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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Geely Automobile Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 175)

**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE
VOLVO FINANCING ARRANGEMENTS; AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. A letter from VBG Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 33 of this circular.

A notice convening the EGM to be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Thursday, 18 February 2016 is set out on pages 46 to 47 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

28 January 2016

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DEFINITIONS

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

“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 is engaged in consumer credit
“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 to it in 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 Latest Practicable Date
“Geely Holding Group”	Geely Holding and its subsidiaries
“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 Latest Practicable Date
“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))

* For identification purpose only

DEFINITIONS

“Independent Financial Adviser or VBG Capital”	VBG Capital 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, Mr. Yang Jian and Mr. An Cong Hui, each an executive Director, and their respective 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
“Latest Practicable Date”	25 January 2016
“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 42.98% interest in the issued share capital of the Company as at the Latest Practicable Date
“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 circular 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-branded vehicles
“Retail Loan Cooperation Agreement”	cooperation agreement to be entered into between Genius AFC and the dealers of Volvo which governs, among other things, the arrangements between Genius AFC and the dealers of Volvo in promoting the sale of the dealers of Volvo and provision of vehicle loans from Genius AFC to the Volvo Retail Consumers
“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

DEFINITIONS

“Share(s)”	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
“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”	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)”
“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 Consumers 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 dealers of Volvo

DEFINITIONS

“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 Consumers 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 dealers of Volvo
“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 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 Cooperation Agreement and the Retail Loan Agreements
“Volvo Wholesale Dealer(s)”	vehicle wholesale dealers which finance their purchase of Volvo-branded 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-branded 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

LETTER FROM THE BOARD

GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 175)

Executive Directors:

Mr. Li Shu Fu (*Chairman*)
Mr. Yang Jian (*Vice Chairman*)
Mr. Gui Sheng Yue (*CEO*)
Mr. An Cong Hui
Mr. Ang Siu Lun, Lawrence
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. Yeung Sau Hung, Alex
Mr. Fu Yu Wu
Mr. An Qing Heng
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

28 January 2016

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 11 December 2015 in relation to, among others, the entering into of the Volvo Finance Cooperation Agreements.

The purposes of this circular are (i) to provide the Shareholders with information on the Volvo Financing Arrangements; (ii) to set out the view of the Independent Board Committee in respect of the fairness and reasonableness of the Volvo Financing Arrangements (including the proposed annual caps); (iii)

LETTER FROM THE BOARD

to set out the letter of advice from VBG Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of the fairness and reasonableness of the Volvo Financing Arrangements (including the proposed annual caps); and (iv) to give you notice of the EGM.

VOLVO FINANCING ARRANGEMENTS – THE VOLVO FINANCE COOPERATION AGREEMENTS

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 Latest Practicable Date, Genius AFC is owned as to 80% by the Company and as to 20% by BNPP PF. Relevant approvals from the CBRC and other PRC governmental authorities have been obtained by Genius AFC, and it is currently expected that subsequent to the approval of the Independent Shareholders at the EGM, 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 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.

In order to promote the business of Genius AFC, 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 between Volvo and Genius AFC, 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. For the avoidance of doubt, there is no consideration payable by Genius AFC to Volvo in respect of Volvo's promotional efforts pursuant to the Volvo Finance Cooperation Agreements.

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

Date

11 December 2015 (after trading hours)

LETTER FROM THE BOARD

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 42.98% of the total issued share capital of the Company as at the Latest Practicable Date, 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 in the PRC, 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 Consumers 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 Consumers 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 dealers of Volvo.

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 (for example, if Genius AFC refuses to grant credit to the Volvo Wholesale Dealers which are included in the regional

LETTER FROM THE BOARD

coverage agreed with Volvo) 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 (for example, if VCDC and/or ZJSH refuses to promote the Volvo Wholesale Financing Business and the Volvo Retail Financing Business) 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
- (ii) the approval of the Stock Exchange and/or the Securities and Futures Commission of Hong Kong on the Volvo Financing Arrangements, as required.

Other principal terms stipulated under the Volvo Finance Cooperation Agreements

(i) Pricing policy

Genius AFC will enter into the Wholesale Facility Agreements and the Retail Loan Agreements with the Volvo Wholesale Dealers and the Volvo Retail Consumers, respectively, after the commencement of business. 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 the pricing terms shall adhere to the pricing policy as explained further below in the next paragraph. 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 Volvo Finance Cooperation Agreements provide guidance with respect to the interest rates charged by Genius AFC to the Volvo Wholesale Dealers and the Volvo Retail Consumers for the provision of vehicle loans under the Wholesale Facility Agreements and the Retail Loan Agreements, respectively. 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 rates published by PBOC for similar types of loans, provided that all relevant laws and regulations are complied with. For the avoidance of doubt, there is no pre-determined or minimum or maximum percentage range which the interest rates offered to the Volvo Wholesale Dealers and the Volvo Retail Consumers must be above the lending base rates published by PBOC. The PBOC lending base rates only serve as a benchmark for Genius AFC's determination of the interest rates.

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In addition to referring to the PBOC lending base rates as a benchmark, Genius AFC will also look at other factors such as borrower's profile and credit history, and lending benchmarks from the market and fellow competitors when determining the interest rates.

(ii) 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 these 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.

In relation to the credit risk assessment procedures for the Volvo Wholesale Financing Business, the risks department of Genius AFC will review the credit applications with supporting materials from the Volvo Wholesale Dealers and prepare the proposal for the granting of credit lines. The risk control committee of Genius AFC will conduct appraisals and make decisions on the granting of credit lines. In addition to the aforesaid assessment on the debt-to-asset ratios of the Volvo Wholesale Dealers, there are other factors taken into the consideration, including company background (such as whether the shareholder of the Volvo Wholesale Dealer has sufficient experience in the auto-trading business, and whether such shareholder is familiar with the Volvo brand), capital structure (such as the capitalization of the Volvo Wholesale Dealer, and whether the Volvo Wholesale Dealer's capital structure already shows high financial leverage (which is an indication of potential credit risks)), profitability and business performance (a good track record of profitability is an indication of enhanced liquidity and hence relatively lower credit risks) of the Volvo Wholesale Dealers.

In relation to the credit risk assessment procedures for the Volvo Retail Financing Business, the risks department of Genius AFC will make specifications rules for the retail products based on the retail applicant's earnings, credit history and repayment capacity. Sound credit history and proof of recurring earnings by the retail applicant are normally indication of enhanced repayment capacity. The credit control committee of Genius AFC will then review and approve the specifications rules for the retail products. Based on such specifications rules and assessment of the retail applicant by the retail underwriting team in the operations department of Genius AFC (the "**Underwriting Team**"), the Underwriting Team will give its decisions on whether to grant the loans to an individual application. The general responsibilities of the Underwriting Team include checking the authenticity of the information and materials provided by retail applicants, reviewing documents from retail applicants, and assessing the retail applicants' credibility in order to make final credit decisions on the applications.

