IMPORTANT NOTICE

IMPORTANT: **You must read the following disclaimer before continuing.** The following disclaimer applies to the Offering Memorandum (the "**Offering Memorandum**") following this notice, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Offering Memorandum. In accessing the attached Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Guarantor or the Bookrunners as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached Offering Memorandum is confidential and intended only for you and you agree that you will not forward, reproduce or publish this electronic transmission or the attached Offering Memorandum to any other person.

Confirmation of Your Representation: By accessing the attached Offering Memorandum you have confirmed to Barclays Bank PLC, Citigroup Global Markets Limited, UBS Europe SE and J.P. Morgan Securities plc (each a "**Bookrunner**" and together, the "**Bookrunners**"), Geely Sweden Financials Holding AB (publ) (the "**Issuer**") and Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司) (the "**Guarantor**") that (i) you understand and agree to the terms set out herein, (ii) you are outside the United States, (iii) you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia, (iv) you consent to delivery by electronic transmission, (v) you will not transmit the attached Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Bookrunners, and (vi) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the bonds described in the attached Offering Memorandum (the "**Bonds**").

You are reminded that the attached Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the attached Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver, forward or distribute the attached Offering Memorandum, in whole or in part, electronically or otherwise, to any other person and in particular to any United States address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of each of the Bookrunners, nor any person who controls them or any director, officer, employee or agent of them, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in the attached Offering Memorandum and such persons do not accept responsibility or liability for any such information or opinions.

The Bookrunners are acting exclusively for the Issuer and the Guarantor and no one else in connection with the offer. The Bookrunners will not regard any other person (whether or not a recipient of the attached document) as their client in relation to the offer and will not be responsible to anyone other than the Issuer and the Guarantor for providing the protections provided to their respective clients nor for giving advice in relation to the offer or any transaction or arrangement referred to in the attached document.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION OR IN THE ATTACHED OFFERING MEMORANDUM CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL. THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

The attached Offering Memorandum is not being distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, the communication of the attached Offering Memorandum as a financial promotion is only being made to those persons falling within Article 12, Article 19(5) or Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or to other persons to whom the attached Offering Memorandum may otherwise be distributed without contravention of section 21 of the Financial Services and Markets Act 2000. This communication is being directed only at persons having professional experience in matters relating to investments and any investment or investment activity to which this communication relates will be engaged in only with such persons. No other person should rely on it.

The attached Offering Memorandum does not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and any Bookrunner or any affiliate of such Bookrunner is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Bookrunner or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

The attached Offering Memorandum has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Bookrunners, any person who controls the Issuer, the Guarantor, or the Bookrunners, any director, officer, employee or agent of any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Bookrunners. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Geely Sweden Financials Holding AB (publ)
(*incorporated in Sweden with limited liability*)
€400,000,000 Zero Coupon Guaranteed Exchangeable Bonds due 2024
exchangeable for Series B Shares of AB Volvo (publ)
unconditionally and irrevocably guaranteed by

Zhejiang Geely Holding Group Company Limited
(浙江吉利控股集團有限公司)
(*incorporated in the People's Republic of China with limited liability*)

Issue Price 100 per cent.

The €400,000,000 Zero Coupon Guaranteed Exchangeable Bonds due 2024 (the "**Bonds**") will be issued by Geely Sweden Financials Holding AB (publ) (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司) (the "**Guarantor**"), pursuant to a deed of guarantee (the "**Deed of Guarantee**") entered into by the Guarantor on or around the Issue Date (as defined below). The Bonds will be constituted by a trust deed (the "**Trust Deed**") dated on or around the Issue Date (as defined below) entered into between the Issuer, the Guarantor and Citicorp International Limited in its capacity as trustee (the "**Trustee**"). Subject to the Issuer's right to make a Cash Election (as defined in the terms and conditions of the Bonds (the "**Conditions**")), the Bonds are exchangeable at the option of the relevant holder for the Exchange Property per Bond (as defined in the Conditions) as at the relevant Exchange Date during the Exchange Period (each as defined in the Conditions). See "*Terms and Conditions of the Bonds – Exchange Rights and Exchange Period*". The Exchange Property shall initially comprise certain existing Series B shares of AB Volvo (publ) (registration no. 556012-5790) ("**AB Volvo**"), and shall be subject to adjustment as set out in the Conditions. See "*Terms and Conditions of the Bonds – Exchange Property Adjustments*". At the date hereof, the Series B shares of AB Volvo (the "**Shares**") are listed on the NASDAQ OMX Stockholm Stock Exchange (the "**Stockholm Stock Exchange**").

Unless previously exchanged, redeemed or purchased and cancelled, the Bonds will mature on the fifth anniversary of the Issue Date (the "**Maturity Date**") at their principal amount. The Bonds are subject to redemption in whole, but not in part, at their principal amount, at the option of the Issuer (i) at any time on or after 19 June 2022, provided that the Value (as defined in the Conditions) of the *pro rata* share of the Exchange Property attributable to each €100,000 principal amount of Bonds on each of not less than 20 Trading Days (as defined in the Conditions) in any period of 30 consecutive Trading Days ending not earlier than the seventh Trading Day prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have exceeded 130 per cent. of such principal amount; or (ii) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights (as defined in the Conditions) shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued; or (iii) if an Offer (as defined in the Conditions) is made or a Scheme of Arrangement (as defined in the Conditions) becomes effective that results in a Relevant Change of Control (as defined in the Conditions), where the Consideration (as defined in the Conditions) consists wholly of cash, at any time on or after the date falling 30 days after the Consideration Date (as defined in the Conditions). The Bonds may also be redeemed before maturity at the option of the relevant Bondholder at their principal amount on the Optional Put Date (as defined in the Conditions) and at their principal amount following a Put Event (as defined in the Conditions). See "*Terms and Conditions of the Bonds – Redemption and Purchase*".

The Guarantor will file or cause to be filed with the State Administration of Foreign Exchange of the People's Republic of China (the "**PRC**") or its local branch ("**SAFE**") the Deed of Guarantee within 15 PRC Business Days (as defined in the Conditions) after its execution in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees （跨境擔保外匯管理規定）and its operational guidelines promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing completion of registration issued by SAFE) as soon as practicable after the Issue Date and in any event on or before the Registration Deadline (being 120 PRC Business Days after the Issue Date) and for so long as any Bond remains outstanding, comply with all applicable laws and regulations of the PRC in relation to the Cross-Border Security Registration.

The Bonds do not bear interest.

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the "**Circular 2044**") promulgated by the National Development and Reform Commission of the PRC (the "**NDRC**") on 14 September 2015 which came into effect immediately, the Guarantor has registered the issuance of the Bonds with the NDRC and obtained (i) the registration certificate dated 17 August 2018 from the NDRC with the term of validity till the end of December 2018, according to which, the Guarantor's overseas subsidiary was allowed to issue offshore bonds up to the equivalent of US$1 billion, and (ii) the approval from the NDRC dated 19 December 2018 in relation to extension of the term of validity of the said registration certificate to the end of June 2019 (together with the registration certificate, the "NDRC Pre-issuance Registration Certificate"). The Guarantor undertakes to make post-issuance filing with the NDRC within 10 PRC Business Days after the Issue Date in accordance with Circular 2044 and the NDRC Pre-issuance Registration Certificate.

Approval in-principle has been received for the listing and quotation of the Bonds on the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained herein. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group (as defined herein) or the Bonds. There is currently no public market for the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of not less than S$200,000 (or its equivalent in foreign currencies) for so long as the Bonds are listed on the SGX-ST.

The Bonds will be issued in the authorised denomination of €100,000.

See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

AB Volvo has not participated in the preparation of this Offering Memorandum and this Offering Memorandum does not purport to include sufficient information with regard to AB Volvo or the Shares to enable prospective investors in the Bonds to make an informed decision regarding an investment in the Bonds or the Shares. Prospective investors should consult the publicly available information of AB Volvo prior to making a decision to invest in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and the Bonds may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold outside the United States in compliance with Regulation S under the Securities Act.

The Bonds will initially be represented by a global bond (the "Global Bond") in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Beneficial interests in the Global Bond will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream, Luxembourg. Except in the limited circumstances set out herein, definitive registered bonds will not be issued in exchange for beneficial interests in the Global Bond. See "*Summary of Provisions relating to the Bonds while in Global Form*". It is expected that delivery of the Global Bond will be made on 19 June 2019 or such later date as may be agreed (the "Issue Date") by the Issuer and the Bookrunners.

The Issuer may be a "covered fund" for purposes of section 13 of the U.S. Bank Holding Company Act of 1956, as amended (the "**Volcker Rule**"). If the Issuer is deemed to be a "covered fund", then, in the absence of regulatory relief, the provisions of the Volcker Rule may impact the ability of certain banking institutions to acquire or retain an "ownership interest" in the Issuer, including by purchasing or holding any Bonds.

Bookrunners

UBS Investment Bank	**Citigroup**	**Barclays**	**J.P. Morgan**

This Offering Memorandum is dated 12 June 2019

IMPORTANT NOTICE

Each of the Issuer and the Guarantor confirms that (i) this Offering Memorandum contains all information with respect to the Issuer, the Guarantor and the Guarantor's subsidiaries taken as a whole (the "**Group**"), the Bonds and the Guarantee which is relevant and material in the context of the issue, offering, sale and distribution of the Bonds; (ii) the statements contained herein relating to the Issuer, the Guarantor, the Group, the Guarantee and the Bonds are in every material particular true and accurate and not misleading; (iii) the opinions, intentions and all forecasts, estimates, expectations and other forward-looking statements expressed in this Offering Memorandum with regard to the Issuer, the Guarantor and the Group are truly and honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee, the omission of which would, in the context of the issue and offering of the Bonds and the Guarantee, make any statement, opinion or intentions expressed in this Offering Memorandum misleading; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements; (vi) the statistical, industry and market related data included in this Offering Memorandum are based on or derived or extracted from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects; and (vii) this Offering Memorandum does not and, if amended or supplemented, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. This Offering Memorandum is not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended or superseded, the "**Prospectus Directive**") and has not been, and will not be, submitted to the approval of any European Union competent authority (as defined in the Prospectus Directive).

Listing of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the SGX-ST. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Save for the AB Volvo information, each of the Issuer and the Guarantor accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer and the Guarantor, which have each taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

AB Volvo has not participated in the preparation of this Offering Memorandum or in establishing the terms of the Bonds. This Offering Memorandum does not purport to include sufficient information with regard to AB Volvo or the Shares to enable prospective investors in the Bonds to make an informed decision regarding an investment in the Bonds or the Shares. Prospective investors should consult the publicly available information of AB Volvo prior to making a decision to invest in the Bonds.

The publicly available information of AB Volvo was not prepared in connection with the offering of the Bonds and none of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (as defined in the Conditions) (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) has made any investigation or enquiry with respect to such information. None of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) accepts responsibility for such information. The reference herein to the publicly available information of AB Volvo shall not create any implication that there has been no change relating to AB Volvo or the Shares since the date such information was published or that such information is current as at any time subsequent to its date. None of the Issuer, the Guarantor or the Bookrunners has had access to AB Volvo's books, records or other non-public information. Therefore, information concerning AB Volvo or the Shares that has not been made public is not available to the Issuer, the Guarantor or the Bookrunners. None of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) has been involved in the preparation of AB Volvo's publicly available information and, for the foregoing reasons, none of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) is in a position to verify any such information or pass judgement on its completeness. None of the Issuer, the

Guarantor or the Bookrunners makes any representations or warranties as to the accuracy, completeness or sufficiency of AB Volvo's publicly available information.

Consequently, there can be no assurance that all events occurring in relation to AB Volvo or the Shares prior to the date hereof, that would affect the trading price of the Shares (and, therefore, the trading price of the Bonds), have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of, or failure to disclose, material future events concerning AB Volvo and the Shares could affect the trading price of the Shares and, consequently, affect the value of the Cash Alternative Amount or the Exchange Property (each as defined in the Conditions) payable or deliverable upon exchange of the Bonds. In turn, the trading price of the Bonds could also be affected.

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) to subscribe for or purchase any of the Bonds. None of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) makes any representation to any investor in the Bonds regarding the legality of its investment under any applicable laws. Any investor in the Bonds should be able to bear the economic risk of an investment in the Bonds for an indefinite period of time.

The distribution of this Offering Memorandum and the offering and sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) represents that this Offering Memorandum may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) which is intended to permit a public offering of the Bonds or distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The Bonds, the Guarantee and the Shares to be delivered upon exchange of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the European Economic Area, the United Kingdom, Sweden, the PRC, Hong Kong, Japan and Singapore, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Officering Memorandum, see "*Subscription and Sale*".

No person is authorised to give any information or to make any representation not contained in this Offering Memorandum and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them). Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication or constitute any representation that there has been no change in the affairs of the Issuer, the Guarantor or AB Volvo since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or AB Volvo since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection

with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Memorandum is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Memorandum for any other purpose, make copies of any part of this Offering Memorandum or give a copy of it to any other person, or disclose any information in this Offering Memorandum to any other person. Any reproduction or distribution of this Offering Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any propose other than considering an investment in the Bonds offered by this Offering Memorandum is prohibited. By accepting delivery of this Offering Memorandum each investor agrees to these restrictions.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Bonds have been subject to a product approval process, which has determined that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The target market assessment is without prejudice to the requirements of any contractual or legal selling restrictions in relation to any offering of the Bonds.

For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Bonds.

PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"): In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Neither this Offering Memorandum nor any other information supplied in connection with the issue of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor or the Bookrunners that any recipient of this Offering Memorandum or any other information supplied in connection with the issue of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and AB Volvo. Furthermore, no comment is made or advice given by the Issuer, the Guarantor or the Bookrunners in respect of taxation matters relating to any Bonds or the legality of the purchase of Bonds by an investor under applicable laws. The Bookrunners do not undertake to review the financial condition or affairs of the Issuer, the

Guarantor or AB Volvo during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to their attention.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND FINANCIAL ADVISER AS TO TAX, LEGAL, FINANCIAL AND RELATED MATTERS CONCERNING THE PURCHASE OF THE BONDS.

To the fullest extent permitted by law, the Bookrunners accept no responsibility whatsoever for the contents of this Offering Memorandum, or for any other statement made or purported to be made by it or on its behalf in connection with the Issuer, the Guarantor, AB Volvo or the issue and offering of the Bonds. The Bookrunners accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement. No representation or warranty, expressed or implied, is made or given by or on behalf of each of the Bookrunners, nor any person who controls them or by or on behalf of any director, officer, employee or agent of it, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions. The Bookrunners have not independently verified the information contained herein.

Except as described in this Offering Memorandum, beneficial interests in the Global Bond will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in Euroclear and Clearstream, Luxembourg. Except as described in this Offering Memorandum, owners of beneficial interests in the Global Bond will not be entitled to have the Bonds registered in their names, will not receive or be entitled to receive physical delivery of definitive registered bonds evidencing the Bonds in definitive form and will not be considered Bondholders under the Global Bond and the Trust Deed.

Market data and certain industry statistics in this Offering Memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents or their respective affiliates, directors, officers, employees, representatives, agents and advisers, and none of the Issuer, the Guarantor or the Bookrunners and their respective affiliates, directors, officers, employees, representatives, agents and advisers makes any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

NOTICE TO INVESTORS

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF BONDS OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

PRESENTATION OF FINANCIAL INFORMATION

The Guarantor prepares its consolidated financial statements in accordance with the generally accepted accounting principles of the PRC ("**PRC GAAP**"). The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018 were audited by Beijing Xinghua Certified Public Accountants (Special General Partnership) ("**Beijing Xinghua**"), and are included elsewhere in this Offering Memorandum, together with the auditor's audit reports.

None of the Bookrunners or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such consolidated financial information of the Guarantor for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. None of the Bookrunners or any of their respective affiliates, directors or advisers has independently verified the accuracy of the financial information or financial statements of the Group and none of the Bookrunners or any of their respective affiliates, directors or advisers can give assurance that the financial information and financial statements are accurate. Each of the Bookrunners and their respective affiliates, directors or advisers disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of any financial information or financial statements of the Guarantor or the Group.

PRC GAAP differs in certain respects from International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), although the two have substantively converged. See "*Differences between PRC Accounting Standards and International Financial Reporting Standards*".

This Offering Memorandum includes figures relating to EBITDA. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Guarantor's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Guarantor has included EBITDA because the Guarantor believes that it is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Guarantor's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Offering Memorandum to "**China**" or the "**PRC**" are to the People's Republic of China which for the purpose of this Offering Memorandum only excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC and all references to the "**PRC government**" are to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them.

Unless otherwise indicated, all references in this Offering Memorandum to "**Renminbi**" or "**RMB**" are to the lawful currency of the PRC; all references to "**Hong Kong dollars**" or "**HK$**" are to the lawful currency of Hong Kong; all references to "**SEK**" are to the lawful currency of Sweden, and all references to "**U.S. dollars**", "**U.S.$**" or "**USD**" are to the lawful currency of the United States of America.

Unless otherwise indicated or the context requires otherwise, references to a "**Member State**" are references to a Member State of the European Economic Area and all references to "**€**", "**EUR**", "**euro**" or "**euros**" are to the single currency of the participating Member States introduced at the third stage of the European and Economic Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.

Solely for the sake of convenience, this Offering Memorandum contains translations of certain Renminbi amounts into EUR and USD amounts at specified rates. Unless otherwise specified, where financial information in relation to the Group has been translated into Euro, it has been so translated at the rate of RMB7.8081 to EUR1.00 for convenience only. Unless otherwise specified, where financial information in relation to the Group has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.8755 to U.S.$1.00 (the noon buying rate in New York City on 31 December 2018 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information on exchange rates is set forth in "Exchange Rate Information". No representation is made that the Renminbi amounts referred to in this Offering Memorandum could have been or could be converted into Euro at any particular rate or at all, or vice versa.

In this Offering Memorandum where information has been presented in thousands or millions of units, amounts may have been rounded. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and the actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

FORWARD-LOOKING STATEMENTS

The Issuer and the Guarantor have made forward-looking statements in this Offering Memorandum regarding, among other things, the Group's financial condition, future expansion plans and business strategies. These forward-looking statements are based on the Group's current expectations about future events. Although the Issuer and the Guarantor believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the Group's business and operating strategies;
- the Group's capital expenditure and development plans;
- various business opportunities that the Group may pursue;
- the regulatory environment of the automobile industry in general;
- changes in political, economic, legal and social conditions in China and elsewhere, including the specific policies of the PRC central and local governments with respect to economic growth, inflation and foreign exchange;
- the continued availability and costs of bank loans and other forms of financing;
- changes in competitive conditions and the Group's ability to compete under these conditions;

- effect of competition on the demand for and prices of the products the Group offers; and
- other risks identified in the "*Risk Factors*" section of this Offering Memorandum.

The words "**anticipate**", "**believe**", "**estimate**", "**expect**", "**intend**", "**plan**", "**may**", "**seek**", "**target**" and similar expressions are intended to identify a number of these forward-looking statements. The Issuer and the Guarantor undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Memorandum might not occur and the actual results of the Issuer, the Guarantor or the Group could differ materially from those anticipated in these forward-looking statements.

These forward-looking statements speak only as at the date of this Offering Memorandum. The Issuer and the Guarantor expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Memorandum. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Memorandum shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Memorandum in its entirety.

OVERVIEW OF THE GROUP

The Group is a global automobile group. The Group offers a comprehensive product portfolio under its complementary brand portfolio, which mainly includes passenger vehicles under its two major subsidiaries: Geely Automobile Holding Limited ("**Geely**", together with its subsidiaries, the "**Geely Auto Group**") and Volvo Car AB (publ.) (registration no. 556810-8988) ("**Volvo**", together with its subsidiaries, the "**Volvo Car Group**"). The Group operates many well-known international automotive brands including Geely Auto, Lynk & Co, Volvo Cars, Polestar, London Electric Vehicle Company, Lotus, Yuan Cheng Auto and Terrafugia, with global operations spanning the automotive value chain from research, development and design to production, sales and servicing. The Group has been recognised as a Fortune 500 company for the last seven consecutive years and was ranked No.267 by Fortune Global in 2018, ranked by Fortune China among "China's Top 500 Companies" for the last 15 consecutive years and ranked by the China Association of Automobile Manufacturers ("**CAAM**") as one of the "Top Ten Automobile Manufacturers" for the last 15 consecutive years. In 2017, the Group was named by Forbes as one of the world's fastest growing automobile companies.

The Group has an established global footprint. As of 31 December 2018, the Group had manufacturing plants located in China, Belgium, the United Kingdom, Sweden and the United States and its sales network covered around 100 countries worldwide. The Group has been continuously expanding its product offering of sedans, wagons, sports utility vehicles ("**SUV**"), multi-purpose vehicles ("**MPV**") and new energy vehicles to meet customers' evolving needs and preferences. As of 31 December 2018, the Group offered more than 30 complete vehicle models with a full range of engines. For the years ended 31 December 2016, 2017 and 2018, the Group sold around 1.3 million, 1.8 million and 2.2 million vehicles worldwide, respectively. The Group has set up five research and development centres located in China, Sweden, the United States, the United Kingdom and Germany, respectively, and built up strong capacity to develop vehicles, engines, gearboxes and automotive electronics. The Group has also set up design centres in Barcelona, Gothenburg, California and Shanghai to create a global design platform.

Founded in 1986 and headquartered in Hangzhou, Zhejiang Province, the PRC, the Group entered into the automobile industry in 1997 and has accumulated rich experience in developing, manufacturing and selling passenger vehicles and automobile parts and components. Over the past few decades, the Group has evolved from a home-grown automobile company with one brand into a global company owning multiple brands. Having established itself firmly in the domestic market of China, the Group acquired Volvo in 2010, which has allowed access to Volvo's vast experience and technology knowhow. Since then, the Group's global presence and brand awareness have been further strengthened. In 2013, the Group acquired London Taxi Corporation Limited ("**LTC**") and in July 2017 renamed it as London Electric Vehicle Company ("**LEVC**"). LEVC is the manufacturer of the iconic London taxi which represents a significant share of taxis in London. The name change represents the Group's commitment to becoming a leading producer of new energy-focused urban commercial vehicles. With a new factory base at Coventry, the United Kingdom, LEVC aims to become a leader of lightweight vehicle and range extender powertrain technologies. In June 2017, the Group acquired a 49.9 per cent. equity interest in Malaysian automaker Proton Holding Bhd ("**Proton**") as well as a 51.0 per cent. equity interest in British sports carmaker Lotus Advance Technologies Sdn Bhd ("**Lotus**"), thereby gaining platforms to expand into the Southeast Asian and luxury sports car markets. In November 2017, the Group completed the acquisition of a U.S. start-up, Terrafugia Inc. ("**Terrafugia**"), a world-leader in flying-car technology. Furthering the expansion of its global reach, in June 2018, the Group made its investment in AB Volvo, a Swedish leading commercial vehicles and industrial engineering group. The transaction made the Guarantor the largest shareholder and the second largest holder in voting rights of AB Volvo as of 31 December 2018. The Group and AB Volvo expect to benefit from a global trend to replace diesel-powered trucks with gas-powered trucks, of which AB Volvo is a leading manufacturer, to reduce emissions.

In 2016, 2017 and 2018, the Group recorded operating income of RMB208,798.7 million, RMB278,264.6 million and RMB328,520.9 million, respectively, and recorded net profit of RMB11,711.5 million, RMB18,824.2 million and RMB20,267.6 million, respectively, for the same periods. The following table sets

forth a breakdown of the Group's operating income and its absolute percentage of the Group's total operating income for the periods indicated:

	Year ended 31 December					
	2016		2017		2018	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)					
Manufacturing and sale of complete vehicles	196,185.3	94.0	266,950.4	95.9	315,186.9	95.9
Geely series[(1)]	55,921.6	26.8	98,230.8	35.3	124,183.1	37.8
Volvo series[(2)]	140,263.7	67.2	168,719.6	60.6	191,003.8	58.1
Parts and others[(3)]	12,613.4	6.0	11,314.2	4.1	13,334.0	4.1
Total	**208,798.7**	**100.0**	**278,264.6**	**100.0**	**328,520.9**	**100.0**

Notes:

1. Includes operating income generated from sales of complete vehicles by the Geely Auto Group.

2. Includes operating income generated from sales of complete vehicles by the Volvo Car Group.

3. Includes operating income generated from sales of complete vehicles by LEVC and Lotus, sales of automobile parts and components other miscellaneous businesses.

The following table sets forth a breakdown of the Group's gross profit by business segment and its absolute percentage of the Group's total gross profit for the periods indicated:

	Year ended 31 December					
	2016		2017		2018	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)					
Manufacturing and sale of complete vehicles	41,249.6	90.0	59,085.7	93.9	67,805.2	91.1
Geely series[(1)]	11,916.9	26.0	21,792.1	34.6	28,471.8	38.3
Volvo series[(2)]	29,332.7	64.0	37,293.6	59.3	39,333.4	52.8
Parts and others[(3)]	4,602.1	10.0	3,845.4	6.1	6,661.9	8.9
Total	**45,851.7**	**100.0**	**62,931.1**	**100.0**	**74,467.1**	**100.0**

Notes:

1. Includes gross profit generated from sales of complete vehicles by the Geely Auto Group.

2. Includes gross profit generated from sales of complete vehicles by the Volvo Car Group.

3. Includes gross profit generated from sales of complete vehicles by LEVC and Lotus, sales of automobile parts and components other miscellaneous businesses.

