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GEELY

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 175)

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

Financial adviser to the Company



中信建投國際

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THE JV AGREEMENT

On 16 December 2013, the Company entered into the JV Agreement with BNP Paribas Personal Finance for the establishment of a JV Company engaging in the vehicles financing business in the PRC.

The registered capital of the JV Company will be RMB900 million and it will be contributed as to 80% (equivalent to RMB720 million) by the Company, which will be financed by the Group's internal resources, and as to 20% (equivalent to RMB180 million) by BNP Paribas Personal Finance, respectively. The board of the JV Company will consist of five directors, of whom four will be nominated by the Company, and one will be nominated by BNP Paribas Personal Finance, respectively. However, as certain key corporate matters of the JV Company require a positive vote from BNP Paribas Personal Finance or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of the JV Company, the JV Company will be treated as a jointly controlled entity of the Company. As such, the JV Company will be equity accounted for in the financial statements of the Group and its financial results will not be consolidated into financial statements of the Group.

Pursuant to the terms of the JV Agreement, the following options were granted to BNP Paribas Personal Finance and the Company, respectively:

(a) the Call Option

An option was granted to BNP Paribas Personal Finance pursuant to which BNP Paribas Personal Finance has the right at any time within 2 years after the Lock-up Period to acquire from the Company such equity interest in the JV Company to increase BNP Paribas Personal Finance's interest in the JV Company to up to 50%.

(b) the Put Option

An option was granted to BNP Paribas Personal Finance pursuant to which BNP Paribas Personal Finance has the right at any time after the Lock-up Period to dispose of its entire equity interest in the JV Company to the Company upon the occurrence of any of the Option Triggering Events. However, in case BNP Paribas Personal Finance exercises the Call Option, certain events will cease to be the Option Triggering Events and one of the Option Triggering Events will be modified three years after the completion of the Call Option.

(c) the Geely Call Option

An option was granted to the Company pursuant to which the Company has the right at any time after the Lock-up Period to acquire the equity interest held by BNP Paribas Personal Finance in the JV Company upon the occurrence of certain Option Triggering Events.

GENERAL

The JV Formation itself does not constitute a notifiable transaction for the Company under the Listing Rules. However, as the Call Option and the Put Option are exercisable at the discretion of BNP Paribas Personal Finance and the exercise prices for the Call Option and the Put Option are to be determined based on the Fair Market Value of the JV Company at the time of exercise, the grant of the Call Option and the Put Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. Accordingly, the grant of the Call Option and the Put Option and the transactions contemplated thereunder the JV Agreement constitute a major transaction for the Company and are subject to the Shareholders' approval at the EGM.

A circular containing, among other things, (i) further information about the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement; (ii) information required under Chapter 14 of the Listing Rules; and (iii) a notice convening the EGM to approve the JV Agreement, the grant of the Call Option and the Put Option will be despatched to the Shareholders on or before 8 January 2014.

On 16 December 2013, the Company entered into the JV Agreement with BNP Paribas Personal Finance, pursuant to which the parties agreed to establish a joint venture to engage in the vehicles financing business in the PRC.

THE JV AGREEMENT

Date of the JV Agreement

16 December 2013

Parties to the transaction

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

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

Material terms of the JV Agreement

Establishment of the JV Company

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

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

Registered capital

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

Term of the JV Company

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

Composition of the Board

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

Business scope of the JV Company

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

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

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

Lock-up

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

Conditions Precedent

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

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

The Call Option

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

Premium and exercise price

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

The Put Option

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

Premium and exercise price

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

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

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

The Geely Call Option

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

Premium and exercise price

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

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

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

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

Fair Market Value

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

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

Where:

- (i) Fair Market Value Estimate is an amount to be calculated based on the arithmetic mean of the values given by the discounted cash flow method and price-to-book valuation, and such Fair Market Value Estimate shall not be lower than 1.0 times IFRS book equity value as of the Calculation Date. The Company and BNP Paribas Personal Finance shall endeavor to agree on the Fair Market Value Estimate. If no mutual agreement is reached on the Fair Market Value Estimate within the period as provided in the JV Agreement, the Fair Market Value Estimate shall be determined in accordance with the procedures and rules as provided in the JV Agreement;
- (ii) Calculation Date is a reference date which is the last day of the month prior to the date on which the exercise notice of the Call Option, the Put Option or the Geely Call Option (as the case maybe) is served;
- (iii) Valuation Date is the date on which the transfer of the equity interest under the Call Option, the Put Option or the Geely Call Option (as the case maybe) is effectively completed; and
- (iv) Appointed Auditor is a big four audit firm jointly selected and appointed by the Company and BNP Paribas Personal Finance to audit the IFRS book value as of the Calculation Date and Valuation Date.