(iii) Loan term

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.

LETTER FROM THE BOARD

(iv) 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.

(v) Security

Under the Wholesale Facility Agreement, the credit rating assessment of each Volvo Wholesale Dealer by Genius AFC's risks department and risk control committee mainly determines the necessity of any securities/guarantees. With different credit ratings, Genius AFC could ask for a combination of different securities/guarantees. Normally, these may include mortgage, group dealer cross-guarantee (if certain Volvo Wholesale Dealers belong to one group), guarantees, and pledge of security deposits.

Under the Retail Loan Agreement, the security normally required by Genius AFC is the pledge of the Volvo Retail Consumers' purchased vehicles.

Principal 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 after the approval of the Independent Shareholders at the EGM. The table below sets out the Volvo Annual Caps (Wholesale) for each of the three years ending 31 December 2016, 2017 and 2018:

	Estimated annual caps for the year ending 31 December		
	2016	2017	2018
	<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

LETTER FROM THE BOARD

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-branded vehicles and historical average selling price of Volvo-branded vehicles; (ii) the projected units of Volvo-branded 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-branded 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 (for clarification purpose, dealers' coverage by Genius AFC's Volvo Wholesale Financing Business for each of the years ending 31 December 2016, 2017 and 2018 (the "**Genius AFC Wholesale Coverage**") represents the estimated percentage of the Volvo Wholesale Dealers' purchases which are expected to be financed by loans provided by Genius AFC, and Genius AFC has made reference to historical dealers' coverage by commercial banks (as the Volvo Wholesale Dealers have so far primarily used commercial banks for the provision of vehicle loans) to estimate the Genius AFC Wholesale Coverage).

(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.

LETTER FROM THE BOARD

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 after the approval of the Independent Shareholders at the EGM. The table below sets out the Volvo Annual Caps (Retail) for each of the three years ending 31 December 2016, 2017 and 2018:

	Estimated annual caps for the year ending 31 December		
	2016	2017	2018
	<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-branded vehicles and historical average selling price of Volvo-branded vehicles; (ii) the projected number of units of Volvo-branded 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-branded 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 (for clarification purpose, retail coverage by Genius AFC's Volvo Retail Financing Business for each of the years ending 31 December 2016, 2017 and 2018 (the "**Genius AFC Retail Coverage**") represents the estimated percentage of the Volvo Retail Consumers' purchases which are expected to be financed by loans provided by Genius AFC, and Genius AFC has made reference to historical retail coverage by commercial banks (as the Volvo Retail Consumers have so far primarily used commercial banks for the provision of vehicle loans) to estimate the Genius AFC Retail Coverage).

INFORMATION ON THE PARTIES

The Group is principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding.

Geely Holding and its subsidiaries are principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses.

BNPP PF is principally engaged in consumer credit.

VCDC, a wholly owned subsidiary of Geely Holding, is principally engaged in the distribution of imported Volvo-branded vehicles in the PRC.

LETTER FROM THE BOARD

ZJSH, a company 50% owned by Volvo and 50% owned by Geely Holding, is principally engaged in the distribution of Volvo-branded vehicles manufactured domestically in the PRC.

Volvo, a subsidiary controlled by Geely Holding, is principally engaged in the research and development, manufacturing and trading of Volvo-branded vehicles.

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 department. In order to ensure that the aforesaid pricing basis for the Volvo Finance Cooperation Agreements are adhered to, the finance and budgeting department of Genius AFC will monitor the fluctuations of the interest rates in the market, which include, among others, the PBOC lending base rates whenever there are changes made to the PBOC lending base rates, in order to ensure the interest rates offered for the loan proposals will be higher than the lending base rates published by the PBOC for similar types of loans. The finance and budgeting department of Genius AFC will prepare reports on market interest rates and review these reports in a finance committee meeting on a monthly basis. These reports are distributed to other departments for review whenever necessary. All loan and product pricing proposals prepared by Genius AFC's sales and marketing department must be validated by Genius AFC's finance and budgeting (the finance and budgeting department is responsible for paying attention to market interest rates, including primarily the PBOC lending base rates, and ensuring product pricing proposals are in line with overall financial planning and budget), operations (the operations department is responsible for ensuring the operational feasibility of the product pricing proposals and considering whether training is required for the staff in Genius AFC to understand any new product pricing proposals), risks (the risks department is responsible for assessing whether the product pricing proposals are acceptable from risk perspective), and information technology (the information technology department is responsible for making any necessary changes to the software systems in respect of the Volvo Wholesale Financing Business and the Volvo Retail Financing Business to support any new product pricing proposals) departments, and afterwards brought up to a sales and marketing committee for final approval. Such committee includes the general manager of Genius AFC, the chief financial officer of Genius AFC, the respective heads of risks, sales and marketing, operations, and finance and budgeting departments.

The above internal control procedures are to ensure the pricing policy stipulated under the Volvo Finance Cooperation Agreements is strictly adhered to.

Internal control within the Group

The internal audit department of the Group will also conduct assessment on, at least annually (or more frequently if it is determined necessary), 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

LETTER FROM THE BOARD

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 vehicle financing market in the PRC, Genius AFC 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 (including the independent non-executive Directors) is of the view that the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)) were negotiated on an arm's length basis, were entered into in the ordinary and usual course of business of the Group 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 42.98% of the total issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

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.

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)).

The EGM will be convened to approve the Volvo Financing Arrangements (including the proposed annual caps). Pursuant to Rule 14A.36 of the Listing Rules, any connected person of the Company with a material interest in the Volvo Financing Arrangements, and any Shareholder with a material interest in the Volvo Financing Arrangements and its associates, will not vote. As Mr. Li and his associates together holding 3,783,099,000 shares (representing approximately 42.98% 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 Latest Practicable Date, they will all abstain from voting on the resolution to be proposed at the EGM to approve the Volvo Financing Arrangements (including the proposed annual caps). To the best of the Directors' knowledge and belief, Mr. Li Xing Xing, the son of Mr. Li, had no direct equity interests in the Company as at the Latest Practicable Date.

THE EGM

The EGM will be convened to approve the Volvo Financing Arrangements (including the proposed annual caps). A notice to convene the EGM is set out on pages 46 to 47 of this circular. The EGM will be held at Room 2301, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Thursday, 18 February 2016 at 10:00 a.m..