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths have contributed to its success, distinguished it from its competitors and positioned it favourably to take advantage of future growth opportunities:

- A Leading Global Automobile Group
- Strong Research and Development Capabilities in Next Generation Technologies
- Globally Diversified Sales and Production Footprint
- Strategic Synergies between the Geely Auto Group and the Volvo Car Group
- Well Positioned to Benefit from Industry Trends in Emission Efficiency
- Strong Liquidity and Diversified Funding Sources

- Experienced and Dedicated Management Team with Global Vision

BUSINESS STRATEGIES

The Group intends to consolidate and enhance its leading position in the automobile industry by pursuing the following key business strategies:

- To Continue Diversifying the Group's Brand Portfolio
- To Further Enhance the Group's Capability in Research and Development
- To Build Up a Well-Established Talent Introduction and Training System
- To Achieve the Group's Sustainable Development Goal of "Zero-Emissions"
- To Expand the Group's International Presence

RECENT DEVELOPMENTS

Performance for the Three Months Ended 31 March 2019

For the three months ended 31 March 2019, the total operating income, operating profit and net profit of the Group slightly decreased as compared to the corresponding period in 2018, which was primarily due to the decrease in the Group's total sales volume because of the slowdown in domestic and international automobile market. As at 31 March 2019, the Group's total debt increased as compared to the balance as at 31 December 2018, which was primarily due to the additional indebtedness incurred by the Group to satisfy its capital needs.

Such financial information has not been subject to an audit or review and should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, any person who controls any of them or their advisers makes any representation or warranty, express or implied, regarding the accuracy of such consolidated financial information or their sufficiency for an assessment of, and potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. For the avoidance of doubt, the financial statements as at and for the three months ended 31 March 2019 do not constitute part of this Offering Memorandum.

Additional Indebtedness

Since 31 December 2018, the Group has incurred additional indebtedness to satisfy its capital needs, including the RMB2.5 billion 3.49 per cent. 270-day super & short-term commercial paper issued by the Guarantor in January 2019, the RMB3.5 billion 4.1 per cent. medium-term notes due 2022 issued by the Guarantor in April 2019, and the EUR600 million 2.125 per cent. medium-term notes due 2024 issued by Volvo in April 2019. The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

OVERVIEW OF THE BONDS

This overview must be read as an introduction to this Offering Memorandum and any decision to invest in the Bonds should be based on a consideration of this Offering Memorandum as a whole, including the full Conditions as set out herein. This overview does not contain all the information investors may consider important in making their investment decision. Therefore, investors should read this entire Offering Memorandum carefully, including, in particular, the section entitled "Risk Factors".

Words and expressions defined in "*Terms and Conditions of the Bonds*" shall have the same meanings in this overview.

Issuer	Geely Sweden Financials Holding AB (publ).
Guarantor	Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司).
Bonds	€400,000,000 Zero Coupon Guaranteed Exchangeable Bonds due 2024.
Guarantee.....	In accordance with Condition 2(d) and the Deed of Guarantee, the Guarantor will unconditionally and irrevocably guarantee, among other things, the due and punctual performance by the Issuer of all its obligations in relation to the Bonds. The obligations of the Guarantor under the Guarantee will constitute direct, unconditional, unsubordinated and (subject to Condition 3(a)) unsecured obligations of the Guarantor and (subject to the provisions of Condition 3(a)) will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The Guarantor undertakes to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**") the Deed of Guarantee no later than 15 PRC Business Days (as defined in the Conditions) after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) and its operational guidelines promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) as soon as practicable after the Issue Date and in any event on or before the Registration Deadline and for so long as any Bond remains outstanding, comply with all applicable laws and regulations of the PRC in relation to the Cross-Border Security Registration.
Rating	The Guarantor is rated BBB- (stable outlook) by Standard & Poor's. The Issuer is not rated. The Bonds will not be rated.
Issue Price	100 per cent.
Issue Date	Expected to be on or around 19 June 2019.
Bookrunners	Barclays Bank PLC Citigroup Global Markets Limited UBS Europe SE

	J.P. Morgan Securities plc
Trustee.....	Citicorp International Limited.
Principal Paying, Transfer and Exchange Agent.....	Citibank, N.A., London Branch.
Registrar.....	Citigroup Global Markets Europe AG.
Calculation Agent.....	Conv-Ex Advisors Limited.
Interest.....	The Bonds do not bear interest.
Maturity Date	Unless previously exchanged, redeemed or purchased and cancelled, the Bonds will, subject to the Issuer's right to exercise its Share Settlement Option, be redeemed at their principal amount on the fifth anniversary of the Issue Date.
Share Settlement Option.....	Upon redemption at maturity or on the Optional Put Date, the Issuer will have the right to elect to settle all or part of the redemption value in Exchange Securities comprised in the Exchange Property, in accordance with Condition 13(g).
Initial Exchange Property	The Exchange Property is expected to initially comprise a certain number of existing Series B shares of AB Volvo, the exact number of which will be determined at pricing of the Bonds.
Exchange Right.....	Unless previously redeemed or purchased and cancelled, and subject as provided in "*Cash Alternative Election*" below, each Bond will be exchangeable at the option of the Bondholder during the Exchange Period for the Exchange Property per Bond. Exchange Securities and other Exchange Property deliverable on exercise of Exchange Rights will be aggregated per Bondholder on the basis of the number of Bonds in respect of such exercise and rounded down (if necessary) to the nearest full Exchange Securities or other unit of Exchange Property, and there will be no compensation for fractions of Exchange Securities or other units of Exchange Property.
Exchange Period.....	(a) From the 41st day after the Issue Date to (but excluding) 19 June 2023 (4 years following the Issue Date) during any of the following periods: (i) if the Issuer exercises its right to redeem the Bonds, where the Exchange Date falls in the period from (and including) the date on which the relevant Optional Redemption Notice is published up to (but excluding) the day falling 10 Stockholm Business Days prior to the Optional Redemption Date; or (ii) if any Event of Default occurs, where the Exchange Date falls in the period (if any) from (and including) the date of occurrence of the Event of Default, or where applicable, the date of expiry or the relevant grace period, up to (and including) the 10th Stockholm Business Day after the date on which the Bonds are declared due and payable pursuant to Condition 17; or (iii) if a Change of Control occurs, where the Exchange Date falls in the Change of Control Period; or (iv) if an Offer is made or a Scheme of Arrangement becomes effective that, in each case, results in a Relevant Change

of Control, where the Exchange Date falls in the period of 30 Stockholm Business Days following the Consideration Date; or

(v) if a Delisting Event or a Free Float Event occurs, where the Exchange Date falls in the Delisting Event Period or the Free Float Event Period, as the case may be; or

(vi) if the issuer of any Equity Shares comprised in the Exchange Property announces a distribution to the holders of such Equity Shares of cash, assets, securities or other property where the Fair Market Value of such distribution per Equity Share as at the date of first public announcement by such issuer of the terms of such distribution is greater than 25 per cent. of the arithmetic mean of the VWAP of such an Equity Share on each Trading Day (for such Equity Shares) in the 30 Trading Day (for such Equity Shares) period ending on (and including) the Trading Day (for such Equity Shares) immediately preceding the date of such first public announcement, where the Exchange Date falls in the period from (and including) the date on which the Issuer notifies Bondholders of such distribution to (and including) the Stockholm Business Day immediately preceding the later of (i) the first Trading Day (for such Equity Shares) on which such Equity Shares are traded ex-the relevant distribution and (ii) the 10th Trading Day (for such Equity Shares) following the date on which such notification is made; or

(vii) if a Parity Event or IA Parity Event occurs pursuant to Condition 6(d), where the Exchange Date falls during the period of 10 consecutive Stockholm Business Days commencing on (and including) the first Stockholm Business Day following the Issuer Notification Date.

(b) at any time during the period from (and including) 19 June 2023 (4 years following the Issue Date) up to (but excluding) the day falling 20 Stockholm Business Days prior to the Maturity Date or, if the Issuer exercises its option to redeem the Bonds pursuant to Condition 13(b), the day falling 10 Stockholm Business Days prior to the relevant Optional Redemption Date, provided that the Exchange Date falls in the relevant period as aforesaid.

Cash Alternative Election..... Upon delivery of an Exchange Notice, the Issuer may elect to pay the Cash Alternative Amount instead of delivering all, or some only, of the Exchange Property per Bond, as described in Condition 8.

Redemption at the option of the Issuer ..... As further described in Condition 13(b), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 22 and to the Trustee (which notice shall be irrevocable):

(i) at any time on or after the third anniversary of the Issue Date, provided that the Value of the Exchange Property per Bond on each of not less than 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than the seventh Trading Day prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have

	exceeded 130 per cent. of the principal amount of a Bond; or (ii) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued; or (iii) if an Offer is made or a Scheme of Arrangement becomes effective that, in each case, results in a Relevant Change of Control where the Consideration consists wholly of cash, at any time on or after the date falling 30 days after the Consideration Date.
Redemption at the option of the Bondholders on the third anniversary of the Issue Date	Pursuant to, and as further set out in, Condition 13(c)(i), and subject to Condition 13(g), the holder of each Bond will have the right to require the Issuer to redeem that Bond on the third anniversary of the Issue Date at its principal amount.
Redemption at the option of the Bondholders following a Put Event	Pursuant to, and as further set out in, Condition 13(c)(ii), if a Change of Control in respect of the Issuer or the Guarantor, a Free Float Event or a Delisting Event occurs, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Put Date at its principal amount.
Redemption at the option of the Bondholders following a No Registration Event	Pursuant to, and as further set out in Condition 13(c)(iii), if a No Registration Event occurs, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the No Registration Event Put Date at the greater of: (A) €102,000, and (B) the sum in euro (rounded to the nearest whole multiple of €0.01, with €0.005 rounded up) equal to 102 per cent. of the No Registration Event Bond Price.
Negative Pledge.....	The Conditions will contain a negative pledge, as further described in Condition 3(a).
Events of Default	For a description of the Events of Default, following which the Bonds may become immediately due and repayable at the Relevant Amount, see Condition 17.
Status of the Bonds.....	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3(a)) unsecured obligations of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Withholding Tax.....	Pursuant to Condition 16, all payments in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Sweden or the PRC or any political subdivision or authority thereof or therein having power to tax, and any other jurisdiction (or political subdivision or authority in or of such other jurisdiction having power to tax) to which the Isuuer or the Guarantor becomes subject in respect of payments made by it of any sums due in respect of the Bonds or the Guarantee (as applicable) unless the withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as may be necessary in order that the net amount received by Bondholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the

	withholding or deduction, except that no such additional amounts shall be payable in respect of any Bond in the limited circumstances set out in Condition 16.
Meetings of Bondholders	The Conditions and the Trust Deed will contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Conditions will likewise allow Bondholders to take action on those matters by way of written resolutions.
Listing.....	Approval in-principle has been received for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of not less than S$200,000 (or its equivalent in foreign currencies) for so long as any of the Bonds are listed on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate evidencing the Bonds is exchanged for definitive registered bonds. In the event that the Global Certificate evidencing the Bonds is exchanged for definitive registered bonds, for so long as the Bonds are listed on the SGX-ST, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Bonds in definitive form, including details of the paying agent in Singapore.
Governing Law and Jurisdiction.....	The Bonds and any non-contractual obligations arising out of, or in relation to, the Bonds are governed by, and shall be construed in accordance with, English law. The courts of England shall have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds or the Transaction Documents.
Form and Denomination.....	The Bonds will be in registered form, in the authorised denomination of €100,000. The Bonds will be initially evidenced by interests in the Global Bond. The Global Bond will be deposited on the Issue Date with, and registered in the name of, the Common Depositary on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in the Global Bond for definitive registered bonds are described in "*Summary of Provisions Relating to the Bonds while in Global Form*".
Selling Restrictions	Private placements to qualified institutional investors only. Reg S only, Category 1, no Rule 144A, no TEFRA restrictions, no sales into the U.S. May be deemed to be the securities of a covered fund for purposes of the Volcker Rule. No sales into the United States. Standard selling restrictions applicable in the UK, EEA jurisdiction-specific restrictions (if any), the PRC, Hong Kong, Japan and Singapore as per market practice and applicable securities laws. See "*Subscription and Sale*" below.

Use of Proceeds	See the section entitled "*Use of Proceeds*".
Risk Factors	There are certain factors that may affect the Issuer's and/or the Guarantor's ability to fulfil their respective obligations under the Bonds. These are set out under "*Risk Factors*". **Prospective investors should refer to the publicly available information of AB Volvo for a discussion of risks relating to AB Volvo and the Shares.**
Ratings	The Bonds are not expected to be rated. Neither the Issuer nor the Guarantor is rated.
ISIN	XS1933947951
Common Code	193394795
CFI	DCZXFR
FISN	GEELY SWEDEN/ZERO CPN CONV B REGS
Legal Entity Identifier	549300PW7NR0DZCP5B38

SUMMARY OF CONSOLIDATED FINANCIAL DATA AND OTHER DATA OF THE GUARANTOR

The following tables set forth summary consolidated financial information of the Guarantor as at and for the periods indicated.

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2016, 2017 and 2018 as set forth below is derived from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018, which were audited by Beijing Xinghua and are included elsewhere in this Offering Memorandum. Such summary consolidated financial information should be read in conjunction with, and is qualified in its entirety by reference to the Guarantor's audited financial statements (including the notes thereto).

The Guarantor prepares its consolidated financial statements in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "Differences between PRC Accounting Standards and International Financial Reporting Standards".

Pursuant to the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (Cai Kuai [2017] No.30), the comparative amounts of gains/(losses) from asset disposal, non-operating income and non-operating expenses for the year ended 31 December 2016 are restated in the consolidated financial statements as at and for the year ended 31 December 2017. For details and impact on the Guarantor of such restatement, see Note IV.27 "Changes in Significant Accounting Policies and Estimates" to the Guarantor's consolidated financial statements as at and for the year ended 31 December 2017 included elsewhere in this Offering Memorandum.

Pursuant to the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements (Cai Kuai [2018] No. 15) which is newly promulgated on 15 June 2018, note receivable and account receivable, note payable and account payable and research and development expenses are added as new line items in the consolidated financial statements as at and for the year ended 31 December 2018; the calculation of other receivables, fixed assets, construction in progress, other payables, long-term payable and administrative expenses are adjusted in the consolidated financial statements as at and for the year ended 31 December 2018; note receivable, account receivable, interests receivable, dividends receivable, fixed assets disposal, construction materials, note payable, account payable, interests payable, dividends payable, and special payable are no longer line items in the consolidated financial statements as at and for the year ended 31 December 2018. For details and impact on the Guarantor of such restatement, see Note IV.28 "Changes in Significant Accounting Policies and Estimates" to the Guarantor's consolidated financial statements as at and for the year ended 31 December 2018 included elsewhere in this Offering Memorandum. Restated amounts might be different from the financial information previously reported in such consolidated financial statements. Consequently, potential investors must exercise caution when using such financial statements to evaluate the Group's financial condition and results of operations. See "Risks relating to the financial information - Historical consolidated financial information of the Group may not be indicative of its current or future results of operations".

Summary Consolidated Income Statement Data

	Year ended 31 December		
	2016	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited and restated)*	*(audited)*
Total operating income	**208,798,700**	**278,264,594**	**328,520,880**
Less:			
Operating cost	162,946,963	215,333,482	254,053,783
Business taxes and surcharges	3,796,984	6,427,753	7,305,728
Selling expenses	11,866,563	16,299,504	17,878,917
Administrative expenses	15,984,151	9,605,086	10,992,053
Research and development expenses	-[1]	8,609,535	9,328,490

[1] The general and administrative expenses have been adjusted and split into two separate line items, namely, the administrative expenses and the research and development expenses, in the Group's consolidated financial statements as at 31 December 2018. Such adjustment was made based on newly promulgated and amended accounting rules in 2018 – ''Notice on the Revision of the Format for Issuing General Enterprise Financial Statements'' (Cai Kuai [2018] No. 15).

	Year ended 31 December		
	2016	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited and restated)*	*(audited)*
Financial expenses	1,586,799	1,444,268	1,813,848
Asset impairment loss	375,819	195,959	428,878
Credit impairment loss	-	-	9,499
Add:			
Other income	-	2,489,181	2,891,998
Investment income (loss)	99,449	11,027	(42,144)
Net exposure hedging losses	-	-	(586,504)
Gains/(losses) from changes in fair value	201,524	315,968	(30,803)
Gains/(losses) from asset disposal	(303,046)	(260,428)	(2,900,129)
Operating profit	**12,239,347**	**22,904,754**	**26,042,100**
Non-operating income	2,615,224	618,590	228,332
Non-operating expenses	222,565	176,903	500,440
Profit before tax	**14,632,006**	**23,346,441**	**25,769,992**
Income tax expenses	2,920,525	4,522,207	5,502,352
Net profit	**11,711,481**	**18,824,235**	**20,267,640**
Net profit attributable to owners of the parent	8,408,719	12,302,371	13,026,070
Profit or loss attributable to minority interests	3,302,762	6,521,864	7,241,570

Summary Consolidated Balance Sheet Data

	As at 31 December		
	2016	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited and restated)*	*(audited)*
Current assets			
Cash	47,714,422	54,268,663	67,340,144
Trading financial assets	-	-	1,881,645
Derivative financial assets	-	-	773,721
Financial assets at fair value through profit or loss	8,126,292	3,166,788	-
Notes receivable and accounts receivable	16,471,207[1]	31,576,056	29,491,508
Prepayment	2,697,048	2,195,233	2,617,428
Other receivables	1,662,203[2]	3,021,677	2,800,222
In which:			
Interests receivables	19,450	73,258	43,988
Inventories	21,626,628	33,556,266	37,181,569
Available-for-sale assets	-	12,306	-
Non-current assets due within one year	61,417	86,915	12,509
Other current assets	2,954,862	5,645,110	5,550,501
Total current assets	**101,314,080**	**133,529,014**	**147,649,246**
Non-current assets			
Debt investment	-	-	30,000
Available-for-sale financial assets	3,367,168	4,515,998	-
Long-term receivables	601,131	3,906,828	3,388,675
Long-term equity investment	4,533,568	5,610,123	14,981,375
Other equity investment	-	-	17,510,792
Other non-current financial assets	-	-	581,226
Fixed assets	42,802,496[1]	55,742,394	70,586,768

[1] The notes receivable and accounts receivable have been adjusted and combined into one line item in the Group's consolidated financial statements as at 31 December 2018. Such adjustment was made based on newly promulgated and amended accounting rules in 2018 – ''Notice on the Revision of the Format for Issuing General Enterprise Financial Statements'' (Cai Kuai [2018] No. 15).

2 The interests receivables, dividends receivable and other receivables have been adjusted and combined into one line item in the Group's consolidated financial statements as at 31 December 2018. Such adjustment was made based on newly promulgated and amended accounting rules in 2018 – ''Notice on the Revision of the Format for Issuing General Enterprise Financial Statements'' (Cai Kuai [2018] No. 15).

	As at 31 December		
	2016	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited and restated)*	*(audited)*
Construction in progress	12,323,334	14,691,152	8,789,455
Intangible assets	23,279,691	33,112,658	34,350,259
Development expenditure	13,437,867	18,366,312	26,936,177
Goodwill	399,898	657,705	722,978
Long-term prepayment	103,473	123,663	173,046
Deferred tax assets	3,320,728	4,322,331	6,523,178
Other non-current assets	1,257,341	1,827,391	1,208,136
Total non-current assets	**105,426,694**	**142,876,556**	**185,782,064**
Total Assets	**206,740,774**	**276,405,570**	**333,431,309**
Current liabilities			
Short-term borrowings	11,218,589	13,758,062	35,093,092
Trading financial liabilities	-	-	6,605
Derivative financial liabilities	-	-	1,414,363
Financial liabilities at fair value through profit or loss	1,581,466	452,598	-
Notes payable and accounts payable	34,717,299[2]	51,570,358	55,538,626
Advances from customers	8,716,051	8,911,129	5,782,147
Contract liabilities	-	-	10,924,999
Employee benefits payable	4,911,338	6,449,701	6,330,638
Taxes payable	3,059,721	5,363,619	5,458,378
Other payables	10,359,735	13,061,577	5,622,996
In which:			
Interest payable	559,914	344,887	534,368
Dividends payable	7,169	7,169	7,168
Non-current liabilities due within one year	8,114,959	10,973,058	8,884,896
Other current liabilities	15,724,720	21,575,642	12,156,228
Total current liabilities	**98,403,879**	**132,115,744**	**147,212,967**
Non-current liabilities			
Long-term loans	13,276,571	13,418,284	31,118,986
Bonds payable	16,408,628	15,363,624	19,830,414
Long-term payables	2,681,530[3]	2,001,293	1,258,145
Provisions	5,326,401	7,879,331	4,814,296
Deferred revenue	3,357,412	7,782,512	13,211,597
Deferred income tax liabilities	927,956	1,611,143	1,399,643
Other non-current liabilities	3,837,923	5,774,800	11,831,483
Total non-current liabilities	**45,816,421**	**53,830,988**	**83,464,564**
Total Liabilities	**144,220,300**	**185,946,732**	**230,677,531**
Shareholder's equity			
Share capital	830,000	930,000	930,000
Other equity instruments	2,000,000	2,000,000	2,000,000
In which:			
Perpetual capital securities	2,000,000	2,000,000	2,000,000
Capital reserve	17,340,057	19,007,823	19,044,131
Surplus reserves	-	38,590	40,735
Undistributed profit	21,491,604	33,685,219	46,440,199
Other comprehensive income	(690,845)	3,265,113	(10,658,355)
Total equity attributable to parent company	**40,970,816**	**58,926,745**	**57,796,710**

1 The fixed assets and fixed assets disposal have been adjusted and combined into one line item in the Group's consolidated financial statements as at 31 December 2018. Such adjustment was made based on newly promulgated and amended accounting rules in 2018 – ''Notice on the Revision of the Format for Issuing General Enterprise Financial Statements'' (Cai Kuai [2018] No. 15).

2 The notes payable and accounts payable have been adjusted and combined into one line item in the Group's consolidated financial statements as at 31 December 2018. Such adjustment was made based on newly promulgated and amended accounting rules in 2018 – ''Notice on the Revision of the Format for Issuing General Enterprise Financial Statements'' (Cai Kuai [2018] No. 15).

5 The special payable and long-term payables have been adjusted and combined into one line item in the Issuer's consolidated financial statements as at 31 December 2018. Such adjustment was made based on newly promulgated and amended accounting rules in 2018 – ''Notice on the Revision of the Format for Issuing General Enterprise Financial Statements'' (Cai Kuai [2018] No. 15).

	As at 31 December		
	2016	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited and restated)*	*(audited)*
Minority interests	21,549,658	31,532,093	44,957,068
Total shareholder's equity	**62,520,474**	**90,458,838**	**102,753,778**
Total liabilities and shareholder's equity	**206,740,774**	**276,405,570**	**333,431,309**

Summary Consolidated Cash Flow Statement Data

	Year ended 31 December		
	2016	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	*(audited)*	*(audited)*
Net cash flow from operating activities	33,900,704	43,039,286	43,146,353
Net cash flow used in investing activities	(25,624,727)	(32,546,366)	(79,632,491)
Net cash flow from financing activities	13,991,994	8,300,876	47,847,832
Effect of changes in exchange rate on cash	512,898	448,394	(177,107)
Net increase of cash and cash equivalents	22,780,870	19,242,190	11,184,588
Opening balance of cash and cash equivalents	33,500,118	56,280,988	75,523,178
Ending balance of cash and cash equivalents	56,280,988	75,523,178	86,707,766

Other Financial Data

	As at and for the year ended 31 December		
	2016	**2017**	**2018**
	(unaudited)	*(unaudited)*	*(unaudited)*
EBITDA[(1)](RMB'000)	23,854,056	34,496,416	44,650,176
EBITDA margin [(2)] (per cent.)	11.4	12.4	13.6
EBITDA/total interest expense	12.1x	21.3x	20.7
Total debt[(3)]/EBITDA	1.9x	1.4x	2.0x
Net debt[(4)]/EBITDA	(0.1)	(0.2)	0.5x

Notes:

1. The Guarantor calculates EBITDA for any year or period as gross profit (operating income minus operating costs) for the year, minus business taxes and surcharges, selling expenses, general and administrative expenses, plus depreciation of fixed assets, amortisation of intangible assets and amortisation of long-term deferred expenses. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Guarantor's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Guarantor has included EBITDA because the Guarantor believes that it is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Guarantor's EBITDA to EBITDA presented by other companies because not all companies use the same definition. Interest expense excludes amounts capitalised.

2. EBITDA margin is calculated as EBITDA divided by total operating income.

3. Total debt represents the aggregate of short-term borrowings, long-term loans due within one year, bonds payable due within one year, long-term loans and bonds payable.

4. Net debt is equal to total debt less cash.

RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Bonds. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Bonds are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer, or failing whom the Guarantor, to pay principal or other amounts on or in connection with the Bonds, or to perform their obligations under the Bonds may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Prospective investors should consider carefully the risks and uncertainties described below, together with all other information contained in this Offering Memorandum before making a decision to invest in the Bonds.

AB Volvo has not participated in the preparation of this Offering Memorandum and, as such, there may be additional risks relating to AB Volvo and/or the Shares which could affect the trading price of the Shares and, therefore, the trading price of the Bonds. Prospective investors should consult the publicly available information of AB Volvo in order to assess these risks prior to making a decision to invest in the Bonds.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group may not be able to identify or offer popular models to meet changing trends and consumer demands, or the Group may not be able to gain market acceptance of its new models

Market trends, consumer demands and needs in the markets where the Group operates depend upon various factors, some of which are beyond its control, such as prevailing economic conditions, consumption patterns, disposable income and uncertainties inherent in different markets. To compete effectively in the automobile industry, the Group needs to launch new products in a timely and cost-effective manner to meet changing consumer preferences and demands.

