Lock-up Period (as defined in the Circular) to acquire from the Company such equity interest in the JV Company to up to 50%, be and is hereby approved, ratified and confirmed.”
2. “**THAT** the grant of the Put Option (as defined in the Circular) to BNP Paribas Personal Finance, pursuant to which BNP Paribas Personal Finance has the right at any time after the Lock-up Period (as defined in the Circular) to dispose of its entire equity interest in the JV Company to the Company upon the occurrence of any of the Option Triggering Events (as defined in the Circular) in accordance with the terms of the JV Agreement, be and is hereby approved, ratified and confirmed.”

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

Hong Kong, 8 January 2014

Head office and principal place of business in Hong Kong:

Room 2301, 23rd Floor
Great Eagle Centre
23 Harbour Road, Wanchai
Hong Kong

NOTICE OF THE EGM

Notes:

- (1) In order to establish entitlements of attending and voting at the forthcoming extraordinary general meeting of the Company to be held on Monday, 27 January 2014, the Register of Members of the Company will be closed from Thursday, 23 January 2014 to Monday, 27 January 2014 (both days inclusive), during which period no transfer of shares of the Company will be registered. All transfers of shares of the Company, accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 22 January 2014.
- (2) Any Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- (3) In order to be valid, a proxy form in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited at the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (4) In case of joint shareholdings, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding.

As at the date of this notice, 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. Li Dong Hui, Daniel, 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. Song Lin, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu and Mr. Wang Yang.