The form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible 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 subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been established to advise the Independent Shareholders on whether or not the Volvo Financing Arrangements (including the proposed annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Independent Shareholders. VBG Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms and conditions of the Volvo Financing Arrangements (including the proposed annual caps) and the letter of advice from VBG Capital containing its advice in respect of the Volvo Financing Arrangements has been set out on pages 19 to 33 of this circular.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 17 to 18 and the letter from VBG Capital on pages 19 to 33 of this circular regarding the Volvo Financing Arrangements.

The Directors, including the independent non-executive Directors, consider that the Volvo Financing Arrangements were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Volvo Financing Arrangements (including the proposed annual caps). You are advised to read the letter from the Independent Board Committee and the letter from VBG Capital mentioned above before deciding how to vote on the resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from VBG Capital, which are respectively set out on pages 17 to 18 and pages 19 to 33 of this circular. Additional information is also set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Volvo Financing Arrangements (including the proposed annual caps), which has been prepared for the purpose of incorporation in this circular.

GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock code: 175)

28 January 2016

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE VOLVO FINANCING ARRANGEMENTS

We refer to the circular dated 28 January 2016 issued by the Company (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been appointed by the Board as members of the Independent Board Committee to among others, advise the Independent Shareholders on the terms of the Volvo Financing Arrangements (including the proposed annual caps).

We wish to draw your attention to the letter of advice from VBG Capital, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Volvo Financing Arrangements (including the proposed annual caps) as set out on pages 19 to 33 of the Circular, and the letter from the Board set out on pages 5 to 16 of the Circular.

Having taken into account the advice of VBG Capital, in particular factors, reasons and recommendation as set out in its letter, we consider that the Volvo Financing Arrangements were entered into in the ordinary and usual course of business of the Group, and the Volvo Financing Arrangements (including the proposed annual caps) are on normal commercial terms, in the interests of the Company and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Independent Shareholders, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the Volvo Financing Arrangements (including the proposed annual caps).

Yours faithfully,

For and behalf of the Independent Board Committee of

Geely Automobile Holdings Limited

Mr. Lee Cheuk Yin, Dannis

Mr. Yeung Sau Hung, Alex

Mr. Fu Yu Wu

Mr. An Qing Heng

Mr. Wang Yang

Independent Non-executive Directors

LETTER FROM VBG CAPITAL

Set out below is the text of a letter received from VBG Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Volvo Financing Arrangements for the purpose of inclusion in this circular.



建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

28 January 2016

*To: The independent board committee and the independent shareholders of
Geely Automobile Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE VOLVO FINANCING ARRANGEMENTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Volvo Financing Arrangements, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 28 January 2016 issued by the Company to the Shareholders (the "**Circular**"), of which this letter of advice forms part. Terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed "Definitions" in this Circular unless the context requires otherwise.

Pursuant to the JV Agreement entered into between the Company and BNPP PF, Genius AFC was established on 12 August 2015 to engage in the vehicle financing business in the PRC. As at the Latest Practicable Date, the Company was interested in 80% of the equity interest in Genius AFC and BNPP PF was interested in the remaining 20% equity interest in Genius AFC.

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. The Volvo Finance Cooperation Agreements set out the terms on which Genius AFC will supply vehicle financing services to the Volvo Wholesale Dealers and the Volvo Retail Consumers, 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 dealers of Volvo.

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

LETTER FROM VBG CAPITAL

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, dealers of Volvo will 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. After 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.

According to the Letter from the Board, Volvo, VCDC and ZJSH are connected persons of the Company under the Listing Rules. 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 for 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. In addition, 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.

The Independent Board Committee comprising Mr. Lee Cheuk Yin, Dannis, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu, Mr. An Qing Heng and Mr. Wang Yang (all being the independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Volvo Financing Arrangements are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Volvo Financing Arrangements at the EGM. We, VBG Capital Limited ("**VBG Capital**"), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between VBG Capital and the Company or any other parties that could be reasonably regarded as hindrance to VBG Capital's independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Volvo Financing Arrangements.

LETTER FROM VBG CAPITAL

BASIS OF OUR OPINION

In formulating our opinion with regard to the Volvo Financing Arrangements, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the announcement of the Company dated 11 December 2015 regarding the Volvo Financing Arrangements and this Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that 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 in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Volvo Financing Arrangements. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Volvo Financing Arrangements, we have taken into consideration the following principal factors and reasons:

LETTER FROM VBG CAPITAL

1. Background of and reasons for the Volvo Financing Arrangements

Information on the Group

The Group is principally engaged in the manufacturing and trading of automobiles and automobile parts and related automobile components.

Information on BNPP PF

As set out in the Letter from the Board, BNPP PF, a subsidiary of the BNP Paribas Group, is engaged in consumer credit. With reference to the official website of BNPP PF (<http://www.bnpparibas-pf.com>), for the year ended 31 December 2014, BNPP PF generated net banking income of approximately 4,077 million Euros, contributing to approximately 10.4% of the total net banking income of the BNP Paribas Group. During 2014, the net profit before tax of BNPP PF reached approximately 1,130 million Euros. BNPP PF also managed approximately 65.1 billion Euros of outstanding loans as at 31 December 2014.

Information on Volvo

We noted from the official website of Volvo (<http://www.volvocars.com>) that Volvo develops, manufactures and sells premium cars. Headquartered in Sweden, it is a global brand with product development, manufacturing, sales, technology and customer service operations in Sweden, Belgium and the PRC. Volvo also operates an assembly plant in Malaysia, a design centre in the United States of America and a research and development centre in Denmark. Volvo produces a range of cars that includes sport utility vehicles, wagons and sedans. Volvo-branded vehicles are sold in more than 100 countries by regional market companies and national sales companies. There are approximately 2,300 Volvo dealers worldwide and Volvo also operates national sales companies in 37 countries. Worldwide sales totalled 465,866 vehicles in 2014, representing an approximate 8.9% increase as compared to the prior year. In 2014, the largest national market for Volvo-branded vehicles was the PRC, with approximately 17.4% of sales, followed by Sweden (13.2%), the United States of America (12.1%), the United Kingdom (8.8%) and Germany (6.8%).

Establishment of Genius AFC

As referred to in the announcement of the Company dated 16 December 2013, in line with the practice of the major global automobile companies, most of the PRC automobile companies have established vehicle financing subsidiaries to provide financing services to their customers. The Company therefore entered into the JV Agreement with BNPP PF for the establishment of a joint venture company (being Genius AFC) to engage in the vehicle financing business in the PRC. With the expertise of BNPP PF and 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 automobile market as well as to benefit from the fast-growing vehicle financing business in the PRC.

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Pursuant to the JV Agreement, Genius AFC, a joint venture company which is owned as to 80% by the Company and 20% by BNPP PF, was established on 12 August 2015. It is currently expected that subsequent to the approval of the Independent Shareholders at the EGM, Genius AFC will commence its business operation for Volvo-branded vehicles during the first quarter of 2016.