To broaden its model portfolio, the Group plans to continue upgrading its existing models, and in the meantime, to develop new models. In 2018, the Geely Auto Group launched the Geely Binrui, a new compact sedan and the Geely Binyue, its first compact SUV. It also unveiled its first MPV, the Geely Jiaji, recently in March 2019. By providing more diverse product offerings to the global market, they play a vital role in strengthening the Geely Auto Group's market position. Further, as part of its efforts to transform from a traditional automobile company to an industry leader in new energy vehicle technologies and following shortly after its announcement of the "Blue Geely Initiative", the Geely Auto Group launched the Emgrand EV model, its first new energy vehicle model, in November 2015. It has also launched its hybrid-electric vehicle ("**HEV**") and plug-in hybrid electric vehicle ("**PHEV**") in 2017 and the Emgrand GSe which is the full electric variant of the Geely Emgrand GS crossover in 2018. In addition, Lynk & Co launched the Lynk & Co 02 PHEV which is a smaller version of the Lynk & Co 01 in 2018, and LEVC started delivering TX5s, London's first commercially operational electric cab, in December 2017. Whilst new energy vehicles represent a new business area for the Group, there is no assurance that its efforts to develop, launch and market these new products will be successful or completed within anticipated time frames. The Group's success in launching these new products depends on a number of factors, including its ability to offer products that appeal to target customers, its marketing strategy, customer perceptions and its cooperation with its partners.

The Group's model development may not always reflect the prevailing market trends or customer needs at any given time, and the new models it launches may not be well received by the market or achieve the expected sales. It may also be unable to produce sufficient quantities of these models to meet market demand. If the Group's new models fail to gain market acceptance, the Group's brand image, business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group's continued growth depends on its research and development capabilities and efforts, which may not be successful

The automobile market is characterised by changing technologies, periodic new model introductions and evolving end-user customer and industry requirements. The Group's competitors are continuously developing automobiles that have adopted advanced technologies to operate more efficiently and cost effectively. The Group's continued success, therefore, depends on its ability to continuously develop new products that can successfully compete with those offered by its competitors in terms of design, performance and price, which, in

turn, depends largely on its research and development capabilities. If the Group is unable to enhance its research and development capabilities to improve its existing products and develop new products, or if it fails to anticipate end-user customers' changing needs, it may be at a disadvantage compared to its competitors and, consequently, its business, financial condition, results of operations and prospects may be materially and adversely affected. The Group's research and development efforts may not be successful or may not yield the anticipated level of economic benefits. Even if its research and development efforts are successful, it may not be able to apply these newly developed technologies to products that will be accepted by the market or apply them in a timely manner to take advantage of the opportunities presented in the market. The level of economic benefit that can be derived from newly developed technologies or products may also be affected by the ability of its competitors to replicate such technologies or products or develop more advanced or cheaper alternatives. If the Group's technologies or products are replicated, replaced or made redundant, or if the demand for the Group's products is not as anticipated, the Group's operating income associated with such technologies and products may not offset the costs that it incurs in developing such new technologies and products. If any of the aforesaid occurs, it may have a material adverse effect on its business, financial condition, results of operations and future development.

The Group may not be able to maintain relationships with its existing dealers, franchisees or sales agents or effectively manage its dealers, franchisees or sales agents

The Group sells substantially all of its products primarily through 4S dealers, franchisees and sales agents. Therefore, the Group's success depends on its ability to retain existing and attract new dealers, franchisees or sales agents. As of 31 December 2018, the Geely Auto Group sold products through over 900 dealer shops throughout China and exported its products to 24 countries through 24 sales agents and 297 sales and service outlets, and the Volvo Car Group sold cars in approximately 100 countries through approximately 2,300 dealers. There is no assurance that the Group will be able to successfully renew its existing sales contracts upon their expiration on favourable terms, or at all. Competition for dealers, franchisees or sales agents is intense, as the Group must compete with other leading passenger vehicle brands for dealers, franchisees and sales agents in markets where it has operations or has plans to enter. Such competitors may benefit from higher visibility, greater brand recognition, greater financial resources and a broader product offering than the Group does, which may provide them with a competitive advantage in securing dealers, franchisees or sales agents. The Group's competitors may also enter into long-term or exclusive agreements that effectively prevent their dealers, franchisees or sales agents from selling the Group's products. Consequently, engaging new dealers, franchisees or sales agents, maintaining relationships with existing dealers, franchisees or sales agents and replacing them can be difficult and time consuming. Any disruption to the Group's distribution network, including a failure on its part to renew its existing agreements with its preferred dealers, franchisees or sales agents or to attract new dealers, franchisees or sales agents, could negatively affect the Group's ability to effectively sell its products to its end-user customers which in turn could materially and adversely affect its business, financial condition, results of operations and prospects.

In addition, the Group has limited ability to manage and control the activities of its dealers, franchisees or sales agents. They could take certain actions that potentially have a material adverse effect on the Group's reputation, business and prospects, such as selling products that compete with the Group's products, focusing only on the sales of those products that provide them with higher margins or commissions thus undermining the Group's efforts to maintain a well-balanced portfolio of its products, selling the Group's products outside their designated territory, failing to adequately promote the Group's products or conducting their business in violation of relevant laws or regulations in their respective jurisdictions. The Group's reputation, business and prospects could be adversely affected as a result of any improper or illegal actions taken by its dealers, franchisees or sales agents.

Any material disruption to the Group's production facilities may materially and adversely affect its business, financial condition and results of operations

The Group's production facilities are mainly located in China, Belgium, the United Kingdom, Sweden and the United States. If operations at any of the Group's facilities were to be materially disrupted as a result of equipment failure, natural disasters, power outages, explosions, adverse weather conditions, strikes, civil unrest or other factors, its business, financial condition and results of operations may be materially and adversely affected. The occurrence of any of these significant events could also require the Group to make significant unanticipated capital expenditures. Interruptions in production may limit the Group's production capacity and cause a reduction or delay in its sales. The Group's insurance policies may not cover lost sales or increased costs incurred as a result of disruption of operations, and prolonged business disruptions could result in a loss of

customers. If any of the aforesaid events were to materialise, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's production capacity expansion plans may not be successfully achieved

The Group plans to expand its production capacity in stages based on its ongoing research and analysis of evolving market demand, through acquisition or construction of new production facilities as well as expansion and upgrade of existing production facilities. However, risks and uncertainties in a number of areas, including, without limitation, capital requirements, government approval requirements and operational risks, may adversely affect the acquisition or construction of additional facilities in a timely and cost-effective manner. The Group's production capacity expansion plans may not be successfully implemented within its planned time frames, or at all. The Group may also experience quality control issues as it implements expansion plans. Delays or any failure in the implementation of the Group's expansion plans could adversely affect the Group's financial position and results of operations. In addition, the Group's efforts to expand its production capacities may not achieve the expected benefits. The demand for the Group's products may not continue to increase or remain at current levels and may be affected by various factors beyond the Group's control, including government policies and the overall economy. If demand for its products is weaker than anticipated, the Group may experience overcapacity and under-utilisation of human resources, which may materially and adversely affect its business, financial condition and results of operations.

The Group may not be able to successfully expand its sales, service and distribution network

The Group intends to expand its sales, service and distribution network in China and overseas to expand its geographical coverage and increase its domestic and international market penetration. The Group plans to continue to localise its production in new overseas markets through cooperating with selected original equipment manufacturer ("**OEM**") contractors or by setting up manufacturing plants. The expansion of the Group's sales and service network and the exploration of new markets will require significant capital expenditures as well as increased human resources. There is no assurance that the Group can successfully implement its network expansion strategy or that network expansion can successfully improve the Group's results of operations.

The Group's brand image and business may be negatively affected by the performance of its OEM partners

The Group engages local partners in certain overseas markets to assemble its products on an OEM basis. The Group's OEM partners assemble products in plants with the Group's technical supervision, and the final products are sold under the Group's brand. The Group selects its OEM partners on the basis of their production facilities, financial status, historical performance, management competence, quality control, technical know-how and growth potential. However, the products assembled by any of the Group's OEM partners may not be delivered in a timely manner or with satisfactory quality. If the performance of any of the Group's OEM partners is not satisfactory or an OEM partner decides to substantially reduce its volume of supply to the Group, substantially increase its fees or terminate its business relationship with the Group, the Group may need to replace that OEM partner or take other remedial actions, which could increase the cost and lengthen the time required to deliver its products to its customers. In addition, the Group's OEM partners may not adhere to the Group's quality control policies and guidelines at all times. Any defect in the products assembled by the Group's OEM partners could subject the Group to product liability claims or damage the Group's reputation. Furthermore, the Group's OEM partners may not fully comply with applicable laws and regulations, such as labour laws and environmental laws, in which case negative publicity regarding such noncompliance could damage the Group's brand image. Any of these factors could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The Group may be unable to maintain an effective quality control system at the Group's manufacturing facilities

The performance, quality and safety of the Group's products are critical to its end-user customers and its success. The Group has established and maintained stringent quality assurance standards and inspection procedures, including quality control with respect to the parts and components purchased from external suppliers. The effectiveness of the Group's quality control system is determined by various factors, including the design of the system, the implementation of quality standards, the quality of training programs and employee adherence to quality control policies and guidelines. In addition, it is important that the Group's quality control system cover all stages of production, including raw materials procurement, semi-finished and finished products. If the Group fails to maintain an effective or adequate quality control system, it may produce defective

products that expose it to warranty claims, which may include return or replacement of its products, compensation of customers and other related product liability claims, as well as damage to the Group's reputation. For example, in 2017, due to a risk of malfunction of the airbag, the Geely Auto Group recalled an aggregate of 187,657 vehicles, including 163,960 units of GX7, 19,203 units of SX7 and 4,494 units of GX9. In January 2018, the Geely Auto Group recalled an aggregate of 40,068 units of Geely Borui manufactured between 1 April 2015 and 28 October 2016 to avert any possible future power steering failure. Any such warranty claim, regardless of whether it is ultimately successful, could cause the Group to incur significant costs, damage its business reputation and result in significant disruption to its operations. Furthermore, if any such claim is ultimately successful, the Group could be required to not only recall and replace defective products, but also pay substantial monetary damages or penalties, which could have a material adverse effect on its results of operations and financial condition.

The Group is subject to product liability exposure which could harm its reputation and materially and adversely affect its business, financial condition and results of operations

The Group's products can expose the Group to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in personal injuries, property damage or other adverse effects. Any product liability claim, whether relating to personal injuries or property damage, or regulatory action could prove costly and time consuming to defend and has the potential to harm the reputations of the Group and its brands. If successful, product liability claims may require the Group to pay substantial damages. The Group may be unable to obtain sufficient product liability insurance coverage on commercially reasonable terms, or at all.

Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third party suppliers. Such third party suppliers may not indemnify the Group for defects as to such parts and components or may only provide the Group with limited indemnification that is insufficient to cover the Group's damages resulting from such product liability claims. Product liability claims, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of the Group's products and its reputation. Moreover, a material design, manufacturing or quality-related failure or defect in the Group's products or other safety issues could warrant a product recall by the Group and result in increased product liability claims.

In addition, in certain countries in which the Group has operations, violation of product quality and safety requirements may subject the Group to monetary and injunctive penalties, including orders to cease manufacturing and sales of relevant products or to cease operations pending the required rectification. For serious violations, the Group's licenses to manufacture or sell relevant products could potentially be revoked, and the Group could be subject to criminal liability.

The Group may not be able to obtain external financing on favourable terms, or at all, to fund its ongoing operations and expansion

To fund its ongoing operations, existing and future capital expenditure requirements, investment plans and other financing requirements and to competitively respond to technological change and market demand, the Group requires sufficient internal sources of liquidity or access to additional financing from external resources. In particular, the Group requires significant capital for research and development of new vehicle development platforms and new engines, and expansion and upgrade of production facilities of existing plants. The Group principally funds its operations from a combination of cash generated from its business operations, securities offerings and bank borrowings. The availability of external funding is subject to various factors, some of which are beyond the Group's control, including obtaining governmental approvals, prevailing capital market conditions, credit availability, cost of financing including changes in interest rates and the performance of the businesses the Group operates. Financing may not be available in amounts or on terms acceptable to the Group, if at all. Any failure by the Group to arrange sufficient funding in a timely manner, on terms that are satisfactory to it or at all, could adversely affect its business, results of financial condition and expansion plans.

The Group's relatively high level of indebtedness exposes it to liquidity risks

The Group relies on bank loans and other borrowings to support a substantial portion of its capital expenditures, and the Group expects to continue to do so in the future. As of 31 December 2016, 2017 and 2018, the Group's total debt (which comprises short-term borrowings, long-term loans due within one year, bonds payable due within one year, long-term loans and bonds payable) was RMB44,325.4 million, RMB49,060.4 million and RMB89,865.2 million, respectively. In addition, as at 31 December 2018, the Group had outstanding guarantee

in a total amount of RMB652.3 million, which was mainly relating to contractual arrangements with independent third parties. The Group's relatively high level of indebtedness and leverage could materially and adversely affect its liquidity. For example, it could:

- require it to allocate a higher portion of its cash flow from operations to fund repayments of principal and interest on its borrowings, thus reducing the availability of its cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- increase its vulnerability to adverse economic or industry conditions;
- limit its flexibility in planning for, or reacting to, changes in its business or in the industry in which it operates;
- potentially restrict it from pursuing strategic business opportunities;
- limit its ability to incur additional debt; and
- increase its exposure to interest rate fluctuations.

As of the date of this Offering Memorandum, the Group has not experienced any material reduction or withdrawal of credit or banking facilities by its lenders or an inability to settle its trade payables in the ordinary course of business. However, there is no assurance that the Group will always be able to continue to repay or refinance its bank loans when they become due, and/or raise the necessary funding to finance its current liabilities and its capital commitments.

In addition, restrictive covenants contained in the financing agreements may limit the Group's ability to incur additional indebtedness and may negatively affect the Group's ability to respond to changes in market conditions. The Group may not be able to obtain waivers if it fails to comply with any of the requirements under its financing agreements. Failure to service its debt or comply with the terms, conditions and covenants of its loan agreements could result in penalties, including increases in its interest rates, accelerated repayment of loans and interest, termination of facilities and legal action against it by its creditors, any of which could have a material and adverse effect on its business, results of operations and financial condition. Furthermore, the Group's liquidity depends on the amount of cash it generates from operations and its access to further financial resources to fulfil its short-term payment obligations, which may be affected by its future operating performance, prevailing economic conditions and other factors, many of which are beyond its control.

The Group's business and financial condition may be materially and adversely affected if it fails to monitor* its *inventory level or to collect accounts receivable

The Group's inventories are principally raw materials, self-made semi-finished products and products, goods in stock and materials in transit. As at 31 December 2016, 2017 and 2018, the Group's inventory had the value of RMB21,626.6 million, RMB33,556.3 million and RMB37,181.6 million, respectively, which accounted for 21.3 per cent., 25.1 per cent. and 25.2 per cent. of its current assets, respectively. The Group endeavours to manage its inventory level by aligning its procurement with its sales based on confirmed purchase orders and projected sales. However, making an accurate estimate of its sales is difficult. Inaccurate forecasts of market demand and a mismatch between purchases of the Group's raw materials and sales of its finished products could increase the Group's inventory risks. In addition, aging of inventories requires the Group to make provisions for impairment of the fair value of inventories, which may affect the Group's profit. As at 31 December 2016, 2017 and 2018, the Group's provisions for inventories were RMB322.4 million, RMB385.6 million and RMB557.8 million, respectively. Any failure to effectively manage the Group's inventory level could have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding indebtedness, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Further, as of 31 December 2016, 2017 and 2018, the Group's accounts receivable was RMB6,212.1 million, RMB6,866.3 million and RMB6,876.7 million, respectively, which accounted for 6.1 per cent., 5.1 per cent. and 4.7 per cent. of its current assets, respectively, and its allowance for doubtful debts as of the same dates was RMB515 million, RMB771 million and RMB976.9 million, respectively. The Group's financial condition may be adversely affected if it fails to collect the accounts receivable in full when due. Most of the Group's accounts receivable and other receivables are accounts receivables and current account from debtors outside of the Group. There are risks associated with the Group's customers' or debtors' ability to make timely payments and their

failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition and results of operations.

The Group may fail to manage its purchase costs or obtain raw materials, parts and components on a timely* basis *or at reasonable prices

In order to remain competitive, the Group tries to manage its costs efficiently, aiming to produce its products at competitive costs. The Group has reduced and plans to further reduce its costs in purchasing raw materials, parts and components for its production through the implementation of its cost control policies such as streamlining its supply chains and localising production. As a result, the Group has generally been able to manage price fluctuations of raw materials, parts and components which has allowed it to improve its profit margin. For the years ended 31 December 2016, 2017 and 2018, the Group's net profit margin was 5.6 per cent., 6.8 per cent. and 6.2 per cent., respectively. Although the Group has been able to improve its net profit margin through implementing its cost control policies, its cost reduction measures may not be sustainable. If it fails to manage its purchase costs, its financial condition and results of operations may be materially and adversely affected.

Although the Group usually sources its important raw materials, parts and components from multiple suppliers in order to achieve a stable supply, there is no assurance that its suppliers can always adequately serve its needs in a timely manner or at reasonable prices. If there is any significant increase in the prices of raw materials, parts or components or if their supply is disrupted, the Group may incur additional costs to maintain its production schedules, which, in turn, may decrease its profitability and materially and adversely affect its business, financial condition and results of operations.

The Group is subject to joint venture risks

Certain of the Group's operations are conducted through jointly controlled entities and associated companies. Co-operation and agreement among the Group's joint venture partners on the Group's existing or future business plans are important for the smooth operation and financial success of such business plans. However, the Group's joint venture partners may (i) have economic or business interests or goals that are different from the Group, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements, or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of its joint ventures as, in some cases, it may not have effective control of the joint venture. The Group does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. Although the Group has not experienced any significant problems with its joint venture partners, no assurance can be given that disputes among its joint venture partners will not arise in the future that could adversely affect the Group's business plans and operations.

The Group's business may be severely disrupted if it is unable to secure its senior management's continuing services

The Group believes its business and future success depend, to a significant extent, on the capability, expertise and continued services of its management team. In particular, it relies on Mr. Li Shufu, the Group's founder and Chairman, who has almost 30 years of experience in the automobile industry. If Mr. Li or any other of the Group's senior management team members are unable or unwilling to continue in their present positions, the Group may not be able to identify and recruit suitable replacements in a timely manner or at an acceptable cost, or at all, and the implementation of the Group's business strategies may be affected, which could materially and adversely affect its operations.

The Group's may be unable to retain and hire qualified employees

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of investment, as well as the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced engineers, finance professionals, information technology and legal professionals, and other operational personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect its financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new

standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect the Group's financial condition and results of operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn affects the Group's reputation. Such fraud or misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribes;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not always be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

The Group may be subject to disputes, legal, regulatory or other proceedings

The Group may from time to time be involved in disputes with dealers, franchisees, sales agents, suppliers, business partners and other third parties during the course of its daily operations. Claims may be brought against the Group based on a number of causes such as the unauthorised use of images of celebrities by dealers for marketing purposes. In addition, the Group may make claims against its suppliers for product quality issues. See "Description of the Group — Regulatory Compliance and Legal Proceedings". If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may resort to litigation or arbitration proceedings, which may be lengthy and costly and distract managerial resources. In the event that the Group prevails in such legal proceedings, there is no assurance that the judgment or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by its insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with its claims could have a material adverse impact on its financial condition, results of operations or cash flow.

The preferential tax treatments currently available to the Group in the PRC may be reduced or discontinued

Under the PRC Enterprise Income Tax Law and its implementation rules (collectively, the "**EIT Law**"), both foreign-invested and PRC-owned domestic enterprises generally are subject to a uniform 25 per cent. income tax rate. However, certain "High and New Technology Enterprises" and "Great Western Development Enterprises" are subject to a preferential income tax rate of 15 per cent. Some of the Group's PRC subsidiaries have obtained the "High and New Technology Enterprises" qualification, which qualify them for a preferential income tax rate of 15 per cent. for the three years following the date of the grant of such qualification, and some of the Group's PRC subsidiaries have obtained the "Great Western Development Enterprises" qualification, which qualify them for a preferential income tax rate of 15 per cent. through 31 December 2020. There is no assurance that any of the Group's eligible PRC subsidiaries will be able to renew their "High and New Technology Enterprises" or "Great Western Development Enterprise" qualifications and continue to enjoy the 15 per cent. preferential income tax treatment or any other preferential tax treatment when such preferential tax treatment expires. For example, on 13 December 2016, the State Administration of Taxation (the "**SAT**") and Ministry of Finance of the PRC (the "**MOF**") jointly promulgated the Notice on Reducing the Vehicle Purchase Tax on Passenger Vehicles with 1.6-litre or Lower Displacement (關於減征1.6升及以下排量乘用車車輛購置稅的通知), according to which the vehicle purchase tax on the passenger vehicles with an engine displacement of 1.6-litres or less was levied at the reduced rate of 7.5 per cent. from 1 January 2017 to 31 December 2017, but resumed at the statutory rate of 10.0 per cent. from 1 January 2018. In such case, the Group's results of operations and profit margin may be materially and adversely affected.

The Group's failure to adequately protect, or uncertainty regarding the validity, enforceability or scope of, its intellectual property rights may undermine its competitive position, and protecting its intellectual property rights through litigation may be costly

The Group relies on a combination of patents and trademark registrations to protect its intellectual property and regards its intellectual property rights as critical to its success. See "*Description of the Group — Intellectual Property Rights*". However, implementation and enforcement of intellectual property-related laws in jurisdictions where the Group has operation is inconsistent and, consequently, protection of intellectual property and proprietary rights in these jurisdictions may not be as effective as those in developed countries. The Group's pending or future patent applications may not be approved or, if allowed, they may not be of sufficient strength or scope to protect the Group's intellectual property. As a result, third parties may use the technologies and proprietary processes that the Group has developed and compete with the Group, which may negatively affect any competitive advantage the Group enjoys, dilute its brand and materially and adversely affect its business and results of operations.

In addition, policing the unauthorised use of the Group's proprietary technology can be difficult and expensive. Litigation may be necessary to enforce its intellectual property rights but there is no guarantee that litigation would result in an outcome favourable to the Group. Furthermore, litigation may be costly and may divert management's attention from its core business. An adverse determination in any lawsuit involving the Group's intellectual property may jeopardise its business prospects and reputation. The Group has no insurance coverage against litigation costs so it would be forced to bear all litigation costs if it cannot recover them from other parties. Any of the foregoing factors may materially and adversely affect the Group's business, financial condition and results of operations.

The interests of the Guarantor's controlling shareholder may conflict with the interests of the holders of the Bonds

As of 31 December 2018, Mr. Li Shufu and his son, Mr. Li Xingxing owned 91.075 per cent. and 8.925 per cent., respectively, of the Guarantor's issued share capital. Mr. Li Shufu and Mr. Li Xingxing's interests may conflict with the interests of the holders of the Bonds. Subject to the Guarantor's memorandum and articles of association and applicable laws and regulations, Mr. Li Shufu and Mr. Li Xingxing will continue to have the ability to exercise a controlling influence on the Guarantor's management, policies and business by controlling the composition of its board of directors, determining the timing and amount of its dividend payments, approving significant corporate transactions and financing, including mergers and acquisitions and the issuance of bonds, and approving its annual budgets. There is no assurance that Mr. Li Shufu and Mr. Li Xingxing will not cause the Guarantor to enter into transactions or will take, or fail to take, other actions or make decisions that may conflict with the best interests of the holders of the Bonds and affect the value of their investment in the Bonds.

The Group's business may be affected by financial, geo-political and general economic events and circumstances prevailing from time to time in the Middle East, Ukraine, Russia and other regions outside of China

In 2016, 2017 and 2018, the Group had exports to the Middle East, Ukraine, Russia and other overseas markets. The Group intends to continue its business in these markets. However, certain countries in the Middle East (including Syria, Tunisia, Libya and Egypt) and Ukraine have experienced or are experiencing political unrest and, in some cases, armed conflict. In July 2014, the European Union and the United States announced sanctions against Russia, targeting its energy, banking and defence sectors, due to Russia's actions in Ukraine.

The Group's business may be affected by financial, geo-political and general economic events and circumstances prevailing from time to time in the Middle East, Ukraine and Russia, which may prevent it from selling its products or otherwise adversely affect its business operations in those regions. It is not possible to predict the occurrence of any financial, geo-political or economic events or circumstances, including war or hostilities, in the future and there is no assurance that the Group would be able to develop its business in the Middle Eastern, Ukrainian and Russian markets if such adverse political events or circumstances were to occur.