Option Triggering Events

The Put Option may be triggered upon the occurrence of any of the following events. However, in case BNP Paribas Personal Finance exercises the Call Option, the following events (c) and (g) will cease to be the Option Triggering Events and the following event (b) will be modified to “A material adverse event which may be, inter alia, a prohibition of foreign investments in China, preventing BNP Paribas Personal Finance to hold or benefit from its participation in the JV Company and voting rights or any other event that may invalidate any of its rights under the JV Agreement” three years after the completion of the Call Option. The Geely Call Option may be triggered upon the occurrence of any of the following events (a), (d), (e) and (h):

- (a) a material breach of the JV Agreement by one party to the JV Agreement that would have a significant negative impact on the JV Company or any party’s rights and obligations;
- (b) a material adverse event affecting the JV Company or any party to the JV Company. A material adverse event may be, inter alia, a prohibition of foreign investments in China, preventing BNP Paribas Personal Finance to hold or benefit from its participation in the JV Company and voting rights or any other event that may invalidate any of its rights under the JV Agreement;

- (c) change in regulations or market conditions that may prevent the JV Company to implement its key corporate policies;
- (d) insolvency of any party or another event that would prevent the JV Company to operate in ordinary course of business. For the avoidance of doubt, in case that BNP Paribas Personal Finance is the non-defaulting party, BNP Paribas Personal Finance can exercise the Put Option or propose to liquidate the JV Company in accordance with the terms of the JV Agreement, while in case that the Company is the non-defaulting party, the Company can exercise the Geely Call Option or propose to liquidate the JV Company in accordance with the terms of the JV Agreement;
- (e) change of control resulting in, in respect of the Company or Geely Holding, that (i) Mr. Li together with his direct relatives directly or indirectly holds less than 50% equity interest in Geely Holding or any of the operational companies or any of the distributing companies or holds less than 30% equity interest of the Company; or (ii) loses management control over Geely Holding, any of the operational companies or any of the distributing companies or the Company; or (iii) the Company directly or indirectly holds less than 50% equity interest of or loses management control over the distributing companies that have entered into Commercial Agreements with the JV Company, except if Mr. Li together with his direct relatives, directly or indirectly holds at least 50% equity interests or management control over these distributing companies; in respect of BNP Paribas Personal Finance, that BNP Paribas holds less than 50% equity interest of BNP Paribas Personal Finance or lose management control over BNP Paribas Personal Finance, the party to the JV Agreement not under a change of control can exercise the put or call option thereto, as the case may be;
- (f) non-implementation of key principles of the Commercial Agreements between the JV Company and Geely Holding and its affiliates attributable to Geely Holding and its affiliates, which causes material adverse effect on the business of the JV Company;
- (g) non-performance indicators of the JV Company; and
- (h) the approval and change of the business plan of the JV Company becomes irresolvable deadlock between the parties to the JV Agreement.

THE COOPERATION AGREEMENT

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

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

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

THE COMMERCIAL AGREEMENTS

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

The Master Agreements

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

The Dealers Agreements

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

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

The Retailers Agreements

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

REASONS FOR THE ENTERING INTO OF THE JV AGREEMENT

The Company is an investment holding company and the Group is principally engaged in the manufacturing and trading of automobiles and automobile parts and related automobile components.

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

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

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

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

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

INFORMATION ON BNP PARIBAS PERSONAL FINANCE AND BNP PARIBAS

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

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

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

GENERAL

The JV Formation itself does not constitute a notifiable transaction for the Company under the Listing Rules. However, as the Call Option and the Put Option are exercisable at the discretion of BNP Paribas Personal Finance and the exercise prices for the Call Option and the Put Option are to be determined based on the Fair Market Value of the JV Company at the time of exercise, the grant of the Call Option and the Put Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. Accordingly, the grant of the Call Option, the Put Option and the transactions contemplated thereunder the JV Agreement constitute a major transaction for the Company and are subject to the Shareholders' approval at the EGM.