Overview of the PRC's vehicle financing market

According to China Association of Automobile Manufacturers, which is a non-profit social organisation founded in Beijing in 1987 with the approval of the Ministry of Civil Affairs of the PRC, the sales volume of passenger vehicles in the PRC grew from approximately 13.8 million vehicles in 2010 to approximately 19.7 million vehicles in 2014. As extracted from the 2014 China Automobile Financing Companies Industry Development Report 《2014年度中國汽車金融公司行業發展報告》 (the “**Report**”) published by China Banking Association Professional Committee of Automobile Financing (中國銀行業協會汽車金融專業委員會), leveraging on the expansion of the PRC's automobile industry, the vehicle financing market has been developing rapidly over the past years. As at 31 December 2014, there were 18 vehicle financing companies in the PRC, with total assets of approximately RMB340.3 billion, representing an increase of approximately 30.9% as compared to the prior year. For the year ended 31 December 2014, the aggregate net profit recorded by vehicle financing companies in the PRC reached approximately RMB5.9 billion, representing an increase of approximately 23.5% as compared to the prior year. In terms of types of loans, consumer automobile loans and wholesaler financing loans were approximately RMB237.1 billion and RMB79.9 billion respectively. In 2012, the size of the PRC's vehicle financing market reached approximately RMB392.0 billion, representing an increase of more than 30% as compared to the prior year. In 2014, the size of the PRC's vehicle financing market further increased to approximately RMB700.0 billion. The Report forecasted that the size of the PRC's vehicle financing market will continue to expand with higher penetration in the coming years.

Reasons for the Volvo Financing Arrangements

As advised by the Directors, as Genius AFC is a new start-up business with no historical track record, the Directors consider that the Volvo Financing Arrangements would allow Genius AFC to build up its market reputation, in addition to business developed with dealers and clients of the Group, by cooperating with Volvo to provide vehicle financing solutions to the Volvo Wholesale Dealers and the Volvo Retail Consumers. The Directors expect 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 consumers in the vehicle financing market in the PRC, Genius AFC 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's vehicle financing industry.

Having taken into account the aforementioned reasons for the Volvo Financing Arrangements, mainly that the Volvo Financing Arrangements would allow Genius AFC to build up its market reputation and gain market share by expanding the provision of vehicle financing solutions to other wholesale dealers and customers that are not Volvo-branded, and the strong solid background of Volvo in the global automobile industry as demonstrated in the sub-section headed “Information on

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Volvo” of this letter of advice, we concur with the Directors that the Volvo Financing Arrangements are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the 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. 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.

The principal terms of the Volvo Finance Cooperation Agreements are as follows:

Date

11 December 2015

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)

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 the Volvo Retail Consumers 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 the Volvo Retail Consumers 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 dealers of Volvo.

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The 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, amongst 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 being disclosed in the sub-section headed “Principal terms stipulated under the Volvo Finance Cooperation Agreements” below.

The Retail Loan Cooperation 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.

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, amongst 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 being disclosed in the sub-section headed “Principal terms stipulated under the Volvo Finance Cooperation Agreements” below.

Principal terms stipulated under the Volvo Finance Cooperation Agreements

Set out below are the principal terms stipulated under the Volvo Finance Cooperation Agreements between (i) Genius AFC and VCDC and (ii) Genius AFC and ZJSH:

(i) *Cooperation and subsidies*

As set out in the Letter from the Board, in order to promote the business of Genius AFC, Volvo shall: (a) encourage actively and diligently the Volvo Wholesale Dealers to use Genius AFC for the Volvo Wholesale Financing Business and the Volvo Retail Financing Business; (b) according to the regional coverage agreed between Volvo and Genius AFC, 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 (c) promote the Volvo Retail Financing Business to the Volvo Retail Consumers.

In relation to (b) above, 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 the Volvo Wholesale Dealers support with their vehicle financing and

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may choose to pay the interest accruing under the relevant Wholesale Facility Agreement 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.

Pursuant to the Volvo Finance Cooperation Agreements, the parties have also 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. For the avoidance of doubt, there is no consideration payable by Genius AFC to Volvo in respect of Volvo's promotional efforts pursuant to the Volvo Finance Cooperation Agreements.

We are of the view that the aforesaid terms on cooperation and subsidies under which Volvo shall actively promote Genius AFC to the Volvo Wholesale Dealers and the Volvo Retail Consumers, grant subsidies to the Volvo Wholesale Dealers in order to promote the Volvo Wholesale Financing Business, and assist in the promotional activities, incentives and training to increase the financial penetration of Genius AFC may attract more Volvo Wholesale Dealers and Volvo Retail Consumers to use Genius AFC for the Volvo Wholesale Financing Business and the Volvo Retail Financing Business respectively, and allow Genius AFC to build up its market share and reputation, and hence are beneficial to Genius AFC.

(ii) *Pricing policy*

As set out in the Letter from the Board, Genius AFC will enter into the Wholesale Facility Agreements and the Retail Loan Agreements with the Volvo Wholesale Dealers and the Volvo Retail Consumers, respectively, after commencement of business. 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 pricing terms shall adhere to the pricing policy as explained in the next sub-section below. 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 Volvo Finance Cooperation Agreements provide guidance with respect to the interest rates charged by Genius AFC to the Volvo Wholesale Dealers and the Volvo Retail Consumers for the provision of vehicle loans under the Wholesale Facility Agreements and the Retail Loan Agreements, respectively. 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 rates published by PBOC for similar types of loans, provided that all relevant laws and regulations are complied with. For the avoidance of doubt, there is no pre-determined or minimum or maximum percentage range which the interest rates offered to the Volvo Wholesale Dealers and the Volvo Retail Consumers must be above the lending base rates published by PBOC. The PBOC lending base rates only serve as a benchmark for Genius AFC's determination of the interest rates.

In addition to referring to the PBOC lending base rates as a benchmark, according to the management of Genius AFC, Genius AFC will also look at other factors such as borrower's profile and credit history, and lending benchmarks from the market and fellow competitors when determining the interest rates.

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In view of that (a) the pricing terms of the Wholesale Facility Agreements and the Retail Loan Agreements shall adhere to the pricing policy as explained above, with Genius AFC being the sole decision maker for the final pricing to be applied to the Volvo Wholesale Dealers and the Volvo Retail Consumers; and (b) the interest rates, at the time of each setting, for the loans provided by Genius AFC will be above the lending base rates published by PBOC for similar types of loans and be no more favourable than those available to the independent third parties borrowers for similar types of loans as confirmed by the management of Genius AFC, we are of the opinion that such pricing policy is fair and reasonable.