The Group has conducted business activities in certain countries that are the subject of United States, European Union or other sanction programmes, which could result in penalties and other adverse consequences and materially and adversely affect investment in the Bonds

The U.S. Government, including the State Department and the Department of the Treasury's Office of Foreign Assets Control (the "**OFAC**"), administers certain laws and regulations (the "**U.S. Economic Sanctions Laws**") that impose restrictions upon U.S. persons, including, in some instances, foreign entities owned or controlled by U.S. persons, as well as non-U.S. persons, with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of the U.S. Economic Sanctions Laws (the "**Sanctions Targets**"). Under the U.S. Economic Sanctions Laws, U.S. persons are generally prohibited from facilitating such activities or transactions. Furthermore, the U.S. Department of Commerce, Bureau of Industry and Security administers U.S. export control regulations ("**U.S. Export Controls**"). The U.S. Export Controls are applicable to all companies, regardless of their location, engaging in export, re-export or transfer of U.S. origin goods, and even non-U.S. origin goods that contain more than a certain amount of U.S. components. The Group has provided its products to sales agents who have business or trading activities in several countries that are or have been the subject of trade embargoes under the U.S. Economic Sanctions Laws, including Cuba, Iran, Iraq, Sudan, North Korea, Lebanon, Syria and the Crimea region of the Ukraine (the "**Sanctions Restricted Countries**"), which historically generated only an insignificant portion of its profit and revenue. In 2012 the Group ceased all business activities in Syria, in 2014 the Group ceased all business activities in Crimea Region and in early 2017 the Group ceased all business activities in North Korea. In May 2018, the Group ceased all business activities in Cuba. In August 2018, the Group ceased its primary business activity in Iran, namely the export of vehicles to Iran for sale by sales agents, although it continues to export certain parts for previously-manufactured vehicles. The Group has in recent years reduced its business activity within Sanctions Restricted Countries and expects that its revenue and profit attributable to such activities will continue to decrease in the future. As a non-U.S. based entity, the Group does not violate applicable primary U.S. Economic Sanctions Laws by engaging in this business provided that prohibited elements such as U.S. persons, the U.S. financial system or U.S.-origin goods are not involved, although it, like all non-U.S. companies, could risk enforcement under secondary U.S. Economic Sanctions Laws if it were, for example, to conduct business with certain Sanctions Targets. The Group has no intention to undertake any future business that would cause the Group or its investors to violate or become a target of U.S. Economic Sanctions Laws and/or U.S. Export Controls. However, there is no assurance that the Group's past or future business activities in Sanctions Restricted Countries are or will be free of risk under such laws and regulations.

In addition, because many sanctions programmes are evolving, new requirements or restrictions could come into effect, which might increase scrutiny on business activities within Sanctions Restricted Countries or with Sanctions Targets and/or result in increased compliance costs or compliance risk. For example, on 8 May 2018, the President of the United States announced his decision to end the U.S. participation in the nuclear agreement between the U.S., Iran and certain other governments (Joint Comprehensive Plan of Action) and to re-impose sanctions against Iran, in particular secondary sanctions (i.e., sanctions targeting non-U.S. persons engaging in certain activity involving Iran) that had been suspended. The re-imposition of sanctions came in two main phases and after a 180-day wind-down period which ended on 4 November 2018, the U.S. government completed the re-imposition of its sanctions on Iran. The U.S. government also re-instated various Iranian parties to the List of Specially Designated Nationals and Blocked Persons (the "**SDN List**") that were removed from the SDN List. In contrast thereto, the European Union is committed to the nuclear agreement and to maintaining the growth of trade and economic relations between the EU and Iran. In order to mitigate the impact of U.S. sanctions on European businesses, the European Commission has updated the Blocking Statute (i.e. anti-boycott rules) that entered into force in 1996. The Blocking Statute forbids EU companies from complying with

the extraterritorial U.S. sanctions on Iran and Cuba. The expansion of U.S. extraterritorial sanctions and the conflicting European Blocking Statute may have a material adverse effect on both the Group's engagement in Iran and Cuba, as well as its relationship with its U.S. and EU suppliers, investors and banks. If the Group were to become the target of sanctions, or related enforcement action, it may be subject to monetary or non-monetary penalties and may be prevented from engaging in certain trade transactions in the United States or obtaining certain types of financing from the United States or such other jurisdiction, and U.S. persons could be prohibited from engaging in any transactions related to the Bonds.

Non-compliance with environmental regulations in China, Sweden, the United Kingdom and other markets where the Group has operations may result in significant monetary damages, fines or even criminal liability as well as negative publicity and damage to its brand name and reputation

Under the relevant environmental laws and regulations in the PRC, Sweden, the United Kingdom and countries where the Group has operations, the construction, expansion and operation of production facilities are subject to certain environmental impact assessments, government inspections and other relevant government environmental approvals. Some of the Group's PRC subsidiaries have not obtained pollutant discharge permits or environmental inspection certificates issued by the local environmental authorities for various reasons including the inconsistency of interpretation and implementation of laws by local governments. The failure to obtain such permits or approvals may subject the Group to fines and penalties imposed by the relevant environmental authorities and the Group may be required to suspend the use of production facilities or cease operations. If the violation is considered material, the competent department for environmental protection may order the relevant entity to suspend its business after reporting the decision to the competent authority for approval.

In addition, as the Group's production processes generate noise, waste water, gases and other industrial waste, the Group is also required to comply with applicable national and local environmental regulations. Emissions standards in China and other markets where the Group has operation also apply to certain of its products. If the Group fails to comply with present or future applicable regulations, it may be required to pay substantial fines, suspend production or cease operations. Any failure by the Group to control the use or to restrict adequately the discharge of hazardous substances could subject it to potentially significant monetary damages, fines or suspensions or closures of its business operations, which could have a material adverse effect on its business and results of operations. Moreover, the Group currently does not carry any insurance for potential liability relating to the release of hazardous materials. Therefore, if the Group is held liable for damages in the event of contamination or injury from hazardous materials, it could experience a material adverse effect on its reputation, financial condition and results of operations.

The Group may fail to obtain, maintain or renew any material approvals, permits, licenses, filings and certificates required to carry on its business

The manufacturing, export and sale of the Group's products are subject to regulations in countries where the Group manufactures and sells its products. Some permits and licenses are subject to periodic renewal. See "*PRC Regulations - Policies Affecting the PRC Automobile Industry*". There is no assurance that the Group will be able to retain or renew its existing approvals, permits and licenses or that it will be able to successfully obtain, retain or renew future approvals, permits and licenses in a timely manner or at all, or that such approvals, permits and licenses will not be revoked by the relevant authorities. Moreover, the local government may impose additional conditions on the Group's approvals, permits and licenses that may be burdensome and costly to fulfill. Failure to obtain, retain or renew and ensure continued compliance with such approvals, permits and licenses as planned may cause the Group to experience delays in its production or expansion plans or result in administrative penalties and other government actions, thereby adversely affecting its business, financial condition and results of operations.

The Group's insurance coverage may be inadequate to protect it against all operating risks

The Group does not carry comprehensive insurance against all potential losses or damages relating to its operations. There is no assurance that the Group will not have any such complaints or claims, which may result in substantial costs and the diversion of resources. The occurrence of certain incidents, including earthquakes, typhoons, floods, wars and riots, and the consequences, damages and disruptions resulting from them, may not be covered adequately or at all by current insurance policies. In the PRC, the Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be compliant with applicable laws and regulations and in line with industry practice. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with

accidents incurred in the Group's operations due to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations and cash flow may be materially and adversely affected.

The Group faces risks associated with sales of its products in global markets, and if the Group is not able to effectively manage these risks, its ability to manage and grow its business abroad could be limited

The Group has expanded its operations internationally, in particular after the Group's acquisition of Volvo, LEVC and Lotus, which has led to operations across many countries. The Group intends to continue exploring business opportunities in selected global markets. Manufacturing in multiple countries and sales within multiple countries and territories exposes the Group to various risks, including but not limited to:

- political risks, including risks of loss due to civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, and strained or altered foreign relations with China or other relevant countries;
- economic, financial and market instability and credit risks, including, for example, those relating to the potential deterioration of credit markets and other economic conditions in the Group's overseas markets and other countries;
- changes in foreign government regulations or policies, for example, the U.S.-China trade war;
- dependence on foreign governments or entities controlled by foreign governments for electricity, water, transportation and other utility or infrastructure needs;
- unfamiliarity with local operating and market conditions;
- lack of understanding of local taxation, customs and other laws, regulations, standards and requirements;
- risks and uncertainty associated with using foreign agents or distributors in connection with the Group's overseas operations and sales;
- preferential treatment or corrupt business practices;
- foreign currency controls and fluctuations;
- sanctions imposed by certain countries against transactions with other countries in which it conducts business, which may limit its ability to obtain funding for certain overseas projects;
- discrimination against ethnic Chinese or protectionism against Chinese companies;
- competition from other international and local companies;
- adverse labour conditions or employee strikes;
- potential disputes with foreign partners, OEM contractors, customers, subcontractors, suppliers or local residents or communities;
- expropriation and nationalisation of its assets in foreign countries; and
- lack of a well-developed or independent legal system in the foreign countries in which the Group has overseas operations, which may create difficulties in the enforcement of contractual rights.

If any of the risks described above materialise, or if the Group is unable to manage these risks effectively, its ability to manage or grow its international business would be undermined, which may in turn materially and adversely affect its business, financial condition, results of operations and prospects.

The Group's manufacturing and sales activities may be adversely affected if there are failures in or inefficient management of its information technology systems

The Group's information technology systems, such as the manufacturing execution system ("**MES**"), the enterprise resource planning ("**ERP**") system, the extended warehouse management ("**EWM**") system and the supplier relationship management ("**SRM**") system, form a key part of its procurement of raw materials and parts and components, logistics and transportation, production, quality control to sales and distribution operations. Any disruptions to its information technology systems will likely have a negative impact on its operations. The Group cannot guarantee that it will not incur any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires and other similar events to the information technology systems in the future. If serious damage or significant interruption occurs, the Group's operations may be disrupted and its financial condition and results of operations may be adversely affected. Furthermore, if the Group's operations are disrupted by the introduction of a new information technology system, including migration from an existing system, its financial condition and results of operation may be adversely affected.

The Group may be unable to consummate or successfully integrate acquisitions and strategic alliances

The Group may from time to time pursue acquisitions and strategic alliances that it believes will complement its current business by expanding into new geographic areas, diversifying its customer base and enabling it to specialise, expand or enhance technological capabilities. The Group may not be able to find suitable acquisition targets or partners with whom to form strategic alliances, and the failure to do so in a timely manner or at all may affect its ability to realise its growth objectives.

The Group completed the acquisition of LEVC in the United Kingdom in 2013. In 2017, the Group acquired 49.9 per cent. equity interests of Proton and 51.0 per cent. equity interests in Lotus. In September 2018, the Group completed its acquisition of Saxo Bank, a Danish fintech specialist provider of multi-asset trading and investment. As its business grows, the Group may implement its acquisition plans from time to time. For the acquisition of Volvo, LEVC, Proton, Lotus, Saxo Bank and any future acquisitions and strategic alliances, there are risks and uncertainties related to these activities, including difficulties of integrating acquired operations, technology and products, diversion of its management's attention from other business concerns, potential unknown liabilities associated with an acquired company, undisclosed risks affecting an acquired company and potential adverse effects on existing business relationships with current customers and suppliers. In addition, any acquisitions could involve the incurrence of substantial additional indebtedness. The Group may not be able to successfully integrate any acquisitions that it undertakes or that such acquisitions will perform as planned or prove to be beneficial to its operations and cash flow. Each of these factors could have a material adverse effect on its business, results of operations and financial condition.

The Group faces risks associated with its global operations and multi-level management

The Group has subsidiaries at different levels, with different percentages of ownership and located in different countries. The Group's manufacturing, customer service and engineering facilities are located in America, Europe and Asia. The Group also sells its products to customers and purchase raw materials, parts, components and other supplies from suppliers located in many different countries around the world. The Group's international operations are subject to certain inherent risks, including but not limited to:

- inefficient control and management of the subsidiaries;
- exposure to local economic, political and labour conditions;
- changes in laws, regulations, trade or monetary or fiscal policy;
- exposure to fluctuations in interest rates, foreign currency exchange rates (including, for example, the possibility that one or more countries may leave the EU and revert to using local currencies) and changes in the rate of inflation;
- social plans that prohibit or increase the cost of certain restructuring actions;
- tariffs, quotas, customs and other import or export restrictions and other trade barriers;
- expropriation and nationalisation;

- difficulty of enforcing agreements, collecting receivables and protecting assets;
- reduced intellectual property protection;
- limitations on repatriation of earnings, including withholding and other taxes on remittances and other payments by subsidiaries;
- investment restrictions or requirements;
- export and import restrictions;
- violence and civil unrest; and
- compliance with the requirements of applicable sanctions, anti-bribery and related laws and regulations.

Due to the global nature of its business, the Group may be required to allocate appropriate staffing to monitor its ongoing compliance matters. In addition, there is no assurance that the Group's internal system and related measures, guidelines and protocols will be effective to detect any misconduct or wrongdoing or similar activities of its directors, officers and employees in a timely manner at all times due to the size of the Group as well as its global operations. Given the fact that the regulatory environment in which the Group operates is constantly evolving, the precaution measures it has taken to detect and prevent these activities may not be effective in all cases or improved in such ways as sufficient to address the requirements in the new regulatory environments, particularly as it expands into overseas jurisdictions. Due to the Group's increasing footprint in China and other markets, and the significance of its business relationships with automotive manufacturers worldwide as part of its global strategy, the Group's exposure to the risks described above may be greater in the future.

RISKS RELATING TO THE AUTOMOBILE INDUSTRY

The Group is facing increasing competition

Increasing consumer purchasing power in countries in which the Group has operations, such as China, has resulted in significant growth in the demand for automobiles. Such growth in the automobile market has encouraged, and is likely to continue to encourage, foreign competitors, Sino-foreign equity joint ventures established in the PRC and new domestic auto companies to further expand their production capacity. In addition, continued consolidation in the industry is expected to create fewer but stronger competitors. The Group's major global competitors are Shanghai General Motors, FAW Group, Dongfeng Motor, Chang'an Motor, Mercedes, BMW and Audi. The Group's current market share and profit margin may be diluted or reduced if there are increasing competitions for vehicles or further price reductions caused by increased competition. The pricing, recognition and loyalty to the Group's brand of products and the financial and technical resources allocated to its products may be materially and adversely affected if competing automobile products, domestic or foreign, gain a competitive advantage. The Group's profitability may be materially and adversely affected if it fails to achieve high capacity utilisation rate of certain manufacturing lines and car models.

In addition, the automotive industry faces uncertainties due to the changing geopolitical circumstances and faltering global trading system, as well as disruptive technologies, such as the maturation of the sharing economy (Uber, Didi), artificial intelligence (Apple, Google) and specialty OEMs (Tesla). There is a growing need for the Group to invest in new and innovative materials, automation and emerging technologies to stay competitive.

Volatility in demand in China and the rest of the world for automobiles could materially and adversely affect its results of operation

Demand for automobiles in China and the rest of the world is cyclical in nature and is affected by various factors, including sales and financing incentives, costs of raw materials, parts and components, cost of fuel, environmental concerns and governmental regulations, including tariffs, import regulation and other taxes. Fluctuations in demand may lead to lower vehicle sales and increased inventory, which may result in further downward price pressure which will inevitably adversely affect the Group's financial condition and results of operations. On 14 January 2019, CAAM released the national vehicle production and sales results for 2018. According to CAAM, the PRC automobile market continued to experience negative growth throughout the year

ended 31 December 2018, and the national vehicle production and sales volume for the year ended 31 December 2018 was 27.8 million and 28.1 million units, down 4.2 per cent. and 2.8 per cent., respectively, as compared to 2017. According to CAAM, the sales volume of sedans, SUVs, MPVs for the year ended 31 December 2018 all decreased compared to 2017.

Over the years, the Group has increased its production capacities in anticipation of a continuous increase in demand for automobiles in the PRC and certain other markets. Any slowdown in demand for automobiles in the Group's key markets may lead to an inventory surplus and could result in a significant under utilisation of its production capacity, which would in turn, result in diminished returns to the substantial resources invested in the expansion of its production capacities. If these events occur, the Group's results of operations and financial condition could be materially and adversely affected.

The production and profitability of automobile manufacturers may be materially and adversely affected by changes in the regulatory environment

The Group's operations are sensitive to changes in the government's policies relating to all aspects of the automobile industry. The Group is subject to various laws, rules and regulations in the countries where it has operations, in particular, the PRC imposed at both the national and regional levels laws, rules and regulations that regulate or affect the automobile manufacturing industry and automobile parts and components manufacturing industry, mainly including: (i) crash test requirements and other safety compliance standards in relation to automobile, auto parts and components; (ii) emission standards; (iii) maximum fuel consumption standards; (iv) automobile recall requirements; (v) noise, waste, discharge and other pollution controls relating to manufacturing of automobiles; and (vi) market entry requirements and minimum production requirements for automobile and automobile parts and components manufacturers. For example, in China, all models of automobiles manufactured must be submitted to, and approved and announced by, Ministry of Industry and Information Technology of the PRC (the "**MIIT**"). This approval process can be lengthy and may materially and adversely impact on its ability to introduce new products in a timely manner. Accordingly, any delay in the approval process can limit its flexibility to respond to market conditions or competition in a timely manner. According to the Notice on Further Improvement of the Subsidy Policies to Popularise the New- Energy Automobiles (關於進一步完善新能源汽車推廣應用財政補貼政策的通知) jointly promulgated by the NDRC, the MIIT, the MOF and the Ministry of Science and Technology of the PRC (the "**MOST**") on 26 March 2019, the subsidies granted to the purchasers of the new-energy automobiles decreased year by year as compared to 2017 and 2018. In addition, the Group is subject to various laws, rules and regulations overseas, where it has operations and plan to expand. If the Group fails to comply with such laws and regulations, it may result in fines, penalties or lawsuits, which may have a material adverse effect on its financial condition and results of operations.

Volatility in fuel prices may materially and adversely affect demand for automobiles

Fuel prices are inherently volatile and cyclical. Increases in fuel prices may have a material adverse impact on economies where the Group has significant presence and thereby result in (i) a slowdown for automobile demand; (ii) a decrease in demand from customers for purchasing automobiles due to increased costs in operating vehicles; (iii) changes to the needs of the Group's customers; and (iv) an increase in production costs due to the increase in costs of petrochemical products. If fuel prices increase or remain at high levels in the future, consumers may choose to use alternative transportation vehicles (such as subway and electric cars) which may materially and adversely affect the demand for the Group's products and which may have a negative impact on its sales and profitability.

The Group's growth and profitability depend on the level of consumer confidence and spending in its major markets

The Group's results of operations are sensitive to changes in overall economic and political conditions that affect consumer spending in its major markets. The passenger vehicle market, in particular, is very sensitive to broad economic changes and consumer purchases tend to decline during economic downturns. There are a number of factors that are beyond the Group's control, including interest rates, recession, inflation and deflation, energy costs and availability, consumer credit availability and terms, availability of consumer finance, tax rates and policy and unemployment trends influencing consumer confidence in spending. The domestic and international political environment, including military conflicts and political instability, may also affect consumer confidence in spending and may lead to a general reduction in the level of consumer spending which could in turn materially and adversely affect the Group's growth and profitability.

The Group may be adversely affected by fluctuations in the global economy, a downturn in financial markets and/or changes in U.S. trade policies

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn has affected the PRC. On 6 August 2011, S&P downgraded the rating for long-term United States debt to "AA+" from "AAA" for the first time in 70 years. The downgrade of United States debt by S&P, coupled with the economic turmoil in Europe and other parts of the world, has slowed the pace of the global economic recovery and could lead to another global economic downturn and financial market crisis.

The outlook for the world economy and financial markets remains uncertain. For example, on 29 March 2017, the United Kingdom notified the European Council of its intention to withdraw from the European Union in accordance with Article 50(2) of the Treaty on European Union. There is substantial uncertainty relating to the timing or implementation of the United Kingdom's exit or its impact on the economic conditions of other parts of the world. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty before, during and after the period of negotiation may also create a negative economic impact and increase volatility in global markets. In addition, the United States has so far imposed three rounds of tariffs on Chinese goods, totaling more than U.S.$250 billion. In 2018, the United States announced a series of additional tariffs on imported goods from China. China imposed tariffs on a wide range of products from the United States in retaliation for the new U.S. tariffs. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact China's economy, which in turn could adversely impact the Group's business, financial condition and results of operations. Negotiations between the two countries are ongoing, and both had agreed in December 2018 to halt new trade tariffs to allow for talks. The resulting trade policies or the terms of any renegotiated trade agreements and their impact to the Group's business is still uncertain. In May 2019, however, the United States President increased the tariffs from 10 per cent. to 25 per cent. on certain goods imported from China, and the Chinese government immediately retaliated by imposing further tariffs on certain U.S. goods. Any further change in the U.S. global trade policy against China, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on China's economy.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely to affect, purchasing power of the Group's customers or potential customers, which may lead to a decline in the general demand for its products and, in turn, impair its profitability. In addition, any further tightening of liquidity in the global financial markets may negatively affect the Group's liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, the Group's business, financial condition and results of operations may be negatively affected.

RISKS RELATING TO FINANCIAL INFORMATION

The Guarantor's accounts were audited in accordance with PRC GAAP which may be different from IFRS

The Guarantor's consolidated financial statements as at and for the years ended 31 December 2017 and 2018 were prepared in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Differences Between PRC Accounting Standards and International Financial Reporting Standards*". There is no guarantee that the PRC GAAP will fully converge with IFRS or that there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisers for a full understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Memorandum.

The Group published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on financial information other than that disclosed in this Offering Memorandum

From time to time, the Group issues corporate bonds and short-term financing bonds in the PRC. According to applicable PRC securities regulations, the Group is required to publish its periodic financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term financing bonds. The interim financial information published by the Group in the PRC is normally derived from its management accounts and is not audited or reviewed by independent auditors. Certain historical financials that are not included in this Offering Memorandum may not be directly comparable to the financials contained herein. As

such, financial information published in the PRC by the Group should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information.

The Guarantor's auditor has been administratively sanctioned by the China Securities Regulatory Commission

Beijing Xinghua, the Guarantor's independent auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the China Securities Regulatory Commission (the "**CSRC**"). During the period in which Beijing Xinghua audited the Guarantor's consolidated financial statements included in this Offering Memorandum, Beijing Xinghua was administratively sanctioned by the CSRC for certain deficiencies in its audit work performed for companies other than the Guarantor. These sanctions include the following: (i) in December 2018, the CSRC Jiangxi Regulatory Bureau issued a warning letter to Beijing Xinghua in relation to deficiencies in the audit of the financial statements of Kunwu Jiuding Investment Holdings Co., Ltd. (昆吾九鼎投資控股股份有限公司) for the year ended 31 December 2017; (ii) in September 2018, the CSRC Hubei Regulatory Bureau issued a warning letter to Beijing Xinghua in relation to deficiencies in the audit of the financial statements of Zhijiang Jinrunyuan Construction and Investment Holding Co., Ltd. (枝江金潤源建設投資控股集團有限公司) for the year ended 31 December 2017; (iii) in April 2018, the CSRC Zhejiang Regulatory Bureau issued a warning letter to Beijing Xinghua in relation to its lack of communication with predecessor auditors and inadequate procedures when performing the audit of the financial statements of Wuyang Construction Group Co., Ltd. (五洋建設集團股份有限公司) for the year ended 31 December 2015; (iv) in December 2016, Beijing Xinghua received a regulatory decision and a warning letter from the CSRC Tianjin Regulatory Bureau in relation to deficiencies in the audit of the financial statements of Tianjin Fengshengyang Medical and Technical Co., Ltd. (天津楓盛陽醫療器械技術股份有限公司) for the year ended 31 December 2015; and (v) in July 2016, the CSRC fined Beijing Xinghua in the amount of RMB9.7 million for insufficient diligence (including inaccurate disclosure in the financial statements) when performing the audit of the financial statements of Dandong Xingtai Electric Co., Ltd. (丹東欣泰電氣股份有限公司) for the years ended 31 December 2013 and 2014.

The abovementioned administrative sanctions do not (i) disqualify Beijing Xinghua from participating in the offering of the Bonds, (ii) have any impact on Beijing Xinghua's unqualified audit opinion for the Guarantor's consolidated financial statements as at and for the years ended 31 December 2017 and 2018 or (iii) have any impact on Beijing Xinghua's ability to provide services to the Guarantor and the Group. There can however be no assurance that Beijing Xinghua's involvement in such administrative actions or any negative news about Beijing Xinghua would not affect investor confidence in companies and financial statements audited by it. Prospective investors should consider these factors prior to making any investment decision.

Historical consolidated financial information of the Group may not be indicative of its current or future results of operations

The historical financial information of the Guarantor included in this Offering Memorandum is not indicative of its future financial results and is sometimes adjusted or restated to address subsequent changes in accounting standards, accounting policies and/or applicable laws and regulations with retrospective impact on the Guarantor's financial reporting or to reflect the comments provided by the Guarantor's independent auditors during the course of their audit or review in subsequent financial periods. For example, the Guarantor's consolidated financial statements as at and for the year ended 31 December 2017 have been adjusted and restated to reflect certain accounting policy changes in accordance with Notice on the Revision of the Format for Issuing General Enterprise Financial Statements (Cai Kuai [2018] No. 15) which is newly promulgated on 15 June 2018. See Note IV.28 "Changes in Significant Accounting Policies and Estimates" to the Guarantor's consolidated financial statements as at and for the year ended 31 December 2018 included elsewhere in this Offering Memorandum. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates its business.

RISKS RELATING TO THE PRC

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain

The economy of the PRC experienced rapid growth in the past 30 years. There has however been a slowdown in the growth of the PRC's GDP since the second half of 2013. According to the National Bureau of Statistics of

the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis before increasing slightly to 6.9 per cent. in 2017 on a year-on-year basis. In 2018, the annual growth rate of China's GDP dropped back to 6.6 per cent. on a year-on-year basis – the slowest pace in the nation's history since 1990. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers, which have added to market concerns that the historic rapid growth of the economy of the PRC may not be sustainable and that the future performance of China's economy may be uncertain. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. There is substantial uncertainty relating to China's ongoing trade dispute with the United States and the implementation of the United Kingdom's exit. See "*Risks relating to the Automobile Industry - The Group may be adversely affected by fluctuations in the global economy, a downturn in financial markets and/or changes in U.S. trade policies*". Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies this year and beyond.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC government could affect the Group's business and prospects

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets, deleveraging the economy by reducing borrowing levels and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business. The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in cities such as Wuhan and in the infrastructure construction demand in the PRC and other industries that the Group operates depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, such growth may also slow down, and the Group's business and prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

Uncertainty with respect to the PRC legal system could affect the Group

The Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes. Prior court decisions can be cited for reference but do not have precedential value. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and existing laws and regulations may not cover all aspects of economic activities in the PRC. In particular, because many laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations can involve significant uncertainties. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all and some of which may be enforced with a retroactive effect). As a result, the Group may not be aware of a violation of a policy or rule until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention. It may also be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of a judgement by a court of

another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the Bondholders.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management

Most of the members of the Group are incorporated in the PRC, and a substantial part of the Group's assets are located in the PRC. In addition, the Guarantor's directors, supervisors and members of its senior management reside within the PRC, and the assets of the Guarantor's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon the Guarantor's directors, supervisors and members of its senior management, including for matters arising under applicable securities laws.