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

A circular containing, among other things, (i) further information about the grant of the Call Option and the Put Option and the transactions contemplated under the JV Agreement; (ii) information required under Chapter 14 of the Listing Rules; and (iii) a notice convening the EGM to approve the JV Agreement, the grant of the Call Option and the Put Option will be despatched to the Shareholders on or before 8 January 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions will have the following respective meanings:

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| “affiliates” | with respect to any party, any corporate or other entity that controls or is controlled by such party or is under common control with such party by a third party. For the purposes of this definition, a party has “control” of another party if the first party has, directly or indirectly, at least 50% voting power (the threshold shall be 30% in case of the Company or in case of a listed company) at the second party’s decision making authority or retains management control over the second party. For the avoidance of doubt, any entity that is controlled, as defined above, by an affiliate, shall be deemed as an affiliate for the purpose of this announcement |
| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Call Option” | the option granted to BNP Paribas Personal Finance pursuant to which BNP Paribas Personal Finance has the right at any time within 2 years after the Lock-up Period to acquire from the Company such equity interest in the JV Company to increase its interests to up to 50% |
| “CBRC” | China Banking Regulatory Commission |
| “Commercial Agreements” | the Master Agreements, the Dealers Agreements and the Retailers Agreements |

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| “Company” | Geely Automobile Holdings Limited (Stock code: 175), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Cooperation Agreement” | the agreement dated 16 December 2013 entered into between Geely Holding and BNP Paribas Personal Finance for the support of the operation of the JV Company and guaranteeing the performance of the obligation by the Company under the JV Agreement |
| “Dealers Agreements | the agreements to be entered into between the JV Company and each of the dealers of Geely Holding and its affiliates (including the Group and Volvo) for the provision of wholesale finance by the JV Company to such dealers and the distribution of retail finance in such dealers’ premises or shops |
| “Director(s)” | the director(s) of the Company |
| “EGM” | an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, to approve the grant of the Call Option and the Put Option and the transactions contemplated thereunder the JV Agreement |
| “Fair Market Value” | the fair market value of the JV Company upon the exercise of the Call Option, the Put Option or the Geely Call Option, the calculation details of which are set out in the paragraph headed “Fair Market Value” to this announcement |
| “Geely Call Option” | the option granted to the Company pursuant to which the Company has the right to acquire the equity interest in the JV Company from BNP Paribas Personal Finance upon the occurrence of certain Option Triggering Events |
| “Geely Holding” | 浙江吉利控股集團有限公司(Zhejiang Geely Holding Group Company Limited), a private limited liability company incorporated in Zhejiang Province, the PRC, and is owned as to 90% by Mr. Li and as to 10% by Mr. Li Xing Xing, the son of Mr. Li, respectively which owns approximately 42.62% interest in the issued share capital of the Company as at the date of this announcement |
| “Group” | the Company and its subsidiaries from time to time |

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| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “IFRS” | International Financial Reporting Standards |
| “JV Agreement” | the agreement dated 16 December 2013 entered into by and between the Company and BNP Paribas Personal Finance in relation to the JV Formation |
| “JV Company” | the joint venture company to be established by the Company and BNP Paribas Personal Finance pursuant to the terms of the JV Agreement |
| “JV Formation” | the establishment of the JV Company which will be owned as to 80% by the Company and as to 20% by BNP Paribas Personal Finance, respectively |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Lock-up Period” | a period of three years from the establishment date of the JV Company |
| “Master Agreements” | the master agreements to be entered into between the JV Company and the distributing companies of Geely Holding and its affiliates (including the Group and Volvo) |
| “Mr. Li” | Mr. Li Shu Fu, an executive Director and a controlling Shareholder, holding approximately 42.62% interest in the issued share capital of the Company as at the date of this announcement |
| “Option Triggering Events” | the occurrence of the events under which the Put Option or the Geely Call Option can be exercised, details of which are set out in the paragraph headed “Option Triggering Events” to this announcement |
| “PRC” or “China” | the People’s Republic of China and for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Put Option” | the option granted to BNP Paribas Personal Finance pursuant to which BNP Paribas Personal Finance has the right to dispose of its entire equity interest in the JV Company to the Company upon the occurrence of any of the Option Triggering Events |

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| “Retailers Agreements” | the retail financing agreements to be entered into between the JV Company and each end-customer of vehicles with the brands of Geely Holding and its affiliates (including the Group and Volvo) in the PRC |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Volvo” | Volvo Car Corporation of which more than 50% of its equity interests is owned by Geely Holding |

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

Hong Kong, 16 December 2013

As at the date of this announcement, the executive directors of the Company are Mr. Li Shu Fu (Chairman), Mr. Yang Jian (Vice Chairman), Mr. Gui Sheng Yue (Chief Executive Officer), Mr. An Cong Hui, Mr. Ang Siu Lun, Lawrence, Mr. Li Dong Hui, Daniel, Mr. Liu Jin Liang and Ms. Wei Mei; the non-executive director of the Company is Mr. Carl Peter Edmund Moriz Forster; and the independent non-executive directors of the Company are Mr. Lee Cheuk Yin, Dannis, Mr. Song Lin, Mr. Yeung Sau Hung, Alex, Mr. Fu Yu Wu and Mr. Wang Yang.