(iii) Lending risk and security

As set out in the Letter from the Board, all lending risk assessments and decisions shall be the sole responsibility of Genius AFC. 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 and all other internal risk policies as from time to time determined by Genius AFC at its sole discretion.

As extracted from the Letter from the Board, in relation to the credit risk assessment procedures for the Volvo Wholesale Financing Business, the risks department of Genius AFC will review the credit applications with supporting materials from the Volvo Wholesale Dealers and prepare the proposal for the granting of credit lines. The risk control committee of Genius AFC will conduct appraisals and make decisions on the granting of credit lines. In addition to assessment on the debt-to-asset ratios of the Volvo Wholesale Dealers, there are other factors taken into the consideration, including company background (such as whether the shareholder of the Volvo Wholesale Dealer has sufficient experience in the auto-trading business, and whether such shareholder is familiar with the Volvo brand), capital structure (such as the capitalisation of the Volvo Wholesale Dealer, and whether the Volvo Wholesale Dealer's capital structure already shows high financial leverage (which is an indication of potential credit risks)), profitability and business performance (a good track record of profitability is an indication of enhanced liquidity and hence relatively lower credit risks) of the Volvo Wholesale Dealers.

In relation to the credit risk assessment procedures for the Volvo Retail Financing Business, the risks department of Genius AFC will make specifications rules for the retail products based on the retail applicant's earnings, credit history and repayment capacity. Sound credit history and proof of recurring earnings by the retail applicant are normally indication of enhanced repayment capacity. The credit control committee of Genius AFC will then review and approve the specifications rules for the retail products. Based on such specifications rules and assessment of the retail applicant, the retail underwriting team in the operations department of Genius AFC will give its decisions on whether to grant the loans to an individual application. The general responsibilities of the retail underwriting team include checking the authenticity of the information and materials provided by retail applicants, reviewing documents from retail applicants, and assessing the retail applicants' credibility in order to make final credit decisions on the applications.

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Under the Wholesale Facility Agreements, the credit rating assessment of each Volvo Wholesale Dealer by Genius AFC's risks department and risk control committee mainly determines the necessity of any securities/guarantees. With different credit ratings, Genius AFC could ask for a combination of different securities/guarantees. Normally, these may include mortgage, group dealer cross-guarantee (if certain Volvo Wholesale Dealers belong to one group), guarantees, and pledge of security deposits.

Under the Retail Loan Agreements, the security normally required by Genius AFC is the pledge of the Volvo Retail Consumers' purchased vehicles.

We have discussed with the Company with regard to the aforesaid credit risk management procedures and internal risk policies of Genius AFC. In this relation, we understand from the Company that as a vehicle financing company, Genius AFC is subject to strict supervision by the relevant government authorities in the PRC. In accordance with the Measures for the Administration of Automotive Loans 《汽車貸款管理辦法》 (the "Automotive Loan Measures") jointly enacted by the China Banking Regulatory Commission and the PBOC, and other relevant laws and regulations promulgated by the various authorities, all vehicle financing companies must establish strict and effective credit risk management systems.

In light of the above, we concur with the Directors that the credit risk assessment and security arrangement as aforementioned are adequate and sufficient.

(iv) *Loan term*

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.

We have enquired into the Company regarding the duration of the aforesaid loan terms and as advised by the Company, they are in line with the Automotive Loan Measures jointly enacted by the China Banking Regulatory Commission and the PBOC which stipulated that the term of automobile loans may not be longer than five years (thus for each Volvo Retail Consumer: 60 months) while the term of loans to wholesale dealers may not be longer than one year (thus for each Volvo Wholesale Dealer: 360 days).

Having considered the principal terms of the Volvo Financing Arrangements as highlighted above, we consider that the terms of the Volvo Financing Arrangements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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3. The Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)

The Volvo Annual Caps (Wholesale)

With reference to the Letter from the Board, 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 after the approval of the Independent Shareholders at the EGM. The table below illustrates the Volvo Annual Caps (Wholesale) for each of the three years ending 31 December 2016, 2017 and 2018:

	Estimated annual caps for the year ending 31 December		
	2016	2017	2018
	RMB'million	RMB'million	RMB'million
The Volvo Wholesale Financing Business	30,000	37,000	49,000

Basis of determination of the Volvo Annual Caps (Wholesale)

As confirmed by the Directors, 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-branded vehicles and historical average selling price of Volvo-branded vehicles to dealers; (ii) the projected units of Volvo-branded 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-branded 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 (the "**Genius AFC Wholesale Coverage**"). The Genius AFC Wholesale Coverage represents the estimated percentage of the Volvo Wholesale Dealers' purchases which are expected to be financed by loans provided by Genius AFC, and Genius AFC has made reference to historical dealers' coverage by commercial banks (as the Volvo Wholesale Dealers have so far primarily used commercial banks for the provision of vehicle loans) to estimate the Genius AFC Wholesale Coverage.

To assess the fairness and reasonableness of the Volvo Annual Caps (Wholesale), we have obtained, which we consider to be sufficient, the wholesale sales units for both imported and domestically manufactured Volvo-branded vehicles in 2014 and for the ten months ended 31 October 2015, as well as the average selling price of Volvo-branded vehicles to dealers in 2014. When calculating the Volvo Annual Caps (Wholesale), we noted that the Company has (i) assumed the average selling price of Volvo-branded vehicles to dealers to be the same as that in 2015 and would stay constant from 2016 to 2018; and (ii) projected a year-on-year sales growth rate for 2016, 2017 and 2018, respectively.

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Based on the information provided by the Company (Volvo's wholesale sales figures are not independently publicly available), Volvo recorded total wholesale sales of 45,379 units in the PRC in 2012. In 2013, its total wholesale sales in the PRC jumped to 60,553 units, representing a substantial increase of approximately 33.4% as compared to the prior year. As for 2014, Volvo's total wholesale sales in the PRC further jumped to 85,237 units, representing a substantial increase of approximately 40.8% as compared to the prior year. Although the total wholesale sales of Volvo in the PRC levelled off during the ten months ended 31 October 2015, we are of the view that the expected year-on-year wholesale sales growth for 2016, 2017 and 2018 are fair and reasonable based on their historical actual growth figures. Furthermore, based on our discussion with the management of Genius AFC, we understand there were no official data available to the public regarding the historical dealers' coverage by commercial banks of the Volvo Wholesale Dealers and we thus could only obtain and rely upon the relevant figure from the management of Genius AFC. Nonetheless, given (i) the expertise of BNPP PF coupled with the experience of the Group in the automobile business in the PRC (details of which are included in the sub-sections headed "Information on the Group" and "Information on BNPP PF" respectively); (ii) the active promotion and support from Volvo pursuant to the Volvo Finance Cooperation Agreements; and (iii) the future prospects of the vehicle financing market in the PRC as concluded in the sub-section headed "Overview of the PRC's vehicle financing market" of this letter of advice, we consider that the estimated Genius AFC Wholesale Coverage is acceptable.