A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, such as Japan, the United States and the United Kingdom. The Bonds and the Transaction Documents are governed by and construed in accordance with English law and the Guarantor and the Issuer have irrevocably submitted to the exclusive jurisdiction of the English courts in connection with any dispute or proceedings arising from or in connection with the Bonds or any Transaction Document. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Additionally, a judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements under the PRC laws on recognition and enforcement of foreign judgments. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned（關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排）, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. In addition, on 18 January 2019, the Supreme People's Court of China (the "**SPC**"') and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region（關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排）(the "**New Arrangement**"). The New Arrangement extends the scope of judicial assistance, and the effective date shall be announced by SPC and Hong Kong after SPC issued the judicial interpretation and Hong Kong completed relevant procedures. However, there is still no certainty that a PRC court will enforce a judgment by an English court or that parties will not have to relitigate the merits of the case before a PRC court. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Guarantor or its directors, supervisors or members of its senior management in the PRC.

Government control of currency conversion may adversely affect the value of investors' investments

The Group's operating revenues are denominated in Renminbi, which is also its reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including payments on the Bonds. However, the PRC government may at its discretion restrict future access to foreign currencies for current account transactions. If this were to occur, the Group might not be able to make payments in foreign currencies, which may include payments to the Bondholders. On the other hand, foreign exchange transactions under capital accounts in the PRC continue to be not freely convertible and require the approval of or the registration with the SAFE or its designated banks. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The payment of dividends by the Guarantor's subsidiaries and associates in the PRC is subject to restrictions under PRC laws

PRC laws require that dividends be paid only out of net profit, calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, PRC laws require enterprises to set aside part of their net profit as statutory reserves before distributing the net profit for a current financial year. These statutory reserves are not available for distribution as cash dividends. Since

the availability of funds to fund the Guarantor's operations and to service its indebtedness partly depends upon dividends received from its subsidiaries and associates, any legal restrictions on the availability and usage of dividend payments from the Guarantor's subsidiaries and associates may impact the Guarantor's ability to fund its operations and to service its indebtedness.

The implementation of PRC employment regulations may increase labour costs in the PRC generally

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, an employer is required to make a payment, to a fixed-term contract employee when the term of their employment contract expires, equal to the employee's monthly salary multiplied by the number of full years that the employee has worked for the employer, unless the employee does not agree to renew the contract on terms the same as or better than those in the current employment contract. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms. On 28 October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law (社會保險法), as amended on 29 December 2018. According to the PRC Social Insurance Law, employees will participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay for the social insurance premiums for such employees. On 21 March 2018, the Central Committee of CPC promulgated the Plan for Further Reforming the Party and State Administration Institutions (深化黨和國家機構改革方案). On 20 July 2018, the General Office of the Central Committee of CPC and the General Office of the State Council jointly promulgated the Plan for the Reform of the State and Local Tax Collection and Administration Systems (國稅地稅征管體制改革方案). According to the aforesaid plan, the social insurance shall be collected by the tax authorities nationwide since 1 January 2019.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, the paid annual leave system shall be basically implemented by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Furthermore, under the PRC Labour Contract Law, not only must an employer compensate a terminated employee based on their length of service as described above, but in addition the employer may not be able to efficiently terminate non-fixed-term employment contracts without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's business, financial condition and results of operations.

As the interpretation and implementation of these laws and regulations are still evolving, there is no assurance that the Group's employment practice will at all times be deemed fully in compliance. If the Group is deemed in violation of such labour law and regulations, it could be subject to penalties, compensations to the employees and loss of reputation, and as a result the Group's business, financial condition and results of operations could be materially and adversely affected.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs are likely to increase. In such circumstances, its profit margin may decrease and its financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting its business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

There can be no assurance as to the accuracy or comparability of facts and statistics contained in this Offering Memorandum with respect to the PRC, its economy or the Group's industry

Facts and other statistics in this Offering Memorandum relating to the PRC, its economy or the industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources. Although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials which have not been prepared or independently verified by the Issuer, the Guarantor, the Bookrunners, the Trustee, the Principal Paying, Transfer and Exchange Agent, the Registrar, the Calculation Agent or any of its or their respective affiliates, employees, directors, agents, advisers or representatives. The Issuer, the Guarantor, the Bookrunners, the Trustee, the Principal Paying, Transfer and Exchange Agent, the Registrar, the Calculation Agent or any of its or their respective affiliates, employees, directors, agents, advisers or representatives therefore makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that such facts or statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

If the Guarantor fails to complete the Cross-Border Security Registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee

Pursuant to the Deed of Guarantee executed by the Guarantor, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor, as a PRC-incorporated company providing a guarantee in respect of the obligations of its foreign incorporated subsidiary, is required to submit the Deed of Guarantee with SAFE for registration within 15 PRC Business Days (as defined in the Conditions) after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees （跨境擔保外匯管理規定）and the relevant operational guidelines promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (collectively, the "**Cross-Border Security Provisions**"). The Guarantor has undertaken to use its best endeavours and intends to complete the registration of the Guarantee as soon as practicable after the Issue Date and in any event on or before the Registration Deadline (being the day falling 120 PRC Business Days after the Issue Date).

There is no assurance that the Guarantor will be able to complete the registration of the Deed of Guarantee with SAFE within the prescribed timeframe. Under the Conditions of the Bonds, Bondholders may require the Issuer to redeem their Bonds in the event that the Deed of Guarantee is not registered on or before the Registration Deadline.

Bondholders should note that before the requisite registration of the Deed of Guarantee is completed, it is uncertain whether the Guarantee given by the Guarantor can be enforced in practice. As provided by the Cross-Border Security Provisions, although the non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. In addition, if the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Deed of Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Deed of Guarantee in order to effect such remittance. Prior to the performance or discharge of its obligations under the Deed of Guarantee, the Guarantor is also required to complete a verification process with the banks for each remittance in connection with the Deed of Guarantee.

The interpretation of the Cross-Border Security Provisions may involve significant uncertainty, which may adversely affect the practical enforceability of the Deed of Guarantee given by the Guarantor in the PRC. In addition, the administration of the Cross-Border Security Provisions may be subject to a certain degree of executive and policy discretion by the SAFE.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

Risks relating to the exercise of Exchange Rights

Investors should be aware that the Bonds, which, subject to the Conditions and the Issuer's right to make a Cash Election, are exchangeable for the Exchange Property per Bond, bear certain additional risks to vanilla debt securities. At any point when the Bonds are outstanding, depending on the performance of the underlying Shares (or any other securities or assets comprising the Exchange Property from time to time), the value of the Exchange Property may be substantially lower than when the Bonds were initially purchased. In addition, because there will be a delay between when Exchange Rights are exercised and when Exchange Property or the Cash Alternative Amount (as defined in the Conditions), as the case may be, is delivered, the value of the Exchange Property or the Cash Alternative Amount to be delivered may vary substantially between the date on which Exchange Rights are exercised and the date on which such Exchange Property or Cash Alternative Amount is delivered.

The Bonds may be redeemed prior to the Maturity Date

The Conditions provide that the Bonds are redeemable at the Issuer's option in certain limited circumstances. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally may not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

In accordance with the Conditions, the Issuer has a right to redeem the Bonds in certain circumstances. If the Bonds are redeemed, an investor may not be able to reinvest the redemption proceeds at an effective yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

There is a limited period during which the Bondholders may exchange their Bonds

Subject as provided in the Conditions, Exchange Rights under the Conditions may only be exercised in certain circumstances and during certain periods (subject to any applicable fiscal or other laws or regulations and as further provided in the Conditions). If the Exchange Rights are not exercised by Bondholders during the Exchange Period, the Bonds will, subject to the Issuer's right to exercise its Share Settlement Option, be redeemed at their principal amount on the Maturity Date unless the Bonds are previously purchased and cancelled or redeemed in accordance with the Conditions.

A Bondholder exercising Exchange Rights must pay certain capital, stamp, issue, registration, documentary, transfer or other duties (including penalties) arising on exchange. See Condition 9(a).

Bondholders have limited anti-dilution protection

The composition of the Exchange Property will be adjusted in the event that there is a sub-division, consolidation, reclassification, rights issue, bonus issue, capital distribution, reorganisation or certain payments, which affects the Shares, but only in the situations and only to the extent provided under Condition 11. There is no requirement that there should be an adjustment for every corporate action or other event that may affect the value of the Exchange Property. Events in respect of which no adjustment is made may adversely affect the value of the Exchange Property and, therefore, adversely affect the value of the Bonds.

The Issuer and the Guarantor may not be able to fund repayments of the Bonds in full under certain events like a Change of Control, Delisting Event or Free Float Event

Bondholders may require the early repayment of the Bonds upon the occurrence of an Event of Default or in the event of a Change of Control of the Guarantor or the Issuer, or a Free Float Event, Delisting Event or a No Registration Event, as such events are defined and further described in the Conditions. Should Bondholders require the early repayment of the Bonds in such a scenario, there can be no assurance that the Issuer (or, as the case may be, the Guarantor) will be able to fund the repayment of the full amount of the Bonds presented for redemption. The Issuer's (and, as the case may be, the Guarantor's) ability to fund the repayment of the Bonds will depend on its financial situation (and that of the Guarantor) at the time and may be restricted by applicable laws or by the terms of its indebtedness or other agreements in force at such time, which may replace, supplement or amend its existing or future indebtedness.

Bondholders bear the risk of fluctuation in the price of the Shares and other securities or assets comprising the Exchange Property from time to time

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Exchange Securities and it is impossible to predict whether the price of the Exchange Securities (as defined in the Conditions) will rise or fall. The share price of companies, including those admitted to the Stockholm Stock

Exchange can be highly volatile and their shares may have limited liquidity. Investors may be unable to recover their original investment. In addition, equity market conditions may affect the price and market liquidity for Exchange Securities regardless of the performance of AB Volvo or the Relevant Company, as the case may be. Equity market conditions are affected by many factors, such as the general economic, political or regulatory outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital. Trading in the Exchange Securities by other investors, such as large purchases or sales of Exchange Securities may also affect the share price. Accordingly, the market price of Exchange Securities may not reflect the underlying value of AB Volvo's or the Relevant Company's investments and the price at which investors may dispose of their Exchange Securities at any point in time may be influenced by a number of factors, only some of which may pertain to AB Volvo or the Relevant Company while others may be outside AB Volvo's or the Relevant Company's control. Investors should not expect that they will necessarily be able to realise, within a period that they would otherwise regard as reasonable, their investment in Exchange Securities delivered on exchange of the Bonds. The results and prospects from time to time of AB Volvo or the Relevant Company may be below the expectations of market analysts and investors. Any decline in the market price of the Exchange Securities from time to time, may have an adverse effect on the market price of the Bonds.

In addition, the future issue of further shares by AB Volvo or the Relevant Company or the disposal of Exchange Securities by any substantial shareholders of AB Volvo or the Relevant Company or the perception that such issues or sales may occur may significantly affect the trading price of the Bonds and the Exchange Securities. There is no restriction on AB Volvo's ability to issue further shares, and there can be no assurance that AB Volvo or the Relevant Company from time to time will not issue further shares or that any substantial shareholder will not dispose of, encumber, or pledge its Exchange Securities or related securities.

Bondholders bear the risk of currency fluctuations which may adversely affect the value of the Shares deliverable upon the exercise of Exchange Rights

The principal of the Bonds is denominated in euro whereas the Shares are denominated in Swedish kronor. As a result, fluctuations in the exchange rate between the euro and the Swedish kronor will affect, among other things, the secondary market price of the Bonds and the euro equivalent value of the Shares. A decline in the value of the Swedish kronor relative to the euro may have a material adverse effect on the Value of the Shares deliverable following the exercise by a Bondholder of its Exchange Rights in respect of a Bond. If the Issuer makes a Cash Election in respect of that Bondholder's exercise of its Exchange Rights, such a decline may have a material adverse effect on the Cash Alternative Amount payable by the Issuer to that Bondholder on the relevant Settlement Date. As a result, fluctuation in the exchange rate between the euro and the Swedish kronor will have an impact on the economics of an exchange.

Bondholders have no shareholder rights before exchange

Bondholders will neither be holders of the Shares nor of other Exchange Securities prior to the exercise of Exchange Rights. Bondholders will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the Exchange Securities until such time, if any, as Exchange Rights are exercised and (to the extent applicable) such Bondholder becomes registered as the holder of the Exchange Securities.

The Issuer and the Guarantor are not obliged to own the Shares or other Exchange Property underlying the Bonds

Exchange Rights are not exercisable in respect of any specific Shares or other property comprising Exchange Property from time to time and no Shares or other Exchange Property has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Issuer's obligations in respect of the Exchange Rights. At any time the Issuer and/or the Guarantor may or may not be the owner of the whole or any part of the Shares or other property comprising Exchange Property from time to time and neither the Issuer nor the Guarantor is under any obligation to hold any Shares and/or other Exchange Property and may sell or otherwise dispose of the same at any time. The composition of the Exchange Property may also change as a result of the operation of the Conditions. The Group has granted quasi-security interests over the Shares to secure amounts owing under bank loans relating to the financing of its investment in AB Volvo. According to the facility agreement entered into by Geely Sweden Industry Investment AB (the "**Borrower**") and the lenders (the "**Facility Agreement**"), the Borrower is obliged to make prepayment of the loan under the Facility Agreement if there is a sale, transfer or any other disposal of the Shares.

The Issuer is a newly established company and currently does not have operating activities or revenue, and payments with respect to the Bonds are dependent upon the Issuer's future business, financial condition and results of operations and cash flow from other members of the Group

The Issuer is a newly established company and currently does not have any operating activities or revenue. The Issuer's ability to pay amounts due in respect of the Bonds will depend upon its future business, financial condition and results of operations, which cannot be predicted. If the Issuer cannot make payments under the Bonds with its own cash flows, its ability to make payments under the Bonds will depend upon its receipt of timely remittance of funds from the Guarantor and/or other members of the Group. In the event that the Guarantor and/or other members of the Group do not provide such funds to the Issuer due to lack of available cash flows or other factors, the Issuer's ability to make payment under the Bonds may be adversely affected.

The Guarantor depends on distributions from its subsidiaries to meet its payment obligations, and provisions of applicable laws or contractual restrictions could limit the amount of such distributions

The Guarantor is a holding company and derives a substantial portion of its operating income from its subsidiaries. As a result, the Guarantor depends on distributions from its subsidiaries in order to meet its payment obligations. In general, these subsidiaries are separate and distinct legal entities and have no obligation to provide the Guarantor with funds for its payment obligations, whether by dividends, distributions, loans or otherwise. In addition, provisions of applicable laws, such as those limiting the legal sources of dividends, limit the ability of the Guarantor's subsidiaries to make payments or other distributions to it. The Guarantor and its respective subsidiaries may incur significant additional secured or unsecured indebtedness in the future, and there can be no assurance that the Guarantor will have sufficient cash flows from its own operations and distributions by its subsidiaries and affiliates to satisfy its obligations in respect of the Guarantee. Although the Guarantor believes that it will be able to meet its obligations in respect of the Guarantee, any shortfall would have to be made up from other sources of cash, such as a sale of investments or any financing available to the Guarantor.

The Bonds and the Guarantee are unsecured obligations

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

In addition, the Issuer, the Guarantor and their respective subsidiaries are permitted to issue Relevant Indebtedness secured by certain Permitted Security Interests, each as defined in the Conditions. The Bonds will be subordinated to such secured indebtedness. See Condition 3(a) for further details.

Obligations of the Guarantor under the Bonds are structurally subordinated to the current and future liabilities and obligations of the Guarantor's subsidiaries

The obligations of the Guarantor under the Bonds will be effectively subordinated to all existing and future obligations of its existing or future subsidiaries, and all claims of creditors of its existing or future subsidiaries and rights of holders of preferred shares of such subsidiaries (if any) will have priority as to the assets of such subsidiaries over the claims of the Guarantor and those of the Guarantor's creditors, including the holders of the Bonds. As a result, all of the existing and future liabilities of the Guarantor's subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the Bonds. In addition, even if the Guarantor was a creditor of any subsidiary, its rights as a creditor would be subordinated to any security interest in the assets of such subsidiary and any indebtedness of the subsidiary senior to that held by the Guarantor.

The insolvency laws of Sweden and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar

As the Issuer and the Guarantor are incorporated under the laws of Sweden and the PRC, respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve Sweden or PRC insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

The Issuer may issue additional Bonds in the future

The Issuer may, from time to time, and without prior consultation of the Bondholders create and issue further securities in accordance with Condition 23. There can be no assurance that such future issuance will not adversely affect the market price of the Bonds.

International financial markets and world economic conditions may adversely affect the market price of the Bonds

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

The Trustee may request that the Bondholders provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances, the Trustee may (at its sole discretion) request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions and/or steps and/or institute proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or institute such proceedings if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed constituting the Bonds and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions and/or steps and/or institute such proceedings directly.

Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws

Under the EIT Law, any gains realised on the transfer of the Bonds by holders who are non-resident enterprises under the EIT Law to the non-PRC residents may be subject to the PRC enterprise income tax if such gains are regarded as income sourced from China. Although the Issuer has not been identified as a resident enterprise under the EIT Law by the PRC tax authority, there is no assurance that the Issuer will not be identified as a resident enterprise in the future. In the event that the Issuer is identified as a resident enterprise under the EIT Law, the gains on the transfer of the Bonds by the holders who are non-resident enterprises under the EIT Law to non-PRC residents may be deemed as income sourced from China and will be subject to the PRC enterprise income tax at the rate of 10% unless otherwise provided in the applicable tax treaty or arrangement to which China is a party. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are non-resident individuals under the PRC Individual Income Tax Law to non-PRC residents will be subject to the PRC individual income tax. If the Issuer is identified as a resident enterprise under the EIT Law, the gains on the transfer of the Bonds by the holders who are non-resident individuals under the PRC Individual Income Tax Law to non-PRC residents may be deemed as income sourced from China and will be subject to the PRC individual income tax at the rate of 20% unless otherwise provided in the applicable tax treaty or arrangement to which China is a party. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between mainland China and Hong Kong for avoidance of double taxation, a Bondholder who is a Hong Kong resident, including an enterprise holder or an

individual holder, shall only pay the income tax in Hong Kong on the gains derived from the transfer of the Bonds if such gains are not connected with the Bondholder's establishment in the PRC (if any).

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains realised from the transfer of the Bonds to non-PRC residents, the value of the relevant Bondholder's investment in the Bonds may be materially and adversely affected. For more information, see "*Taxation - PRC*" in this Offering Memorandum.

The interpretation of the Circular 2044 involves significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Bonds

According to the Circular 2044, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities or medium to long term loans issued or incurred outside the PRC with the NDRC prior to the issue of the securities or drawings under the loans, and notify the particulars of the relevant issues or drawings within 10 PRC Business Days after closing. The Guarantor completed the pre-issuance registration with the NDRC in relation to the Bonds by receiving the registration certificate dated 17 August 2018 and an extension of validity of the registration certificate on 19 December 2018. However, it still has the obligation to make a post-issuance filing to the NDRC within 10 PRC Business Days following the closing of the issuance.

The Circular 2044 is silent on the legal consequences of non-compliance with the post-issuance filing requirements as mentioned above. In the worst case scenario, failure to complete the post-issuance filing may result in it being unlawful for the Guarantor or the Issuer to perform or comply with any of its obligations under the Bonds. In addition, the administration of the Circular 2044 may be subject to a certain degree of executive and policy discretion by the NDRC. There is also a risk that the registration approval with the NDRC may be revoked or amended in the future or that future changes in PRC laws and regulations may have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors in the Bonds are advised to exercise due caution when making their investment decisions.

Modification and waivers

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Conditions likewise allow Bondholders to take action on those matters by way of written resolutions and electronic consent. The Conditions also provide that the Trustee may, without the consent of Bondholders and without regard to the interests of particular Bondholders, agree to (i) any modification of any of the provisions of the Trust Deed or any other Transaction Document (as defined in the Conditions) or the Bonds or the Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven and any other modification to the Trust Deed or any other Transaction Document or the Bonds or the Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, or any other Transaction Document or the Bonds or the Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders; or (ii) determine without the consent of the Bondholders that any Event of Default (as defined in the Conditions) or Potential Event of Default (as defined in the Conditions) shall not be treated as such, in the circumstances described in Condition 20.

Change of law

The Conditions and the Transaction Documents are based on English law in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

No obligation on the part of AB Volvo with respect to the Bonds

AB Volvo is not involved in the offering of the Bonds. AB Volvo has no obligations with respect to the Bonds or amounts to be paid to the Bondholders, including any obligation to take into consideration the needs of the Issuer, the Guarantor or the Bondholders, for any reason. Accordingly, a Bondholder can look only to the Issuer, or failing whom, the Guarantor, as the case may be, for repayment of the Bonds, payment of amounts thereunder and the exercise of Exchange Rights and Bondholders will have no recourse against AB Volvo in respect of the Bonds.

RISK FACTORS RELATING TO THE MARKET

The secondary market generally

The Bonds will have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Bonds.

The Global Bond will be held by or on behalf of Euroclear and Clearstream, Luxembourg

The Global Bond will be deposited with the Common Depositary. Except in certain circumstances described in the Global Bond, investors will not be entitled to receive Bonds in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the relevant Global Bond. While the Bonds are represented by a Global Bond, investors will be able to trade their beneficial interests in such Global Bond only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by making payments to the Common Depositary for Euroclear and Clearstream, Luxembourg for distribution to their Accountholders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under his or her Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bond.

Exchange rate risks and exchange controls

The Issuer will pay principal and other amounts under the Bonds in euros and the Guarantor will make any payments under the Guarantee in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal or other amounts than expected, or no principal or relevant amount at all.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds, which are expected to amount to approximately €397,000,000, will mainly be used to refinance certain existing offshore indebtedness of the Group, and will also be used for general corporate purpose.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets forth the Group's capitalisation and indebtedness as of 31 December 2018 on an actual basis and on an adjusted basis after giving effect to the issuance of the Bonds in this offering. The following table should be read in conjunction with the summary consolidated financial information and the audited consolidated financial statements and related notes included in this Offering Memorandum.

	As at 31 December 2018			
	Actual		As adjusted	
	(RMB'000)	*(EUR'000)*	*(RMB'000)*	*(EUR'000)*
Short-term debt				
Short-term borrowings	35,093,092	4,494,447	35,093,092	4,494,447
Long-term loans due within one year	2,322,928	298,502	2,322,928	298,502
Bonds payable due within one year	1,499,822	192,085	1,499,822	192,085
Total short-term debt:	**38,915,842**	**4,984,035**	**38,915,842**	**4,984,035**
Long-term debt				
Long-term loans	31,118,986	3,985,475	31,118,986	3,985,475
Bonds payable	19,830,414	2,539,723	19,830,414	2,539,723
Bonds to be issued[1]	-	-	1,952,025	400,000
Total long-term debt	**50,949,400**	**6,525,198**	**52,901,425**	**6,925,198**
		-		
Total debt [2]	**89,865,242**	**11,509,233**	**91,817,267**	**11,909,232**
Total equity	102,753,778	13,159,895	102,753,778	13,159,895
Total capitalisation [3]	**192,619,020**	**24,669,128**	**194,571,045**	**25,069,127**

Notes:

1. This amount represents the aggregate principal amount of the Bonds to be issued.

2. Total debt equals the sum of total short-term debt and total long-term debt.

3. Total capitalisation equals the sum of total debt and total equity.

Since 31 December 2018, the Group has incurred additional indebtedness to satisfy its capital needs, including the RMB2.5 billion 3.49 per cent. 270-day super & short-term commercial paper issued by the Guarantor in January 2019 and the RMB3.5 billion 4.1 per cent. medium-term notes due 2022 issued by the Guarantor in April 2019. The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

Except as otherwise disclosed in the previous paragraph, there has been no material change in the Group's capitalisation or indebtedness since 31 December 2018.