Taking into account the above basis of determination of the Volvo Annual Caps (Wholesale), we are of the view that the basis of determining the Volvo Annual Caps (Wholesale) is fair and reasonable so far as the Independent Shareholders are concerned.

The Volvo Annual Caps (Retail)

With reference to the Letter from the Board, 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 after the approval of the Independent Shareholders at the EGM. The table below illustrates the Volvo Annual Caps (Retail) for each of the three years ending 31 December 2016, 2017 and 2018:

	Estimated annual caps for the year ending 31 December		
	2016	2017	2018
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
The Volvo Retail Financing Business	7,000	9,000	11,000

Basis of determination of the Volvo Annual Caps (Retail)

As confirmed by the Directors, 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-branded vehicles and historical average retail selling price of Volvo-branded vehicles; (ii) the projected number of units of Volvo-branded 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-branded vehicles for each of the years ending 31

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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 (the "**Genius AFC Retail Coverage**"). The Genius AFC Retail Coverage represents the estimated percentage of the Volvo Retail Consumers' purchases which are expected to be financed by loans provided by Genius AFC, and Genius AFC has made reference to historical retail coverage by commercial banks (as the Volvo Retail Consumers have so far primarily used commercial banks for the provision of vehicle loans) to estimate the Genius AFC Retail Coverage.

To assess the fairness and reasonableness of the Volvo Annual Caps (Retail), we have obtained, which we consider to be sufficient, the retail sales units for both imported and domestically manufactured Volvo-branded vehicles in 2014 and for the ten months ended 31 October 2015, as well as the average retail selling price of Volvo-branded vehicles in 2014. When calculating the Volvo Annual Caps (Retail), we noted that the Company has assumed the average retail selling price of Volvo-branded vehicles to be the same as that in 2015 and would stay constant from 2016 to 2018. In this relation, we further noted that the retail financing amount will be lower than the retail selling price as a down payment is required for the Volvo Retail Consumers. The Company has also projected a year-on-year sales growth rate for 2016, 2017 and 2018, respectively.

Based on the statistics released on Volvo's official website, Volvo recorded total retail sales of 41,989 units in the PRC in 2012. In 2013, its total retail sales in the PRC jumped to 61,146 units, representing a substantial increase of approximately 45.6% as compared to the prior year. As for 2014, Volvo's total retail sales in the PRC further jumped to 81,221 units, representing a substantial increase of approximately 32.8% as compared to the prior year. Although the total retail sales of Volvo in the PRC levelled off during the ten months ended 31 October 2015, we are of the view that the expected year-on-year retail sales growth for 2016, 2017 and 2018 are fair and reasonable based on their historical actual growth figures. Furthermore, based on our discussion with the management of Genius AFC, we understand there were no official data available to the public regarding the historical retail coverage by commercial banks of the Volvo Retail Consumers and we thus could only obtain and rely upon the relevant figure from the management of Genius AFC. Nonetheless, given (i) the expertise of BNPP PF coupled with the experience of the Group in the automobile business in the PRC (details of which are included in the sub-sections headed "Information on the Group" and "Information on BNPP PF" respectively); (ii) the active promotion and support from Volvo pursuant to the Volvo Finance Cooperation Agreements; and (iii) the future prospects of the vehicle financing market in the PRC as concluded in the sub-section headed "Overview of the PRC's vehicle financing market" of this letter of advice, we consider that the estimated Genius AFC Retail Coverage is acceptable.

Taking into account the above basis of determination of the Volvo Annual Caps (Retail), we are of the view that the basis of determining the Volvo Annual Caps (Retail) is fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail) are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2018, and they do not represent forecasts of revenues or sales to be recorded from the Volvo Financing Arrangements. Consequently,

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we express no opinion as to how closely the actual revenue, sales or income to be incurred under the Volvo Financing Arrangements will correspond with the proposed Volvo Annual Caps (Wholesale) and the proposed Volvo Annual Caps (Retail).

4. Relevant internal control measures

Set out below are the internal control measures to be adopted by Genius AFC and the Company in relation to the Volvo Financing Arrangements as extracted from the Letter from the Board:

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 department. In order to ensure that the pricing basis for the Volvo Finance Cooperation Agreements is adhered to, the finance and budgeting department of Genius AFC will monitor the fluctuations of the interest rates in the market, which include, amongst others, the PBOC lending base rates whenever there are changes made to the PBOC lending base rates, in order to ensure the interest rates offered for each loan proposal will be higher than the lending base rates published by the PBOC for similar types of loans. The finance and budgeting department of Genius AFC will prepare reports on market interest rates and review these reports in a finance committee meeting on a monthly basis. These reports are distributed to other departments for review when necessary. All loan and product pricing proposals prepared by Genius AFC's sales and marketing department must be validated by Genius AFC's finance and budgeting (the finance and budgeting department is responsible for paying attention to market interest rates, including primarily the PBOC lending base rates, and ensuring product pricing proposals are in line with overall financial planning and budget), operations (the operations department is responsible for ensuring the operational feasibility of the product pricing proposals and considering whether training is required for the staff of Genius AFC to understand any new product pricing proposals), risks (the risks department is responsible for assessing whether the product pricing proposals are acceptable from risk perspective), and information technology (the information technology department is responsible for making any necessary changes to the software systems in respect of the Volvo Wholesale Financing Business and the Volvo Retail Financing Business to support any new product pricing proposals) departments, and afterwards brought up to a sales and marketing committee for final approval. Such committee includes the general manager and chief financial officer of Genius AFC, together with the respective heads of Genius AFC's risks, sales and marketing, operations, and finance and budgeting departments.

Internal control within the Group

The internal audit department of the Group will also conduct assessment on, at least annually (or more frequently if it is determined necessary), 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

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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.

Having reviewed the internal control measures and after taking into account that proper authorities of the Company will ensure the pricing policy stipulated under the Volvo Finance Cooperation Agreements is adhered to, we concur with the Directors that the adoption of the above internal control measures would safeguard the interest of the Independent Shareholders under the Volvo Financing Arrangements.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the Volvo Financing Arrangements (including the Volvo Annual Caps (Wholesale) and the Volvo Annual Caps (Retail)) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Volvo Financing Arrangements are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Volvo Financing Arrangements and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Anthony Ng
Managing Director

1. RESPONSIBILITY STATEMENT

The 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 Group. The Directors having made all reasonable enquires, 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 of 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 they were taken or deemed to have under such provisions of the SFO); or which are required, (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which are required, (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of listed issuers contained in the Listing Rules were as follows:

(i) Director's interests and short positions in the securities of the Company

Name of Director	Nature of interests	Number of Shares		Approximate percentage of shareholding (%)
		Long position	Short position	
Shares				
Mr. Li (<i>Note 1</i>)	Interest in controlled corporations	3,759,959,000	–	42.72
Mr. Li (<i>Note 1</i>)	Personal	23,140,000	–	0.26
Mr. Yang Jian	Personal	14,475,000	–	0.16
Mr. Gui Sheng Yue	Personal	14,300,000	–	0.16
Mr. An Cong Hui	Personal	15,380,000	–	0.17
Mr. Ang Siu Lun, Lawrence	Personal	4,270,000	–	0.05
Mr. Liu Jin Liang	Personal	4,250,000	–	0.05
Ms. Wei Mei	Personal	4,170,000	–	0.05

Name of Director	Nature of interests	Number of Shares		Approximate percentage of shareholding (%)
		Long position	Short position	
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. Gui Sheng Yue	Personal	6,000,000 <i>(Note 4)</i>	–	0.07
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. Ang Siu Lun, Lawrence	Personal	5,000,000 <i>(Note 4)</i>	–	0.06
Mr. Liu Jin Liang	Personal	9,000,000 <i>(Note 2)</i>	–	0.10
Ms. Wei Mei	Personal	3,000,000 <i>(Note 2)</i>	–	0.03
Ms. Wei Mei	Personal	5,000,000 <i>(Note 3)</i>	–	0.06
Mr. Carl Peter Edmund Moriz Forster	Personal	1,000,000 <i>(Note 4)</i>	–	0.01
Mr. Lee Cheuk Yin, Dannis	Personal	1,000,000 <i>(Note 2)</i>	–	0.01
Mr. Lee Cheuk Yin, Dannis	Personal	1,000,000 <i>(Note 4)</i>	–	0.01
Mr. Yeung Sau Hung, Alex	Personal	1,000,000 <i>(Note 2)</i>	–	0.01
Mr. Yeung Sau Hung, Alex	Personal	1,000,000 <i>(Note 4)</i>	–	0.01
Mr. An Qing Heng	Personal	1,000,000 <i>(Note 4)</i>	–	0.01
Mr. Wang Yang	Personal	1,000,000 <i>(Note 4)</i>	–	0.01

Notes:

1. Proper Glory Holding Inc. (“**Proper Glory**”) and its concert parties in aggregate hold 3,759,959,000 Shares (excluding those held directly by Mr. Li), representing approximately 42.72% 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. The interest relates to share options granted on 18 January 2010 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$4.07 for each Share during the period from 18 January 2010 to 17 January 2020. The percentage of shareholding is calculated on the basis that (i) 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 of the Latest Practicable Date.
3. The interest relates to share options granted on 23 March 2012 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$4.07 for each Share during the period from 23 March 2012 to 22 March 2022. The percentage of shareholding is calculated on the basis that (i) 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 of the Latest Practicable Date.
4. The interest relates to share options granted on 9 January 2015 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$2.79 for each Share during the period from 9 January 2016 to 8 January 2020. The percentage of shareholding is calculated on the basis that (i) 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 of the Latest Practicable Date.

(ii) *Director’s interests and short positions in the securities of the associated corporations of the Company*

Name of Director	Name of his associated corporations	Number of shares in his associated corporations		Approximate percentage of shareholding (%)
		Long position	Short position	
Mr. Li	Proper Glory Holding Inc.	(Note 1)	–	(Note 1)
Mr. Li	Geely Group Limited	50,000	–	100
Mr. Li	Zhejiang Geely Holding Group Company Limited	(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)

Name of Director	Name of his associated corporations	Number of shares in his associated corporations		Approximate percentage of shareholding (%)
		Long position	Short position	
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	Jinan Geely Automobile Company Limited	(Note 12)	–	(Note 12)

Notes:

1. Proper Glory Holding Inc. is a private company incorporated in the British Virgin Islands and is owned as to 68% by Zhejiang Geely Holding Group Company Limited (“**Geely Holding**”) and as to 32% by Geely Group Limited. Geely Group Limited is a private company incorporated in the British Virgin Islands and is wholly owned by Mr. Li. Geely Holding is a private company incorporated in the PRC and is beneficially wholly owned by Mr. Li and his associate.
2. Geely Holding is a private 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 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 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 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 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 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. 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 nor the chief executives of the Company and their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning 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 they were taken or deemed to have under such provisions of the SFO); or which are required, (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of listed issuers contained in the Listing Rules.

(b) Interests and short positions in Shares and underlying Shares of other 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 executives of the Company, the persons, other than the Directors or the chief executives of the Company, who had interests or a short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange 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' interests in such securities, together with any options in respect of such capital, were as follows:

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

Name of Shareholder	Nature of interests	Number or Shares held			Approximate percentage of shareholding (%)
		Long position	Short position	Lending pool	
Proper Glory (Note 1)	Beneficial owner	2,471,200,000	-	-	28.08
Geely Holding (Note 1)	Interest in controlled corporation	3,759,872,000	-	-	42.72
Zhejiang Geely (Note 2)	Beneficial owner	776,408,000	-	-	8.82
Geely Group Limited (Note 1)	Beneficial owner	87,000	-	-	0.001
	Interest in controlled corporation	2,471,200,000	-	-	28.08
JP Morgan Chase & Co.	Interest in controlled corporation	705,620,199	-	-	8.02
		-	11,075,000	-	0.13
		-	-	192,816,100	2.19

Notes:

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

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.

Save as disclosed above, the Directors and the chief executives of the Company are not aware of any other person (other than the Directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV 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 the Company and of any other member of the Group.

3. COMPETING INTEREST

The Geely Holding Group is principally engaged in the sales of automobiles and related parts and components wholesale and retail businesses. Geely Holding, which is ultimately owned by Mr. Li 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**”) on 20 November 2008 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 addition, it is required that Mr. Li informs the Group of all potential Competing Businesses carried out by him or his associates.

In August 2010, Geely Holding completed the acquisition of Volvo Car Corporation, which manufactures 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 2010 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. Despite the fact that the Geely Holding Group is principally engaged in similar business activities as the Group, their respective product offerings do not overlap as the Geely Holding Group’s product mix consists of premium automobiles (such as the Volvo brand), which cater for consumers with relatively higher spending power and hence, the Geely Holding Group is considered to operate in a different market segment when compared to the Group. Premium automobiles, which mainly represent Geely Holding Group’s product mix, generally refer to vehicles with higher quality, better performance, more precise construction, technologically innovative functions, or features that convey prestige and a strong brand name, whereas economy automobiles, which mainly represent the Group’s product mix, generally refer to automobiles that are practical, lightweight and relatively inexpensive for consumers when compared to premium automobiles. Although the Group manufactures sport utility vehicles, they are still not yet compatible to premium automobiles in terms of

vehicle class, construction, brand image and pricing. As such, the Competing Businesses of the Geely Holding Group can be defined and delineated from the business of the Group by different products offering (i.e. premium versus economy automobiles) and brand names.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors nor 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. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

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 2014, 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. 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 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 material in relation to the business of the Group.