TERMS AND CONDITIONS OF THE BONDS

The following, save for the paragraphs in italics, is the text of the Conditions of the Bonds which (subject to modification and except for the wording in italics) will be endorsed on any certificates in definitive form representing the Bonds (if issued):

1. General

(a) **Description**

The issue of the €400,000,000 in aggregate principal amount of Zero Coupon Guaranteed Exchangeable Bonds due 2024 (the "**Bonds**", which expression shall, unless otherwise indicated, include any Further Bonds) of Geely Sweden Financials Holding AB (publ) (the "**Issuer**") was authorised (save in respect of any Further Bonds) by a resolution passed by the shareholders of the Issuer on 10 June 2019 and by the board of directors of the Issuer on 10 June 2019. The giving of the guarantee by Zhejiang Geely Holding Group Company Limited (the "**Guarantor**") in respect of the Bonds (save in respect of any Further Bonds) pursuant to a deed of guarantee (the "**Deed of Guarantee**") executed by the Guarantor and dated 19 June 2019 was authorised by resolutions passed by the shareholders of the Guarantor and by the Board of Directors of the Guarantor on 11 June 2019. The Bonds are constituted by a trust deed (as modified and/or restated from time to time in accordance with its terms) (the "**Trust Deed**") dated 19 June 2019 and made between the Issuer, the Guarantor and Citicorp International Limited (the "**Trustee**", which term shall, where the context so permits, include all other persons for the time being appointed as trustee for itself and the Bondholders) as trustee for itself and the Bondholders. The Issuer and the Guarantor have entered into a paying, transfer and exchange agency agreement (the "**Agency Agreement**") dated 19 June 2019 with the Trustee, Citigroup Global Markets Europe AG as registrar, Citibank, N.A., London Branch as principal paying, transfer and exchange agent and the other paying, transfer and exchange agents named therein. The registrar, the principal paying, transfer and exchange agent and the other paying, transfer and exchange agents for the time being are referred to below, respectively, as the "**Registrar**", the "**Principal Paying, Transfer and Exchange Agent**" and the "**Paying, Transfer and Exchange Agents**" (which expression shall include the Principal Paying, Transfer and Exchange Agent, and each of which expressions shall include any successor).

The statements in these terms and conditions of the Bonds (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds.

The Issuer and the Guarantor have also entered into a calculation agency agreement (the "**Calculation Agency Agreement**") dated 19 June 2019 with Conv-Ex Advisors Limited (the "**Calculation Agent**", which expression shall include any successor as calculation agent under the Calculation Agency Agreement) whereby the Calculation Agent has been appointed to make certain calculations and determinations for the purposes of these Conditions.

Copies of the Trust Deed, the Agency Agreement, the Calculation Agency Agreement and the Deed of Guarantee are available for inspection by Bondholders at the registered office of the Trustee being at the date hereof at 39/F, Champion Tower, 3 Garden Road, Central, Hong Kong and at the specified office(s) of the Paying, Transfer and Exchange Agents. The Bondholders are entitled to the benefit of the Trust Deed and the Deed of Guarantee and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Calculation Agency Agreement and the Deed of Guarantee applicable to them.

Capitalised terms used but not defined in these Conditions shall have the meanings attributable to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

(b) **Exchange**

Upon an exercise of Exchange Rights as provided in these Conditions, Bondholders shall, subject to the right of the Issuer to make a Cash Election pursuant to Condition 8, be entitled to receive their respective entitlements to the Exchange Property as provided in these Conditions. The Exchange Property initially comprises 24,323,502.58 Series B shares of AB Volvo (publ) of SEK1.20 quota value each as at the Issue Date ("**Shares**").

2. Form, Denomination, Title, Status of the Bonds and Guarantee

(a) **Form and Denomination**

The Bonds are in registered form in the denomination of €100,000 each (the "**authorised denomination**").

(b) **Title**

Title to the Bonds passes by transfer and registration as described in Condition 4. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, or theft or loss of it or that of the related certificate, as applicable, or anything written on it or the certificate representing it (other than a duly completed and executed transfer form in respect thereof)) and no person will be liable for so treating the holder.

*The Bonds will on issue be represented by a global bond in registered form (the "**Global Bond**"), which will be registered in the name of the common depositary (or its nominee) for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). The Global Bond will be held by a depositary for Euroclear and Clearstream, Luxembourg. Interests of participants in Euroclear and Clearstream, Luxembourg in the Bonds will be represented by book entries in the records of Euroclear and Clearstream, Luxembourg.*

Individual Bonds in respect of book-entry interests in any Bonds will not be issued in exchange for an interest in the Global Bond, except in the very limited circumstances described in the Global Bond.

Title to book-entry interests in the Bonds represented by the Global Bond will pass by book-entry registration of the transfer in the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg.

(c) **Status of the Bonds**

The Bonds are direct, unconditional, unsubordinated and (subject to Condition 3(a)) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

(d) **Guarantee**

The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual performance by the Issuer of all its obligations pursuant to these Conditions and the Trust Deed (the "**Guarantee**").

(e) **Status of the Guarantee**

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to Condition 3(a)) unsecured obligations of the Guarantor and (subject as stated above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. Negative Pledge and Registration

(a) **Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create or permit to subsist any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, without at the same time or prior thereto securing the Bonds with (A) the same security as is created or subsisting to secure any such Relevant Indebtedness or (B) such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution of the Bondholders.

(b) **Registration**

(i) The Guarantor undertakes that:

(A) it will file or cause to be filed the relevant information in connection with the Bonds with the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**"), within the prescribed timeframe after the Issue Date and in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time (the "**Post-issuance Filing**"). For so long as any Bond remains outstanding, the Guarantor shall comply with all applicable laws and regulations of the PRC in relation to the Post-issuance Filing. In addition, the Guarantor shall:

(I) no later than seven PRC Business Days after the submission of the Post-issuance Filing provide the Trustee with (x) a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the submission of the Post-issuance Filing, and (y) a copy of the documents submitted in respect of the Post-issuance Filing, each certified in English as a true and complete copy of the original signed by any Authorised Signatory of the Guarantor; and

(II) give notice to the Bondholders (in accordance with Condition 22) confirming the completion of the Post-issuance Filing no later than five PRC Business Days after the documents referred to in sub-paragraph (I) above are delivered to the Trustee; and

(B) it will: (x) file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**") the Deed of Guarantee no later than 15 PRC Business Days after execution of the Deed of Guarantee in accordance with the

Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) and its operational guidelines promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"); (y) use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) (a "**SAFE Registration Document**") as soon as practicable after the Issue Date and in any event on or before the Registration Deadline, and for so long as any Bond remains outstanding (as defined in the Trust Deed), comply with all applicable laws and regulations of the PRC in relation to the Cross-Border Security Registration; and (z) on or before the Registration Deadline and in any event no later than seven PRC Business Days after receipt of the SAFE Registration Document, provide the Trustee with (A) a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the Cross-Border Security Registration and (B) a copy of the SAFE Registration Document certified in English as a true and complete copy of the original signed by any Authorised Signatory of the Guarantor (the items in (A) and (B) collectively, the "**Registration Documents**"). In addition, on or within five PRC Business Days after the date on which the Registration Documents are delivered to the Trustee (but in any event no later than the Registration Deadline itself), the Guarantor shall also give notice to the Bondholders (in accordance with Condition 22) confirming the completion of the Cross-Border Security Registration.

(ii) The Trustee shall have no obligation or duty to monitor or ensure the Post-issuance Filing or the Cross-Border Security Registration is made on or before the Registration Deadline or to assist in any way with the Post-issuance Filing or the Cross-Border Security Registration or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-issuance Filing or the Cross-Border Security Registration and/or the documents submitted in respect of the Post-issuance Filing and/or the SAFE Registration Documents or to give notice to the Bondholders confirming the completion of the Post-issuance Filing or the Cross-Border Security Registration, and shall not be liable to the Bondholders or any other person for not doing so.

4. Registration and Transfer of Bonds

(a) **Registration**

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of Bonds.

(b) **Transfer**

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in an authorised denomination (or integral multiples thereof) by lodging the certificate in respect of the relevant Bond(s) (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Exchange Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven Business Days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new certificate in respect of that Bond to the transferee (and, in the case of a transfer of part only of a Bondholder's aggregate holding, deliver a certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) **Formalities Free of Charge**

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar (and as initially set out in the Agency Agreement).

(d) **Closed Periods**

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (i) during the period of 15 days ending on and including the day immediately prior to the Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 13(b); (ii) in respect of which an Exchange Notice has been delivered in accordance with Condition 7; or (iii) in respect of which the holder has exercised its right to require redemption pursuant to Condition 13(c).

5. Interest

The Bonds do not bear interest.

6. Exchange Rights and Exchange Period

(a) **Exchange Rights**

Subject to the right of the Issuer to make a Cash Election, each Bondholder shall have the right, during the Exchange Period, at its option to exchange all or any of its Bonds for the Exchange Property per Bond (calculated by the Calculation Agent) as at the relevant Exchange Date. Such exchange of a Bond for the Exchange Property per Bond (and/or, as the case may be, for payment of the Cash Alternative Amount) is referred to herein as an "**exchange**" and the right of a Bondholder to exercise its right to require an exchange is herein referred to as the "**Exchange Right**". Upon exercise of Exchange Rights, the Issuer shall (subject to the right of the Issuer to make a Cash Election) deliver or procure the delivery of the relevant Exchange Property per Bond as provided in these Conditions.

(b) **Exchange Period**

Subject to applicable law and as provided in Condition 6(a), and save as provided in these Conditions, the Exchange Right relating to any Bond may be exercised by the holder thereof only in the following circumstances (and the period during which Bondholders shall be entitled to exercise Exchange Rights pursuant to these Conditions shall be referred to as the "**Exchange Period**"):

(i) at any time from (and including) 19 June 2023 up to (but excluding) the day falling 20 Stockholm Business Days prior to the Maturity Date or, if the Issuer exercises its option to redeem the Bonds pursuant to Condition 13(b), the day falling 10 Stockholm Business Days prior to the relevant Optional Redemption Date (subject in each case as provided in Condition 6(c)), provided that the Exchange Date falls in the relevant period as aforesaid; or

(ii) at any time from (and including) 30 July 2019 up to (but excluding) 19 June 2023:

(a) following the giving, in accordance with Condition 22, of an Optional Redemption Notice pursuant to Condition 13(b), provided that the Exchange Date falls in the period from (and including) the date on which the relevant Optional Redemption Notice is given up to (but excluding) the day falling 10 Stockholm Business Days prior to the Optional Redemption Date (subject as provided in Condition 6(c)); or

(b) in case of the occurrence of an Event of Default, provided that the Exchange Date falls in the period (if any) from (and including) the date of occurrence of the Event of Default, or where applicable, the date of expiry of the relevant grace period related to the Event of Default in accordance with Condition 17, up to (and including) the 10th Stockholm Business Day after the Due Date; or

(c) in the case of a Change of Control or Delisting Event or Free Float Event, provided that the Exchange Date falls during the Change of Control Period or the Delisting Event Period or the Free Float Event Period, as the case may be; or

(d) if an Offer is made or a Scheme of Arrangement becomes effective that, in each case, results in a Relevant Change of Control, where the Exchange Date falls in the period of 30 Stockholm Business Days following the Consideration Date; or

(e) in the case of the announcement by the issuer of any Equity Shares comprised in the Exchange Property of a distribution to holders of such Equity Shares of cash, assets, securities or other property where the Fair Market Value (converted, if necessary, into euros at the Relevant Rate as provided in the definition of "Fair Market Value") (on the date on which the terms of such distribution were first publicly announced by such issuer) of such distribution per Equity Share is greater than 25 per cent. of the arithmetic mean of the VWAP (converted, if necessary, into euros at the Relevant Rate) of such an Equity Share on each Trading Day (for such Equity Shares) in the 30 Trading Day (for such Equity Shares) period ending on (and including) the Trading Day (for such Equity Shares) immediately preceding the date of such first public announcement as aforesaid (or, as the case may be, the Adjusted FMV Date if applicable when determining such Fair Market Value as aforesaid), as the Issuer shall notify to the Bondholders in accordance with Condition 22 and to the Trustee no later than the third Stockholm Business Day following the first date on which such Fair Market Value as aforesaid is determined as provided pursuant to the definition thereof (or, where such Fair Market Value is determined pursuant to paragraph (iv) of the definition thereof, no later than the 10th Stockholm Business Day following the date of such first public announcement as aforesaid), provided that the Exchange Date falls in the period from (and including) the date on which such notification is made to (and including) the Stockholm Business Day immediately preceding the later of (i) the first Trading Day (for such Equity Shares) on which such Equity Shares are traded ex- the relevant distribution and (ii) the 10th Trading Day (for such Equity Shares) following the date on which such notification is made; or

(f) if a Parity Event or IA Parity Event occurs pursuant to Condition 6(d), in each case provided that the Exchange Date falls during the period of 10 consecutive Stockholm Business Days commencing on (and including) the first Stockholm Business Day following the Issuer Notification Date.

(c) **Additional provisions regarding the exercise of Exchange Rights**

In the case of Condition 6(b)(i) and Condition 6(b)(ii)(a), if there shall be a default in making payment in respect of such Bond on the relevant Optional Redemption Date, the Exchange Right shall extend up to (and including) 3.00 p.m. (at the place where the Bond is deposited for exchange) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given to Bondholders in accordance with Condition 22 or, if earlier, the Maturity Date or, if the Maturity Date is not a Stockholm Business Day, the immediately preceding Stockholm Business Day (the "**Extension Period**").

Exchange Rights may not be exercised in respect of a Bond where the holder shall have exercised its right to require redemption pursuant to Condition 13(c) unless there is default by the Issuer in redeeming the relevant Bonds. In such circumstances, Exchange Rights in respect of such Bond shall extend for the Extension Period in the manner *mutatis mutandis* prescribed above.

If an Event of Default occurs, or where applicable, the relevant grace period related to the Event of Default expires, in each case in accordance with Condition 17, notice of such fact shall forthwith be given by the Issuer to the Bondholders in accordance with Condition 22. Each Bondholder shall (whether or not the Exchange Right attaching to its Bond is then otherwise exercisable) be entitled, at any time after the date on which the relevant Event of Default occurred (or related grace period expired, as the case may be) until (and including) the 10th Stockholm Business Day after the Due Date (but not thereafter), to elect (by delivering in accordance with the provisions of Condition 7 a duly signed and completed Exchange Notice, together with the relevant Bond, to the specified office of any Paying, Transfer and Exchange Agent) in lieu of having his Bond repaid, to exercise the Exchange Right in respect of such Bond as at the Due Date (and references in these Conditions to the Exchange Date shall, in relation to such Bond, be construed as being the Due Date), save that no such election may be made in respect of a Bond which has been presented for payment on or after the Due Date (provided that payment in full of all amounts then due on the relevant Bond is made upon such presentation). Subject as provided in this Condition 6, Exchange Rights shall lapse if the Trustee shall give notice to the Issuer that the Bonds are immediately due and repayable in accordance with Condition 17(b).

(d) **Parity Event; IA Parity Event**

Whether or not a Parity Event or IA Parity Event has occurred for the purposes of Condition 6(b)(ii)(f) shall be determined in accordance with the provisions of this Condition 6(d).

Any person with an interest in a Bond (or any person acting on its behalf) shall be entitled to notify the Issuer in writing, with a copy to the Calculation Agent, in each case in accordance with Condition 22, (each, a "**Parity Notification Event Notice**") if and to the extent that a Parity Notification Event has occurred, provided that such notice shall be accompanied by reasonable supporting evidence regarding the occurrence of such Parity Notification Event. Any Parity Notification Event Notice which is so provided after 5.00 p.m. (Stockholm time) on a Stockholm Business Day, or which is delivered on a day which is not a Stockholm Business Day, shall be deemed to have been provided on the next following Stockholm Business Day.

A Parity Notification Event Notice shall include a certification by or on behalf of the relevant person that it holds an economic interest in at least one Bond, on which certification the Issuer and the Calculation Agent shall be able to rely, in the absence of fraud or manifest error, without further investigation. If a Parity Notification Event Notice is delivered in accordance with the foregoing, neither the Issuer nor the Calculation Agent shall be entitled or required to demand any further information from such person.

The date on which any Parity Notification Event Notice is provided (or deemed to be so provided) to the Issuer and the Calculation Agent in accordance with the foregoing shall be the "**Notification Date**".

Once a Parity Notification Event Notice has been provided (or deemed to be so provided) on a Notification Date, any subsequent Parity Notification Event Notice shall be disregarded, and no Notification Date shall occur in respect of that subsequent Parity Notification Event Notice, if the Parity Notification Event to which that subsequent Parity Notification Event Notice relates occurred in respect of a period which ended prior to the Notification Date in respect of the first Parity Notification Event Notice provided.

The following shall apply in respect of each Notification Date which is deemed to occur under this Condition 6(d):

(A) the Issuer shall give notice thereof to the Bondholders in accordance with Condition 22 (and such notice shall be given no later than on the first Trading Day of the relevant Reference Period and shall specify such Reference Period);

(B) the Calculation Agent shall determine whether or not a Parity Event or (as the case may be) a Bond Price Unavailability Date has occurred in respect of the relevant Reference Period;

(C) if a Parity Event occurs in respect of the relevant Reference Period, the Calculation Agent shall notify the Issuer thereof by no later than the second Trading Day immediately following the date on which such Parity Event shall be deemed to have occurred;

(D) if a Bond Price Unavailability Date occurs in respect of the relevant Reference Period, (i) the Issuer shall give notice thereof to the Bondholders in accordance with Condition 22 (and such notice shall be given no later than on the second Trading Day following such Bond Price Unavailability Date and shall specify the relevant Bond Price Determination Date); and (ii) the Calculation Agent shall determine whether an IA Parity Event has occurred or has not occurred in respect of such Reference Period (such determination to have been made no later than the third Trading Day immediately following the Bond Price Determination Date); and

(E) the Issuer will give notice of the Calculation Agent's determination to the Bondholders and the Trustee in accordance with Condition 22 no later than the date falling on the second Trading Day immediately following the date on which the Calculation Agent notifies the Issuer of such determination as aforesaid (the date on which notice is given by the Issuer as aforesaid being referred to as the "**Issuer Notification Date**").

None of the Issuer, the Guarantor, the Calculation Agent, the Independent Adviser, the Trustee or any Paying, Transfer and Exchange Agent will be required to monitor Quotes for the Bonds or Bid Prices or to take any steps or to perform any related calculations to verify whether a Parity Notification Event, Parity Event or IA Parity Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so, save (in the case of the Issuer, the Calculation Agent and the Independent Adviser only and only as expressly provided in this Condition 6(d)) where a Notification Date has occurred pursuant to this Condition 6(d).

If (x) no Quote for the Bonds is available as contemplated by section (ii) of the definition of "IA Parity Event", the Issuer (failing which the Guarantor) shall appoint an Independent Adviser to determine the fair mid-market value of €100,000 in principal amount of the Bonds in the manner required by such section and (y) any doubt shall arise as to whether Exchange Rights are capable of being exercised pursuant to Condition 6(b)(ii)(f) by reason of the occurrence of a Parity Event or an IA Parity Event pursuant to this Condition 6(d), the Issuer or the Guarantor may appoint an Independent Adviser to determine in good faith whether Exchange Rights are capable of being exercised by Bondholders as aforesaid and, in the absence of manifest error and following consultation between the Issuer or the Guarantor (as applicable) and the Independent Adviser, the written determination of the Independent Adviser in respect of (x) and/or (y), as the case may be, shall be conclusive and binding on the Issuer, the Guarantor, the Bondholders and the Trustee.

In these Conditions:

"**Bid Price**" means, in respect of any day, the bid price per €100,000 in principal amount of the Bonds quoted by a Leading Institution for the purchase by that Leading Institution of a minimum principal amount of Bonds equal to €1,000,000, as at or around 5.00 p.m. (London time) on such day, using as a reference value for the Exchange Property per Bond the Closing Value thereof on such day;

"**Bond Price Determination Date**" means the fifth Trading Day following the relevant Bond Price Unavailability Date;

A "**Bond Price Unavailability Date**" shall occur in respect of any Reference Period if, as determined by the Calculation Agent, no Quote for the Bonds is available in respect of at least 11 of the Trading Days comprised in that Reference Period, in which case the Bond Price Unavailability Date shall be deemed to occur on the 11th Trading Day falling in the relevant Reference Period in respect of which no Quote for the Bonds is available;

"**Closing Value**" with respect to any property on any day means the Value thereof on such day, save that (i) paragraph (1) of (and any references thereto in) the definition of "Value" and (ii) the words "for which a VWAP is not available on such day" in paragraph (2) of the definition of "Value" shall be disregarded;

An "**IA Parity Event**" shall occur in respect of any Reference Period if, as determined by the Calculation Agent: (i) a Bond Price Unavailability Date occurs in respect of that Reference Period; and (ii) the Quote for the Bonds in respect of the Bond Price Determination Date (or, if no such Quote for the Bonds is available, the fair mid-market value of €100,000 in principal amount of the Bonds as at or around 5.00 p.m. (London time) on the Bond Price Determination Date, as determined by an Independent Adviser) is less than 97 per cent. of the Closing Value of the Exchange Property per Bond on such Bond Price Determination Date;

"**Leading Institution**" means any bank or financial institution which is a leading, internationally recognised market maker in trading exchangeable and/or convertible bonds;

A "**Parity Event**" shall occur in respect of any Reference Period where the following is satisfied in respect of each of not less than 10 Trading Days comprised in such Reference Period: (i) a Quote for the Bonds is available in respect of the relevant Trading Day; and (ii) the Quote for the Bonds in respect of the relevant Trading Day is less than 97 per cent. of the Closing Value of the Exchange Property per Bond on such Trading Day, all as determined by the Calculation Agent. For the purposes of this Condition 6(d), the Parity Event shall be deemed to occur on the 10th Trading Day falling in the relevant Reference Period in respect of which both (i) and (ii) above are satisfied;

A "**Parity Notification Event**" shall occur if, in respect of each of not less than 10 Trading Days over a period of 20 consecutive Trading Days (ending no earlier than the fifth Trading Day before the Notification Date), either (i) no Bid Price was available from a Leading Institution in respect of such Trading Day, or (ii) the average of the Bid Prices provided by three Leading Institutions (or such lesser number of such Leading Institutions (if any) as the Bondholder is able to obtain a Bid Price from) in respect of such Trading Day was less than 97 per cent. of the Closing Value of the Exchange Property per Bond on such Trading Day;

"**Quote for the Bonds**" means, in respect of any Trading Day, as determined by an Independent Adviser:

(i) the arithmetic average of the Bid Prices in respect of that Trading Day provided to such Independent Adviser in respect of that Trading Day by three Leading Institutions selected by such Independent Adviser; or

(ii) where only two of the three Leading Institutions so selected provide such a Bid Price in respect of that Trading Day, the arithmetic average of the two Bid Prices so provided; or

(iii) where only one of the three Leading Institutions so selected provides such a Bid Price in respect of that Trading Day, the Bid Price so provided,

provided that in each case if, in the opinion of such Independent Adviser, one or more of the Bid Prices so provided is materially different from the actual traded prices of the Bonds, such Bid Price shall be disregarded and shall be deemed not to have been so provided; and

provided further that where no Bid Price is so provided in respect of that Trading Day, it shall be deemed that no Quote for the Bonds is available in respect of that Trading Day; and

"**Reference Period**" means, in respect of any Notification Date, the period of 20 consecutive Trading Days commencing on the second Trading Day following such Notification Date.

7. Procedure for exercising Exchange Rights

Subject to the provisions of this Condition 7, each Bondholder may exercise Exchange Rights pursuant to Condition 6 by delivering the certificate in respect of the relevant Bond or Bonds together with a duly executed exchange notice in, or substantially in, the form set forth in the Agency Agreement (each an "**Exchange Notice**") to the specified office of any Paying, Transfer and Exchange Agent.

For the purposes of these Conditions, the date on which an Exchange Notice will be deemed to be delivered and on which Exchange Rights will be deemed to be exercised (the "**Exchange Date**") will be the Stockholm Business Day immediately following (i) the date on which the certificate in respect of the relevant Bond or Bonds and the Exchange Notice is delivered to the specified office of the relevant Paying, Transfer and Exchange Agent, or (ii) if such certificate is delivered after 3.00 p.m. on a Business Day in the city where the relevant Paying, Transfer and Exchange Agent's specified office is located or is delivered on a day which is not a Business Day in such place, the next following Business Day in such place.

The Exchange Notice shall:

(i) specify the name and address of the Bondholder;

(ii) specify the fax number and/or email address of the Bondholder;

(iii) specify the number and aggregate principal amount of Bonds being exchanged;

(iv) contain a representation and warranty from the Bondholder that the Bonds to be exchanged are owned by it (or a person for whose account it holds the Bonds) free from all liens, charges, encumbrances and other third party rights;

(v) specify in the case of Exchange Property comprising securities, the number and account name of the security account(s) at Euroclear Sweden, Euroclear, Clearstream, Luxembourg or such other clearing system through which such securities are cleared which is to be credited with any such Exchange Property or, in the case of any securities comprised in the Exchange Property that are not cleared through a clearing system, the address to which any Exchange Securities are to be sent, uninsured and at the risk of the relevant Bondholder;

(vi) specify a euro account with a bank in a city in which banks have access to the TARGET System to which any Exchange Property comprising cash in euros, and to which any Cash Alternative Amount and any other amount payable by the Issuer in euro, is to be paid by or on behalf of the Issuer;

(vii) if any amounts are payable by the Issuer in a currency other than euro, specify an appropriate account;

(viii) contain a representation and warranty from the Bondholder that, at the time of signing and delivery of the Exchange Notice, (A) it is not a "U.S. person" within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), (B) it understands that the Shares and/or any other part of the Exchange Property to be transferred upon redemption of the Bonds have not been registered under the Securities Act and (C) it is located outside the United States (within the meaning of Regulation S), is acquiring the Shares and/or any other part of the Exchange Property to be transferred upon redemption of the Bonds in an "offshore transaction" (as defined in Regulation S) in accordance with Rule 903 or 904 of Regulation S and understands that the Shares and/or any other part of the Exchange Property may not be delivered within the United States upon redemption of the Bonds and may not be resold in the United States except pursuant to an exemption from the registration requirements of the Securities Act; and

(ix) contain an authorisation from the Bondholder authorising the production of such Exchange Notice in any applicable administrative or legal proceedings.

An Exchange Notice delivered in respect of Bonds which are represented by the Global Bond shall also specify the Bondholder's account at Euroclear or Clearstream, Luxembourg to be debited with such Bonds, and contain an irrevocable authorisation to Euroclear or Clearstream, Luxembourg to effect such debit.

Exchange Rights may only be exercised in respect of an authorised denomination or integral multiples thereof. Where Exchange Rights are exercised in respect of some only of the Bonds represented by a single certificate, the old certificate shall be cancelled and a new certificate for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven Business Days, in the place of the specified office of the Registrar, following the relevant Settlement Date deliver such new certificate to the relevant Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new certificate by uninsured mail to such address as the Bondholder may request.

Once delivered to a Paying, Transfer and Exchange Agent, an Exchange Notice will be irrevocable. Any determination as to whether any purported Exchange Notice has been duly completed and properly delivered shall be made by the relevant Paying, Transfer and Exchange Agent and shall, save in the case of a manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Paying, Transfer and Exchange Agents and the relevant Bondholder.

8. Cash Election

In the case of an exercise of Exchange Rights by a Bondholder and provided that an Event of Default or Potential Event of Default shall not have occurred and be continuing, the Issuer may make an election (a "**Cash Election**"), by giving notice (a "**Cash Election Notice**") to the relevant Bondholder by no later than the Cash Election Exercise Date to satisfy all or part of its obligation to deliver Exchange Property in respect of the Bonds on such exercise of Exchange Rights by making payment, or procuring that payment is made, to the relevant Bondholder or Bondholders of the Cash Alternative Amount in respect of the Exchange Property specified in the relevant Cash Election Notice as being the Cash Settled Exchange Property.

Where the Cash Settled Exchange Property is less than the Reference Exchange Property in respect of the relevant exercise of Exchange Rights, the Issuer shall deliver such Exchange Property as is equal to the Reference Exchange Property minus the Cash Settled Exchange Property, as provided in these

Conditions, together with any other amounts payable by the Issuer to such Bondholder or Bondholders pursuant to these Conditions in respect of, or relating to, the relevant exercise of Exchange Rights.

A Cash Election Notice shall be irrevocable and shall be given to the relevant Bondholder to the address specified in the relevant Exchange Notice or (if a fax number or email address is provided in the relevant Exchange Notice) to the fax number or email address as provided in the relevant Exchange Notice and to the Principal Paying, Transfer and Exchange Agent, the Trustee and the Calculation Agent.

A Cash Election Notice shall specify the Reference Exchange Property, the Cash Settled Exchange Property, the Cash Alternative Calculation Period and the Cash Alternative Payment Date.

All Bondholders shall be treated equally where the Exchange Date falls on the same date and if a Cash Election is made in respect of any such exercise of Exchange Rights, the same Cash Election shall be made in respect of all exercises of Exchange Rights with the same Exchange Date.

The Issuer will pay to each relevant Bondholder its Cash Alternative Amount, together with any other amount as aforesaid, by no later than the Cash Alternative Payment Date by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Exchange Notice delivered by such Bondholder.

For the purposes of these Conditions:

"**Cash Alternative Amount**" means a sum in euro (rounded to the nearest whole multiple of €0.01, with €0.005 rounded up) equal to the arithmetic average of the Value on each Trading Day in the Cash Alternative Calculation Period of the relevant Cash Settled Exchange Property, as calculated by the Calculation Agent, and if any doubt shall arise as to the calculation of the Cash Alternative Amount, or if such amount cannot be determined, the amount determined in such other manner as an Independent Adviser shall consider in good faith to be appropriate.

"**Cash Alternative Calculation Period**" means the period of 10 consecutive Trading Days commencing on the second Trading Day following the relevant Cash Election Exercise Date.

"**Cash Alternative Payment Date**" means the date falling five TARGET Business Days after the last day of the Cash Alternative Calculation Period.

"**Cash Election Exercise Date**" means, in respect of an exercise of Exchange Rights by a Bondholder, the third Stockholm Business Day following the relevant Exchange Date.

"**Cash Settled Exchange Property**" means, in respect of an exercise of Exchange Rights by a Bondholder, such Exchange Property (which shall be a whole number of the relevant unit of property and shall not exceed the Reference Exchange Property or, as the case may be, the total of the relevant property comprised in the Reference Exchange Property in respect of such exercise) as determined by the Issuer and notified to the relevant Bondholder in the relevant Cash Election Notice.

"**Reference Exchange Property**" means, in respect of the exercise of Exchange Rights by a Bondholder, the aggregate of the Exchange Property per Bond as at the relevant Exchange Date in respect of the Bonds the subject of such exercise.

9. Settlement

(a) Exchange Expenses

The Issuer (failing whom, the Guarantor) will pay any stamp, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on the transfer or delivery of any Exchange Property to or to the order of a Bondholder pursuant to an exercise of Exchange Rights ("**Stamp Taxes**") which are payable or imposed in any Relevant Jurisdiction and/or the jurisdiction in which the

relevant Exchange Property is situated (and for this purpose any securities in registered form comprising Exchange Property shall be deemed to be situated in the jurisdiction in which the register (or in the case of more than one register, the principal register) on which title to and transfers of such securities are recorded or maintained is located) or imposed or payable by virtue of the place of incorporation, domicile or tax residence of the issuer of any Exchange Securities comprised in the relevant Exchange Property per Bond, and all other costs, fees and expenses in connection with the transfer or delivery of Exchange Property on exercise of Exchange Rights, including the costs, fees and expenses of any custodian, depositary, agent or other entity facilitating the relevant transfer or delivery (together "**Exchange Expenses**").

Subject to the above, a Bondholder exercising Exchange Rights must pay directly to the relevant authorities any other taxes and capital, stamp, issue, registration, documentary, transfer or other duties (including penalties) arising in any jurisdiction not mentioned above on exchange and/or on the transfer, delivery or other disposition of Exchange Property arising on exercise of Exchange Rights or, as the case may be, on exercise of the Share Settlement Option.

If the Issuer or the Guarantor shall fail to pay any Stamp Taxes or Exchange Expenses for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer and the Guarantor, as a separate and independent stipulation, jointly and severally covenant to reimburse each such Bondholder in respect of the payment of such Stamp Taxes or Exchange Expenses and any penalties payable in respect thereof.

Neither the Trustee, the Registrar nor any Paying, Transfer and Exchange Agent shall be responsible for determining whether any Stamp Taxes or Exchange Expenses are payable or the amount thereof and shall not be responsible or liable for any failure by the Issuer or the Guarantor to pay such Stamp Taxes or Exchange Expenses.

(b) **Delivery of Exchange Property**

Save in respect of any Exchange Property in respect of which a Cash Election has been made, the Issuer shall cause the Exchange Property per Bond (or, as the case may be, the portion thereof in the case of a partial Cash Election as aforesaid) due in respect of all Bonds the subject of an exercise of Exchange Rights, to be transferred or delivered to the relevant Bondholders on or before the relevant Settlement Date (subject as provided in these Conditions) as follows:

(1) in respect of Shares or other Exchange Securities deliverable through Euroclear Sweden, by delivery through Euroclear Sweden to the account specified in the relevant Exchange Notice;

(2) in respect of other Exchange Securities that are deliverable through a clearing system (other than Euroclear Sweden), by delivery through that clearing system to the account specified in the relevant Exchange Notice;

(3) in respect of Exchange Securities not falling within (1) or (2) above, procure that forms of transfer and certificates (if certificates for such Exchange Securities are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of or entitlement to such Exchange Securities will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto) to such address, subject to applicable securities laws, as the Bondholder may specify in the relevant Exchange Notice; and

(4) procure that such documents of title and evidence of ownership of any other Exchange Property shall be despatched and that payment of any part of the Exchange Property comprising cash to be delivered in respect of such exchange (converted if necessary into euros at the Relevant Rate on the relevant Exchange Date) shall be made, in each case in

accordance with directions given by the relevant Bondholder in the relevant Exchange Notice.

Notwithstanding the above, if Euroclear Sweden or, as the case may be, the relevant clearing system through which delivery of Shares or other Exchange Property is to be made as provided above, has been closed for a continuous period of two or more days (excluding Saturdays and Sundays and save by reason of holidays, statutory or otherwise) in the period between the relevant Exchange Date and the relevant Settlement Date, the Issuer will notify the relevant Bondholder at the address (or, if applicable, the email address or fax number) of the Bondholder specified in the relevant Exchange Notice and the date for such delivery shall be the later of the Settlement Date and the earliest practicable date on which the relevant Exchange Property may be delivered by or through Euroclear Sweden or, as the case may be, the relevant clearing system.

If the Exchange Property has changed in whole or in part as a result of acceptance of an Offer or as a result of a Scheme of Arrangement becoming effective, in each case as provided in Condition 12, then the Issuer will deliver the relevant Exchange Property due to Bondholders as soon as reasonably practicable.

10. Miscellaneous Provisions

(a) **Settlement Disruption Event**

If delivery of any Exchange Securities is required under the Conditions and a Settlement Disruption Event occurs on the relevant Settlement Date, and delivery of any Exchange Securities cannot be effected on such Settlement Date, then solely for purposes of this Condition 10(a), such Settlement Date will be postponed until the first succeeding calendar day on which delivery can take place through a national or international settlement system or in any other commercially reasonable manner.

"**Settlement Disruption Event**" means, in respect of any date, an event beyond the control of the Issuer as a result of which any relevant central securities depositary or clearing system cannot settle the book-entry transfer of such Exchange Securities on such date.

(b) **Exchange Property Record Date**

(1) Except in respect of the Exchange Property to which a Cash Election relates, a Bondholder shall, upon exchange of each Bond, be deemed as between it and the Issuer to be, on the relevant Exchange Date, the holder of record of all Exchange Securities and/or the owner of any other property or assets included in the Exchange Property and comprised in the Exchange Property per Bond due to be delivered to such Bondholder, and in each case shall be, subject as provided herein, entitled as between it and the Issuer to receive all dividends, interest and other income payments and distributions and rights in respect thereof declared paid, made or granted by reference to a record date or other due date for the establishment of entitlement in respect thereof falling on or after such Exchange Date.

Subject as provided herein, the Exchange Property to be delivered in respect of an exercise of Exchange Rights shall not include any dividends, interest or other income payments and distributions and rights thereon or in respect thereof declared, paid, made or granted by reference to a record date or other due date for the establishment of the relevant entitlement falling prior to the relevant Exchange Date.

(2) If the record date or other due date for the establishment of the relevant entitlement for the payment of any Dividend, interest or other income, payment or distribution or rights on or in respect of such Exchange Property to be delivered on exercise of Exchange Rights falls on or after the relevant Exchange Date but before the relevant Settlement Date (or any other date from which the relevant Bondholder or person designated in the relevant Exchange Notice is

treated as the owner of, or entitled to all rights and entitlement to, such Exchange Property) with the effect that the relevant Bondholder or such person is not entitled to such Dividend, interest or other income, payment or distribution or rights, the Issuer will (unless it is able to confer on or deliver to the relevant Bondholder or such person an irrevocable entitlement to receive such Dividend, interest or other income, or distribution or rights or unless and to the extent that the same is taken into account for the purposes of Condition 10(b)(3) relating to entitlement to Additional Exchange Property):

(a) (in the case of a Cash Dividend or any interest or other income, payment or distributions or rights to be paid or made in cash) pay, or procure the payment to, the relevant Bondholder in lieu thereof, an amount equal to the amount of any such Dividend in cash in respect of the Exchange Property to which the relevant Bondholder is entitled, all as determined by the Calculation Agent and converted (if not in euros) into euros at the Relevant Rate on the date of receipt thereof by the Issuer (the "**Equivalent Amount**"). The Issuer, failing whom the Guarantor, will pay the Equivalent Amount, or procure that it is paid, to the relevant Bondholder to the account designated in the relevant Exchange Notice by whichever is the later of (1) 10 TARGET Business Days after the date of receipt of the relevant Dividend in cash and (2) the relevant Settlement Date; and

(b) (in the case of Non-Cash Dividends, or any other income or distributions or rights to be satisfied or made otherwise than in cash (a "**Non-Cash Amount**")) deliver, or procure the delivery of, the same to the relevant Bondholder no later than 10 TARGET Business Days after whichever is the later of (1) the date the relevant Non-Cash Amount is received by the Issuer and (2) the relevant Settlement Date.

For the purposes of the above, if the Issuer is entitled to choose whether to receive the relevant entitlement in the form of a cash amount or otherwise than in cash, the entitlement shall be treated as being paid or made in cash, and accordingly the provisions of (a) above shall apply.

(3) Without prejudice to Condition 8, if:

(A) the relevant Exchange Date in respect of any Bond shall be on or after the date of any public announcement affecting the composition of any part of the Exchange Property (other than Shares or other securities in registered form ("**Registered Securities**") in circumstances where the relevant entitlement is determined by reference to a record date or other date for establishment by entitlement in respect thereof), but before the date on which such change is effective; or

(B) the relevant Exchange Date in respect of any Bond shall be on or after the record date or other due date for the establishment of the relevant entitlement in respect of any Adjustment Event in respect of any Registered Securities comprising Exchange Property but before the date on which the relevant adjustment of the Exchange Property becomes effective; or

(C) the relevant Exchange Date in respect of any Bond shall be before the record date or other due date for the establishment of the relevant entitlement in respect of any Adjustment Event in respect of any Registered Securities comprising Exchange Property in circumstances where the Registration Date in respect of such Registered Securities is after such record date or other due date for the establishment of the relevant entitlement and the relevant Bondholder would not otherwise receive the

relevant entitlement but the Issuer has received or is entitled to receive such entitlement,

then (unless the Issuer is able to confer on or deliver to the relevant Bondholder such entitlement to or in respect of the Additional Exchange Property and other than where a Cash Election applies to the relevant exercise of Exchange Rights and in respect of the Exchange Property to which such Cash Election relates) the relevant Bondholder, on exchange of Bonds, shall be entitled to receive, in respect of the relevant exercise of Exchange Rights, such Exchange Property per Bond or, as the case may be, further Exchange Property per Bond ("**Additional Exchange Property**") as would have been receivable by it had the relevant Exchange Date occurred immediately after the date on which such change in the composition of the Exchange Property or adjustment of the Exchange Property became effective or, as the case may be, had the relevant Registration Date in respect of such Registered Securities been immediately before such record date or other due date for establishment of entitlement, all as determined by the Calculation Agent, and the Issuer will deliver, or procure the delivery of, such Additional Exchange Property to the relevant Bondholders in accordance with instructions contained in the relevant Exchange Notice as soon as reasonably practicable following the relevant adjustment to the Exchange Property.

(c) **Reduction in Exchange Property**

Upon delivery of the full amount of the Exchange Property required to be delivered and/or payment of the Cash Alternative Amount pursuant to these Conditions on an exercise of Exchange Rights or upon any redemption or purchase and cancellation of the Bonds, the Exchange Property per Bond (determined as at the date for determining the Exchange Property per Bond in respect of the relevant exercise of Exchange Rights or, in the case of a redemption of the Bonds, as at the relevant Optional Redemption Date, Optional Put Date or Put Date (as the case may be) or, in the case of a purchase and cancellation, as at the date of cancellation of the relevant Bonds) in respect of the relevant Bonds (all as determined by the Calculation Agent) shall cease to be part of the Exchange Property and the Exchange Property shall be reduced accordingly.

(d) **No Charges**

Neither the Issuer, the Guarantor nor any Paying, Transfer and Exchange Agent will impose any charge on Bondholders on the exercise of Exchange Rights.

(e) **Fractions Arising on Exchange**

No fraction of an Exchange Security or any other property comprising the Exchange Property which is not divisible shall be delivered on exchange of the Bonds and no payment will be made to Bondholders in respect of any such fraction, and any such fraction will be rounded down by the Calculation Agent to the nearest whole multiple of an Exchange Security or unit of any such other property. The Exchange Property and/or any Cash Alternative Amount to be delivered to any Bondholder shall, for the purposes of determining whether any fractional Exchange Property arises, be calculated by the Calculation Agent on the basis of the aggregate number of Bonds in respect of which Exchange Rights shall have been exercised by such Bondholder pursuant to the relevant Exchange Notice.

(f) **Maintenance of Exchange Property**

Exchange Rights are not exercisable in respect of any specific Shares or other property comprising Exchange Property from time to time and no Shares or other Exchange Property has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Issuer's obligations in respect of the Exchange Rights. At any time the Issuer and/or the Guarantor may or may not be the owner of the whole or any part of the Shares or other property comprising Exchange Property from time

to time and neither the Issuer nor the Guarantor is under any obligation to hold any Shares and/or other Exchange Property and may sell or otherwise dispose of the same at any time. The composition of the Exchange Property may also change as a result of the operation of these Conditions.

The arrangements described herein in relation to the Exchange Property do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds or to secure performance of the Exchange Rights thereunder.

Accordingly, if either the Issuer or the Guarantor at any time holds any Shares or other property comprising Exchange Property from time to time and such person is or becomes insolvent, bankrupt or in liquidation, such Shares and/or other Exchange Property will form part of the assets of such person available on a *pari passu* basis to all unsecured creditors of such person (or, if such Shares or other Exchange Property is secured in favour of one or more other creditors of such person where permitted by Condition 3(a), available to such secured creditors to the extent of their secured interest).

(A) At any particular time, the Issuer may or may not hold or be the beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. However, these Conditions shall be read and construed as though at all times the Issuer were the holder and beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. Accordingly (whether or not the Issuer shall hold or be the beneficial owner of any Exchange Property), subject as provided in (B), for the purposes of determining whether and to what extent any adjustment should be made to the Exchange Property at any time, for the purposes of these Conditions, the Issuer shall be deemed to be entitled to receive such further or other Exchange Securities, securities, property or assets including cash and/or consideration on the date the Issuer would have been entitled to receive the same, and to make any relevant elections in respect thereof or relating thereto, as it would have been entitled to receive and or make had it at all relevant times been the holder and beneficial owner of sufficient Exchange Property to satisfy exercise of Exchange Rights or otherwise required to be delivered pursuant to these Conditions in respect of all outstanding Bonds and to have made any sale and applied any cash and the proceeds of any sale as provided in these Conditions, and references in these Conditions to the Exchange Property being adjusted shall be construed accordingly. In particular (and without limitation):

(i) if at any time when the proceeds of sale of any property or a determination of the application of cash and/or any proceeds of sale in the purchase of any property or other assets are to be determined, such determination shall be made as if (whether or not such is the case) the Issuer had at the relevant time been the holder and beneficial owner of sufficient Exchange Property or other property or assets and in any such case had sold the relevant property and applied the relevant cash and or proceeds (as the case may be) as provided in these Conditions;

(ii) any reference in the Agency Agreement or these Conditions to the time or date of receipt by the Issuer of any property or assets shall be construed as a reference to the time at, or date on, which the Issuer receives or, if it does not hold the relevant Exchange Property at the relevant time, would otherwise have received or would have first been entitled to receive the same had it been the holder of the relevant Exchange Property; and

(iii) for the purposes, and subject to the provisions, of Condition 12, the Issuer shall be entitled to elect to be treated as accepting (including as to any alternative consideration) or rejecting any Offer or, as voting in favour (including as to any

alternative consideration) or rejecting any Scheme of Arrangement in respect of the Exchange Securities which are the subject of such Offer or Scheme of Arrangement (whether or not it accepts or rejects such Offer or Scheme of Arrangement or accepts the same alternative consideration in respect of any Exchange Securities held by it).

(B) Condition 11(b)(iii)(b) shall be disregarded unless after the occurrence of the Relevant Event the total outstanding Exchange Securities are less than the number required to be comprised in the Exchange Property, in which case, to the extent of such shortfall, the Issuer shall be treated as if it were the holder and beneficial owner of such Exchange Securities and the provisions of Condition 11(b)(iii)(b) shall apply accordingly in respect of the number of Exchange Securities representing such shortfall.

11. Exchange Property Adjustments

The following provisions shall govern the composition of the Exchange Property as of any date of determination. If at any time the Exchange Property falls to be adjusted pursuant to Condition 11(b) or Condition 11(c), the Calculation Agent shall determine what adjustment (if any) shall be made in accordance with the provisions of this Condition 11.

(a) **Initial Exchange Property**

The "**Exchange Property**" as at the Issue Date comprises 24,323,502.58 Shares, and shall from time to time include such other Exchange Securities and other property as may be deemed or required to comprise all or part of the Exchange Property pursuant to these Conditions, but excluding any such property as may be deemed to have ceased to form part of the Exchange Property and excluding any Cash Dividend to the extent not constituting a Capital Distribution and excluding any other income and other benefits, rights and entitlements derived from the Exchange Property except to the extent forming or to form part of or giving rise to an adjustment to the Exchange Property pursuant to these Conditions.

The Exchange Property is subject to adjustment in accordance with Conditions 11(b) and 11(c).

All Exchange Property transferred or delivered upon exercise of Exchange Rights shall be transferred or delivered with full title guarantee and free from any and all security interests or other adverse interests.

Based on the initial Exchange Property as at the Issue Date as aforesaid, the Exchange Property per Bond as at the Issue Date is approximately 6,080.8756 Shares.

(b) **Adjustment Events**

The composition of the Exchange Property will be adjusted as follows under the following circumstances (an "**Adjustment Event**"):

(i) *Sub-division, Consolidation, Reclassification or Redenomination*

If any Exchange Securities comprising the Exchange Property shall be sub-divided or consolidated, re-classified or redenominated or in any other manner have their quota value, nominal value or (as the case may be) par value changed ("**Sub-division, Consolidation, Reclassification or Redenomination**") then the securities resulting from such Sub-division, Consolidation, Reclassification or Redenomination, so far as attributable to the Exchange Property, shall be included in the Exchange Property with effect from the date such Sub-division, Consolidation, Reclassification or Redenomination takes effect.

(ii) *Rights Issues*

If further Exchange Securities or other securities, or options, warrants or rights to subscribe or purchase further Exchange Securities or other securities shall be offered by way of rights to holders of Exchange Securities (or any of them) (a "**Rights Issue**"), then:

(a) if such rights are capable of being publicly traded and can be sold by the Issuer under applicable law and/or the terms of the Rights Issue, by not later than the latest day for accepting or taking up any such rights (for the purposes of this paragraph (a), the "**Election Date**"), the Issuer may elect either:

(A) to procure on an arm's length basis in good faith the sale by a reputable independent broker or investment bank with appropriate expertise selected and appointed by the Issuer of sufficient rights to enable the whole of the balance of such rights to be taken up and procure the application of the proceeds of sale, after the deduction of Permitted Expenses, in the taking up of such rights, with any excess proceeds of sale (but only to the extent the Fair Market Value thereof as at the first date on which such excess proceeds as aforesaid can be determined is in excess of €100) being added to and forming part of the Exchange Property; or

(B) to add or procure that there is added to the Exchange Property such number (including fractions) of Exchange Securities or other securities or options, warrants or rights as aforesaid as is determined by dividing (x) the Fair Market Value (converted, if required by Condition 11(b)(ii)(c), into the Specified Currency) as at the Determination Date of such number of rights as would have been required to be sold (assuming for this purpose the proceeds of such sale to be the Fair Market Value (converted, if required by Condition 11(b)(ii)(c), into the Specified Currency) of such rights as at the Determination Date, but without any deduction) to enable the balance of such rights to be taken up by (y) the exercise, subscription or purchase price (or the like) payable upon exercise of such rights.

In the absence of any such election being notified to the Bondholders in accordance with Condition 22 and to the Trustee by not later than the Election Date, paragraph (B) immediately above shall apply.

(b) If such rights are not capable of being publicly traded and/or sold by the Issuer under applicable law and/or the terms of the Rights Issue, by not later than the latest day for accepting or taking up any such rights (for the purposes of this paragraph (b), the "**Election Date**"), the Issuer may elect either:

(A) based on advice from an Independent Adviser appointed by the Issuer with a view to realising the value (if any) of such rights, to use any part of the Exchange Property comprising cash to take up such rights and/or procure in good faith on an arm's length basis the sale by a reputable independent broker or investment bank with appropriate expertise selected and appointed by the Issuer of sufficient Exchange Securities to enable (after the deduction of the Permitted Expenses) the whole (or, where any such Exchange Securities are sold (as aforesaid) cum such rights, the balance) of such rights to be taken up (or such lower number (which may be none) of rights as may be taken up based on the advice of such Independent Adviser) as aforesaid, with, in any such case, any excess proceeds of sale (but only to the extent the Fair Market Value thereof as at the first date on which such excess proceeds as aforesaid can be determined is in excess of €100) being added to and forming part of the Exchange Property; or

(B) to add to the Exchange Property such number (if any) (including fractions) of Exchange Securities of the class to which such rights relate or other securities

or options, warrants or rights as aforesaid as is determined in good faith to be appropriate by an Independent Adviser to reflect the value (if any) of the rights that would have been capable of being realised by the Issuer pursuant to paragraph (A) immediately above.

In the absence of any such election being notified to the Bondholders in accordance with Condition 22 and to the Trustee by not later than the Election Date, paragraph (B) immediately above shall apply.

(c) Where, for the purposes of paragraph (a)(B) above, the Fair Market Value is determined in a currency that is different from the currency in which the relevant exercise, subscription or purchase price (or the like) is expressed (the "**Specified Currency**"), the Fair Market Value on any particular day for the purposes of the relevant calculation shall be converted by the Calculation Agent into the Specified Currency at the Relevant Rate on such day.

(d) In the case of paragraphs (a)(A) and (b)(A) above, any Exchange Securities or other securities or options, warrants or rights taken up pursuant to this paragraph and any excess proceeds of sale as aforesaid shall upon receipt by the Issuer be added to and form part of the Exchange Property. In the case of paragraphs (a)(B) and (b)(B) above, the relevant addition to the Exchange Property shall be effective on the Trading Day immediately following the relevant determination by the Calculation Agent (in the case of paragraph (a)(B)) or the Independent Adviser (in the case of paragraph (b)(B)).