- **Services agreement between the Company and Geely Holding (the services agreement has an effective term until 31 December 2020)**
 - *Sales of complete knock down kits ("CKDs") and sedan tool kits from the Group to the Geely Holding Group*

Pursuant to the services agreement dated 27 November 2009 and the Company's announcement dated 27 November 2009, the Group agreed to supply to the Geely Holding Group the CKDs and sedan tool kits in accordance with the product specifications set out in the services agreement.

- *Sales of complete buildup units ("CBUs"), automobile parts and components; and provision of process manufacturing services from the Geely Holding Group to the Group*

Pursuant to the services agreement dated 27 November 2009 and the Company's announcement dated 27 November 2009, the Geely Holding Group agreed to sell to the Group the CBUs, automobile parts and components; and to provide process manufacturing services 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.

The Shareholders' meeting in respect of the aforesaid services agreement was held on 31 December 2009 and the services agreement was duly approved by the then Independent Shareholders.

- **Loan guarantee agreement between the Company and Geely Holding (the loan guarantee agreement has an effective term until 31 December 2018)**

Pursuant to the loan guarantee agreement dated 13 November 2015 and the Company's announcement dated 13 November 2015, the Group agreed to provide guarantees (including the pledge of certain lands, buildings and facilities of the Group) 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.

The Shareholders' meeting in respect of the aforesaid loan guarantee agreement was held on 30 December 2015 and the loan guarantee agreement was duly approved by the then Independent Shareholders.

- **Electric vehicle agreement between the Company and Geely Holding (the electric vehicle agreement has an effective term until 31 December 2018)**

Pursuant to the electric vehicle agreement dated 13 November 2015, the Group agreed to sell the CBUs for electric vehicles to the Geely Holding Group in accordance with the product and service specifications set out in the electric vehicle agreement.

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

The Shareholders' meeting in respect of the aforesaid electric vehicle agreement was held on 30 December 2015 and the electric vehicle agreement was duly approved by the then Independent Shareholders.

- **CBU agreement between the Company and Geely Holding, as supplemented by a supplemental CBU agreement (the CBU agreement and the supplemental CBU agreement have an effective term until 31 December 2017)**

Pursuant to the CBU agreement dated 12 December 2014 and the supplemental CBU agreement dated 13 November 2015, the Group agreed to sell to the Geely Holding Group the 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 and the supplemental CBU agreement are less than 5% on an annual basis, the CBU agreement and the supplemental CBU 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.

- **IT services agreement between the Company and Geely Holding (the IT services agreement has an effective term until 31 December 2018)**

Pursuant to the IT services agreement dated 13 November 2015, the Geely Holding Group agreed to provide certain information technology ("IT") services to the Group.

As the applicable percentage ratios of the continuing connected transactions contemplated under the IT services agreement are less than 5% on an annual basis, the IT 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.

- **Business travel services agreement between the Company and Geely Holding (the business travel services agreement has an effective term until 31 December 2018)**

Pursuant to the business travel services agreement dated 13 November 2015, the Geely Holding Group agreed to provide business travel and related services to the Group.

As the applicable percentage ratios of the continuing connected transactions contemplated under the business travel services agreement are less than 5% on an annual basis, the business travel 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.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited accounts of the Company have been made up.

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
VBG Capital	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, VBG Capital:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2014, the date to which the latest audited financial statements of the Group was made up; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

8. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 309, Uglan 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 A18/F., Asia Orient Tower, Town Place, 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 on Thursday, 18 February 2016:

- (a) the copies of Volvo Finance Cooperation Agreements, Wholesale Facility Agreement, Retail Loan Agreement and Retail Loan Cooperation Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 17 to 18 of this circular;
- (c) the letter from VBG Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 33 of this circular;
- (d) the written consent from VBG Capital referred to in the paragraph headed "Expert's qualification and consent" 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 Cayman Islands with limited liability)

(Stock code: 175)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the shareholders (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 Thursday, 18 February 2016 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 resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the conditional cooperation agreements dated 11 December 2015 entered into between Genius AFC (as defined in the circular of the Company dated 28 January 2016 (the “**Circular**”)) and VCDC (as defined in the Circular), and between Genius AFC and ZJSH (as defined in the Circular) (collectively the “**Volvo Finance Cooperation Agreements**”), copies of which are tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, pursuant to which, Genius AFC agreed to supply vehicle financing services to the Volvo Wholesale Dealers (as defined in the Circular) and Volvo Retail Consumers (as defined in the Circular) for their purchase of Volvo-branded vehicles, be and are hereby approved, ratified and confirmed;
- (b) the Volvo Annual Caps (Wholesale) (as defined in the Circular) and the Volvo Annual Caps (Retail) (as defined in the Circular) in respect of the Genius AFC’s provision of maximum new financing amounts to Volvo Wholesale Dealers (as defined in the Circular) and Volvo Retail Consumers (as defined in the Circular) respectively as set out in the Circular for each of the three financial years ending 31 December 2016, 2017 and 2018 be and are hereby approved;
- (c) subject to paragraphs (a) and (b) above, the Wholesale Facility Agreements (as defined in the Circular), pursuant to which Genius AFC agreed to carry out the Volvo Wholesale Financing Business (as defined in the Circular), and the Retail Loan Cooperation Agreement and the Retail Loan Agreements (in each case as defined in the Circular), pursuant to which Genius AFC agreed to carry out the Volvo Retail Financing Business (as defined in the Circular), collectively the “**Volvo Financing Arrangements**” (as defined in the Circular), be and are hereby approved, ratified and confirmed; and
- (d) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to delegate an appropriate officer overseeing the management and operation of Genius AFC to execute all such other documents, instruments and agreements and to do all such acts or things

NOTICE OF THE EGM

deemed by him/her to be necessary, appropriate, desirable or expedient to implement and/or give effects to the Volvo Finance Cooperation Agreements and Volvo Financing Arrangements.”

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

Hong Kong, 28 January 2016

Head office and principal place of business in Hong Kong:

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

Notes:

1. Any member of the Company entitled to attend and vote at the meeting by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be delivered to the office of the share registrars of the Company, Union Registrars Limited, at A18/F., Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and/or voting in person at the meeting or at any adjourned meeting thereof (as the case may be) and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

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. 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.