(e) Any rights or other property sold (or deemed to have been sold) and any cash applied as provided in paragraph (a)(A) or (b)(A) above and the number of rights determined for the purposes of paragraph (a)(B)(x) above shall not form or, as the case may be, shall cease to form part of the Exchange Property.

(f) "**Determination Date**" means in the case of Condition 11(b)(ii)(a)(B), the first Trading Day (for the relevant rights) on which the relevant rights may be publicly traded.

(iii) *Bonus Issues, Capital Distributions, Reorganisations and Payments*

If any of the following events occurs (each a "**Relevant Event**"):

(a) Exchange Securities or other securities are issued credited as fully paid to holders of Exchange Securities of a class comprised in the Exchange Property by way of capitalisation of profits or reserves or otherwise by virtue of being holders of Exchange Securities (other than when such issuance is to be treated as a Cash Dividend as per the definition of Dividend in Condition 25);

(b) (subject to Condition 10(f)(B)) a Relevant Company (or any person on behalf of or at the direction or request of a Relevant Company) purchases or redeems any Exchange Securities of a class comprised in Exchange Property; or

(c) any Capital Distribution is paid or made in respect of any Shares or Equity Shares comprised in the Exchange Property; or

(d) pursuant to any scheme of arrangement, reorganisation, amalgamation, merger, demerger, reconstruction or any like or similar event of any company or companies (whether or not involving liquidation or dissolution), any further Exchange Securities or other securities, any evidence of indebtedness or assets (including cash) are issued,

distributed or otherwise made available generally to holders of Exchange Securities, or

(e) any cash amount is paid or distributed in whatever manner (including by way of payment of interest, distribution, repayment of principal or capital or redemption monies) or any securities or other property is distributed, issued, transferred or delivered in whatever manner, in each case in respect of any Exchange Securities or other property or assets of a class (other than Shares or other Equity Shares) comprised in the Exchange Property,

then the further Exchange Securities, securities or other property or assets received in relation to the Relevant Event, so far as attributable to the Exchange Property or, as the case may be, the relevant Capital Distribution in respect of the Shares or Equity Share Capital comprised in the Exchange Property, shall be included as part of the Exchange Property upon receipt by the Issuer (and, if applicable, applied in accordance with Condition 11(c)).

(c) **Purchase of Equity Shares etc.**

Subject as provided in the last paragraph of this Condition 11(c), if at any time Equity Share Capital is comprised in the Exchange Property and any cash amount or securities or other property is comprised in or is to be added to and form part of the Exchange Property pursuant to these Conditions (other than (i) any additional Equity Share Capital of a class already comprised in the Exchange Property or (ii) as included in the Consideration) before the Exchange Rights lapse, then such cash amount or securities or other property shall not be added to or form part of the Exchange Property and instead there shall be added to the Exchange Property such additional Equity Share Capital of the class then comprised in the Exchange Property (and where at the relevant time the Exchange Property comprises more than one class of Equity Share Capital, further Equity Share Capital of each such class on a *pro rata* basis (as determined by reference to the Value of each such class of Equity Share Capital comprised in the Exchange Property as at the Trading Day which immediately precedes the date on which the relevant cash amount or securities or other property would otherwise be added to the Exchange Property pursuant to these Conditions)) as is determined by the Calculation Agent by dividing (x) the Fair Market Value of such cash amount or securities or other property (or, where at the relevant time the Exchange Property comprises more than one class of Equity Share Capital as aforesaid, in respect of each such class of Equity Share Capital, the proportion of the Fair Market Value of such cash amount or other property determined on a *pro rata* basis as provided above) as at the date (the "**Calculation Date**") which is the Trading Day immediately following the date on which the relevant cash amount or securities or other property would otherwise be added to the Exchange Property pursuant to these Conditions (converted, if necessary, by the Calculation Agent into the currency in which the Fair Market Value is determined pursuant to (y) below at the Relevant Rate on such Trading Day) by (y) the Fair Market Value (disregarding for this purpose proviso (A) to the definition of "Fair Market Value") of the relevant Equity Share Capital as at the first Trading Day (for such Equity Share Capital) immediately following (AA) the Calculation Date or (BB) if later, the first day on which the Fair Market Value of such cash amount or securities or other property can be determined as aforesaid.

If any cash amount is to be added to and form part of the Exchange Property in circumstances where the Exchange Property comprises solely cash, such cash amount (converted, if necessary, into euro at the Relevant Rate prevailing on the date of receipt of such cash amount) shall be, or as the case may be, shall be added to, the Exchange Property and thereafter the Exchange Property shall comprise and remain solely cash. No interest shall accrue on or in respect of any such cash amount.

(d) **Notice**

The Issuer shall give notice to the Bondholders in accordance with Condition 22 and to the Trustee and the Principal Paying, Transfer and Exchange Agent of any change in composition of the Exchange Property per Bond as soon as reasonably practicable following such change.

(e) **Determination**

Adjustments to the Exchange Property pursuant to this Condition 11 shall be determined and calculated in good faith by the Calculation Agent and/or to the extent so specified in these Conditions, in good faith by an Independent Adviser. Any calculation or determination performed or made or any matter or (in the case of the Independent Adviser) opinion considered by the Calculation Agent or an Independent Adviser, as the case may be, for the purposes of these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Guarantor, the Trustee, the Bondholders and the Paying, Transfer and Exchange Agents. The Calculation Agent may consult, at the expense of the Issuer and the Guarantor, on any matter, obtain the advice or engage the services of any lawyers, accountants, investment banks or other experts whose advice or services the Calculation Agent may, acting properly, deem necessary, and the Calculation Agent shall be able to rely upon, and shall not be liable and shall incur no liability as against the Issuer, the Guarantor, the Trustee or the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with, any written opinion so obtained. The Calculation Agent or, as the case may be, any Independent Adviser appointed by the Issuer and/or the Guarantor in accordance with these Conditions, is acting exclusively as an agent for the Issuer and/or the Guarantor, as the case may be, and solely upon the request of the Issuer and/or the Guarantor, as the case may be, and in accordance with these Conditions, and will not thereby assume any relationship of agency or trust with, and shall not incur any liability as against, the Trustee or the Bondholders. Neither the Trustee, the Paying, Transfer and Exchange Agents, the Registrar nor the Calculation Agent shall be under any duty to monitor whether any event or circumstance has happened or exists or may happen or exist and which requires or may require an adjustment to be made to the Exchange Property and will not be responsible or liable to any person for any loss arising from any failure by it to do so. Neither the Trustee, the Paying, Transfer and Exchange Agents nor the Registrar shall be responsible or liable to any person in relation to the determination or calculation of any such adjustment.

If any doubt shall arise as to whether an adjustment falls to be made to the Exchange Property, or as to the appropriate adjustment to the Exchange Property, or as to when such adjustment shall take effect or be deemed to have taken effect, the Issuer or the Guarantor may appoint an Independent Adviser to make a determination in good faith in respect thereof and, in the absence of manifest error and following consultation between the Issuer or the Guarantor (as applicable) and the Independent Adviser, the written determination of the Independent Adviser in respect thereof shall be conclusive and binding on the Issuer, the Guarantor, the Bondholders and the Trustee.

(f) **Voting Rights in respect of the Exchange Property**

The Issuer shall retain and be entitled to exercise or to refrain from exercising any rights (including Voting Rights) at its sole and absolute discretion in respect of the Shares or other property forming part of the Exchange Property.

The Bondholders shall have no voting or other rights attaching to any Exchange Security or any other Exchange Property prior to delivery on exchange in accordance with these Conditions.

In exercising any rights attaching to the Shares and other Exchange Securities that it may have or making any election to which it may be entitled, the Issuer is not obliged to take account of interests of the Bondholders and accordingly the Issuer may act in a manner in connection therewith which is contrary to the interests of the Bondholders.

(g) **Other Adjustments to the Exchange Property and Contemporaneous Events**

If (following consultation with the Calculation Agent), the Issuer determines that:

(i) an adjustment should be made to the Exchange Property as a result of one or more events or circumstances not referred to in Condition 11(b)(i), 11(b)(ii) or 11(b)(iii), even if the relevant event is or circumstances are specifically excluded from the operation of Condition 11(b)(i), 11(b)(ii) or 11(b)(iii); or

(ii) more than one event which gives rise or may give rise to an adjustment to the Exchange Property has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result; or

(iii) one event which gives rise or may give rise to more than one adjustment to the Exchange Property has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

the Issuer (failing whom, the Guarantor) shall, at its own expense, request an Independent Adviser to determine as soon as practicable what adjustment (if any) to the Exchange Property is fair and reasonable to take account thereof and the date on which such adjustment should take effect in accordance with such determination and upon such determination the Issuer shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that such adjustment shall result in an increase to the Exchange Property.

12. General Offers

(a) **Acceptance of Offers and Adjustment to Exchange Property**

If an Offer is made or a Scheme of Arrangement becomes effective that, in each case, results in a Relevant Change of Control, then, with effect from the Consideration Date, the Equity Shares which are the subject of such Offer or Scheme of Arrangement shall be deemed no longer to form part of the Exchange Property and shall be deemed to be replaced by the consideration in respect of the relevant Equity Shares under the terms of such Offer or Scheme of Arrangement or, if there is alternative consideration, such consideration as the Issuer may elect for the purposes of these Conditions and subject to the provisions of this Condition 12(a) and Condition 10(f)(A)(iii), and if the Issuer shall fail to make such election by not later than 10 Stockholm Business Days prior to the Final Date in respect of such Offer or Scheme of Arrangement, that consideration as shall be determined by an Independent Adviser to have the greatest value as at the Final Date (the "**Consideration**").

The Issuer shall give notice to the Trustee and the Bondholders in accordance with Condition 22 forthwith upon becoming aware of the existence of any Offer or Scheme of Arrangement.

The Issuer shall at all times be entitled at its discretion (without regard to the interests of the Bondholders), in relation to any shares or other securities owned or controlled by it or in respect of which it is entitled to exercise Voting Rights (whether or not such shares or securities comprise Exchange Property), to vote on, exercise its rights in respect of, or otherwise participate in (or in any such case refrain from doing so), any Scheme of Arrangement, re-organisation, amalgamation, merger, demerger or reconstruction of any company or companies or other entity or entities (whether or not involved in liquidation or dissolution) as it thinks fit.

For the purposes of these Conditions:

"**Consideration Date**" means, in relation to any Offer or Scheme of Arrangement, the date upon which the Consideration is made available to the holders of the relevant Equity Shares.

"**Eligible Equity Shares**" means Equity Share Capital of the offeror provided that: (i) the offeror is a limited liability company (or equivalent) incorporated in or established under the laws of a European Union member state, a state within the European Economic Area or an OECD member state; and (ii) such Equity Share Capital is listed and admitted to trading on an EEA Regulated Market or on a regulated, regularly operating, internationally recognised stock exchange in an OECD member state; and (iii) the Equity Share Free Float in respect of such Equity Share Capital shall have been not less than 15 per cent. of the issued and outstanding Equity Share Capital on each of the 30 consecutive Trading Days ending on and including the Final Date.

"**Equity Share Free Float**" means, in respect of any Equity Shares, the aggregate number of such Equity Shares (i) held by mutual funds, investment funds, collective investment schemes or pension funds and (ii) held by persons that own (together with any other person or persons with whom they act in concert) Equity Shares representing less than 5 per cent. of the total number of such Equity Shares issued and outstanding, as determined by an Independent Adviser acting reasonably and in good faith, in consultation with the Issuer and where (i) references to "Equity Shares" shall include Equity Shares represented by depositary or other receipts or certificates representing Equity Shares; (ii) Equity Shares held by or on behalf of a depositary or custodian or similar person in respect of any such depositary or other receipts of certificates representing Equity Shares from time to time shall be treated as being held by the holder of the relevant depositary or other receipts or certificates and not by such depositary, custodian or similar person; and (iii) Equity Shares held by or on behalf of the issuer of such Equity Shares or any subsidiary of such issuer or any person acting in concert with such issuer shall be treated as not constituting part of the Equity Share Free Float.

"**Final Acceptance Date**" means, in respect of any Offer, the final date for acceptance of such Offer which, if such Offer is extended prior to becoming unconditional, shall be the final date for acceptance of the extended Offer (but, if such Offer is or becomes unconditional, disregarding any additional or further period during which such Offer is open for acceptance).

"**Final Date**" means, in relation to any Offer, the date the Offer becomes or is declared unconditional in all respects and, in relation to a Scheme of Arrangement, the date the Scheme of Arrangement is or becomes effective in accordance with applicable law.

"**Offer**" means an offer to the holders of any Equity Shares comprised in the Exchange Property, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to all holders of the applicable Equity Shares (or all or substantially all such holders other than any holder to whom such offer may not be extended pursuant to applicable securities or other laws or who is, or is connected with, or is deemed to be acting in concert with, the person making such offer or to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any stock exchange in any territory, it is determined not to make such an offer).

"**Offered Cash Amount**" means the cash amount in euro (or, where applicable, translated into euro at the Relevant Rate on the Final Date) comprising the whole or part of the Consideration for one Equity Share in the Offer or Scheme of Arrangement, as the case may be (other than cash paid in respect of fractional entitlements to the Offered Property) provided that if the Offered Property comprises securities or property other than Eligible Equity Shares, such securities or property will be deemed, for the purposes of this definition to form part of the Offered Cash Amount in an amount (converted into euro at the Relevant Rate on the Final Date) equal to the Fair Market Value thereof on the Final Date.

"**Offered Property**" means the Consideration for one Equity Share in the Offer or Scheme of Arrangement, as the case may be, excluding the Offered Cash Amount.

"**Offered Property Value**" means the Fair Market Value of the Offered Property at the close of business on the Final Date (converted into euro at the Relevant Rate on the Final Date). In the case of an Offer or Scheme of Arrangement, as the case may be, the Consideration in respect of which is

entirely in cash or securities or property other than Eligible Equity Shares, the Offered Property Value shall be zero.

A "**Relevant Change of Control**" shall occur in respect of the issuer of any Equity Shares (including, for the avoidance of doubt, the Shares, for so long as they are comprised in the Exchange Property) comprised in the Exchange Property (such issuer, the "**Relevant Issuer**") if:

(i) one or more persons, acting individually or in concert, acquire Control, directly or indirectly, of the Relevant Issuer; or

(ii) the Relevant Issuer consolidates with or merges into another person and the Relevant Issuer is not the continuing entity; or

(iii) the Relevant Issuer disposes of or transfers all or substantially all of its assets to one or more other persons, acting individually or in concert,

and for the purposes of this definition only, "**Control**" means:

(A) the ownership, acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of such Relevant Issuer, whether obtained directly or indirectly; or

(B) the right to appoint and/or remove all or the majority of the members of the Relevant Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise.

"**Scheme of Arrangement**" means a scheme of arrangement or analogous procedure.

"**Specified Date**" means, in relation to any Offer, five Trading Days (in respect of the Equity Shares the subject of the relevant Offer) prior to the Final Acceptance Date.

(b) **Suspension of Exchange Rights**

The Exchange Rights shall be suspended (i) in the case of an Offer, during the period from and including the Specified Date up to and including the date the relevant Offer is withdrawn or the relevant Offer lapses or the Final Acceptance Date or, if earlier, the Final Date, and (ii) in the case of a Scheme of Arrangement, during the period from and including the date (the "**Scheme Specified Date**") falling five Stockholm Business Days prior to the last date for submitting proxies (or the like) for the purposes of a meeting of the holders of the relevant Equity Shares to approve the relevant Scheme of Arrangement up to and including the date the relevant Scheme of Arrangement is or becomes effective in accordance with applicable law, or is rejected by any relevant judicial or other authority or by the holders of the relevant Equity Shares or, if earlier, the date on which the relevant meeting is cancelled.

If an Offer is made that results in a Relevant Change of Control, Exchange Rights will also be suspended during the period from and including the Final Acceptance Date or (if earlier) the Final Date, to and including the Consideration Date.

If the relevant Scheme of Arrangement is or becomes effective in accordance with applicable law and results in a Relevant Change of Control, Exchange Rights will also be suspended during the period from and including the Final Date to and including the Consideration Date.

The period during which Exchange Rights are suspended pursuant to this Condition 12(b) is referred to as the "**Suspension Period**".

Notice of any such Suspension Period (including the commencement and termination thereof) will be given by the Issuer to the Paying, Transfer and Exchange Agents, the Trustee and to the Bondholders in

accordance with Condition 22 promptly following the Specified Date (in the case of an Offer) or promptly following the Scheme Specified Date (in the case of a Scheme of Arrangement).

If Exchange Rights are exercised such that the relevant Exchange Date would otherwise fall in the Suspension Period, such exercise shall be null and void.

(c) **Premium Compensation Amount**

If the Consideration consists wholly or partly of cash or other property (other than Eligible Equity Shares), such cash or such other property shall be added to and form part of the Exchange Property and if the Exchange Date in respect of any Bond falls after the Consideration Date, then the relevant Bondholder shall be entitled to receive, in addition to the relevant Exchange Property per Bond pursuant to Condition 6 (or, as appropriate, any Cash Alternative Amount), an amount (the "**Premium Compensation Amount**") in respect of each €100,000 in principal amount of Bonds surrendered for exchange calculated by the Calculation Agent in accordance with the following formula:

$$PCA = K^2 \times (Principal - IP) \times \frac{T}{C} \times \frac{CB}{CB + CS}$$

Where:

PCA	=	Premium Compensation Amount per Bond
K	=	the lesser of (a) IP/MP and (b) MP/IP
Principal	=	€100,000
IP	=	€80,000
CB	=	the Offered Cash Amount
CS	=	the Offered Property Value
MP	=	the Value of the Exchange Property per Bond on the Final Acceptance Date
C	=	1,827, being the number of days from (but excluding) the Issue Date to (and including) the Maturity Date
T	=	the number of days from (but excluding) the Final Acceptance Date to (and including) the Maturity Date (which shall be zero if the Final Acceptance Date occurs after such date)

Any Premium Compensation Amount payable on exercise of Exchange Rights shall be paid by not later than the relevant Settlement Date by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Exchange Notice.

(d) **Subsequent Offers or Schemes of Arrangement**

The provisions of this Condition 12 shall apply *mutatis mutandis* to any subsequent Offer or Scheme of Arrangement, with the result that such Bondholder may become entitled to receive more than one Premium Compensation Amount.

(e) **Self Tender**

If a tender or other offer is made by or on behalf of the issuer of any Exchange Securities (or any person associated with such issuer) to purchase or otherwise acquire, redeem or exchange such Exchange Securities, then for the purposes of these Conditions and for the determination of the composition of the

Exchange Property for the purposes of these Conditions only, the Issuer shall not tender or be entitled to be treated as having tendered any such Exchange Securities which are comprised in the Exchange Property or be treated as having accepted any such offer in respect thereof or vote in respect of any such Exchange Securities in relation to any such tender or other offer, nor shall the Issuer exercise or be treated as having exercised any option which it may have in connection therewith or otherwise to require the redemption or repayment of such Exchange Securities.

13. Redemption and Purchase

(a) **Final Redemption**

Unless previously exchanged, redeemed, or purchased and cancelled, the Bonds will (subject as provided in Condition 13(g)) be redeemed at their principal amount on the Maturity Date.

The Bonds may only be redeemed at the option of the Issuer prior to the Maturity Date in accordance with Condition 13(b).

(b) **Redemption at the Option of the Issuer**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount:

(i) at any time on or after 19 June 2022, provided that the Value of the Exchange Property per Bond on each of not less than 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than the seventh Trading Day prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have exceeded 130 per cent. of the principal amount of a Bond; or

(ii) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) by the Issuer, the Guarantor and/or any other Subsidiary of the Guarantor and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (including for this purpose, any Further Bonds); or

(iii) if an Offer is made or a Scheme of Arrangement becomes effective that, in each case, results in a Relevant Change of Control where the Consideration consists wholly of cash, at any time on or after the date falling 30 days after the Consideration Date.

In order to exercise such option, the Issuer shall give not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and to the Bondholders in accordance with Condition 22 specifying the date for redemption, which shall be a TARGET Business Day (the "**Optional Redemption Date**").

Any Optional Redemption Notice shall be irrevocable. Any Optional Redemption Notice shall specify (i) the Optional Redemption Date, (ii) the last day on which Exchange Rights may be exercised by a Bondholder and (iii) the Value of the Exchange Property per Bond as at the most recent practicable date prior to the giving of the relevant Optional Redemption Notice.

On the Optional Redemption Date, the Issuer shall redeem the Bonds at their principal amount.

(c) **Redemption at the Option of the Bondholders**

(i) *Redemption on 17 June 2022*

Subject to Condition 13(g), the holder of each Bond will have the right to require the Issuer to redeem that Bond on 17 June 2022 (the "**Optional Put Date**") at its principal amount.

To exercise such right, the holder of the relevant Bond must deliver the certificate in respect of such Bond to the specified office of any Paying, Transfer and Exchange Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Exchange Agent (the "**Optional Put Exercise Notice**") not earlier than 90 days nor later than 45 days prior to the Optional Put Date.

(ii) *Redemption following a Put Event*

On the occurrence of a Put Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Put Date at its principal amount. To exercise such right, the holder of the relevant Bond must deliver at any time during the Put Period, the relevant Bond, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Exchange Agent (the "**Put Exercise Notice**"), to the specified office of any Paying, Transfer and Exchange Agent. The "**Put Date**" shall be the fifth TARGET Business Day after the last day of the Put Period.

(iii) *Redemption following a No Registration Event*

On the occurrence of a No Registration Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the No Registration Event Put Date at the greater of (A) €102,000 and (B) the sum in euro (rounded to the nearest whole multiple of €0.01, with €0.005 being rounded up) equal to 102 per cent. of the No Registration Event Bond Price. To exercise such right, the holder of the relevant Bond must deliver at any time during the No Registration Event Put Period, the certificate in respect of the relevant Bond, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Exchange Agent (the "**No Registration Event Put Notice**"), to the specified office of any Paying, Transfer and Exchange Agent. The "**No Registration Event Put Date**" shall be the fifth TARGET Business Day after the last day of the No Registration Event Put Period.

The Issuer, failing whom the Guarantor, shall as soon as practicable and in any event no later than the 8th Trading Day following the date on which the relevant No Registration Event Notice is given, give notice of the No Registration Event Bond Price, and accordingly the amount for which each Bond will be redeemed on the No Registration Event Put Date, to the Bondholders in accordance with Condition 22 and to the Trustee.

"**No Registration Event Bond Price**" means the price calculated by the Calculation Agent as being the higher of:

(A) the arithmetic average of the Quote for the Bonds in respect of each Trading Day during the period of five consecutive Trading Days ending on the Trading Day immediately preceding the date on which the relevant No Registration Event Notice is given; and

(B) the arithmetic average of the Quote for the Bonds in respect of each Trading Day during the period of five consecutive Trading Days commencing on the Trading Day immediately following the date on which the relevant No Registration Event Notice is given.

"**No Registration Event Put Period**" means the period commencing on the occurrence of a No Registration Event and ending 60 days following such occurrence or, if later, 60 days following the date on which the No Registration Event Notice is given to Bondholders as required by Condition 15(e).

(d) **Notices; General**

If more than one notice of redemption is given pursuant to this Condition 13, the first of such notices to be given shall prevail.

The Trustee shall not be required to monitor or take any steps to ascertain whether a Put Event or No Registration Event or any event which could lead to a Put Event or No Registration Event has occurred or may occur and will not be responsible or liable to the Bondholders or any other person for any loss arising from any failure to do so.

Payment in respect of any such Bond redeemed pursuant to Condition 13(c)(i), (ii) or (iii) shall be made by transfer to a euro account with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the relevant Optional Put Exercise Notice, Put Exercise Notice or No Registration Event Put Notice, as the case may be.

An Optional Put Exercise Notice, Put Exercise Notice or No Registration Event Put Notice, once delivered, shall be irrevocable and on the relevant Optional Put Date, Put Date or No Registration Event Put Date, as the case may be, the Issuer shall redeem all Bonds the subject of Optional Put Exercise Notices, Put Exercise Notices or No Registration Event Put Notices delivered as aforesaid at their principal amount or, in the case of a redemption of Bonds pursuant to Condition 13(c)(iii) only, the amount specified therein.

(e) **Purchase**

The Issuer, the Guarantor or any of the Guarantor's other Subsidiaries may at any time purchase Bonds in any manner and at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries or the holding company of the Issuer or the Guarantor or any Subsidiary of such holding company, shall not entitle the holder to vote at any meetings of the holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Condition 17 and Condition 20(a).

(f) **Cancellation**

All Bonds which are (a) redeemed or exchanged or (b) purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries or the holding company of the Issuer or the Guarantor or any Subsidiary of such holding company will forthwith be cancelled, and accordingly may not be held, reissued or resold.

(g) **Share Settlement Option**

Notwithstanding any provisions of Conditions 13(a) and 13(c)(i), the Issuer may elect to satisfy its obligation to redeem the Bonds on the relevant due date for redemption pursuant to Conditions 13(a) and 13(c)(i) by exercising its option (the "**Share Settlement Option**") with respect to all, but not some only, of the Bonds to be redeemed on the relevant due date for redemption, provided that:

(i) the Exchange Securities comprised in the Exchange Property are listed or traded on an EEA Regulated Market or on a regulated, regularly operating, internationally recognised stock exchange in an OECD member state as at the date on which the Share Settlement Option Notice is given;

(ii) the Equity Share Free Float in respect of each class of Equity Share Capital comprised in the Exchange Property is not less than 15 per cent. on each of the 30 consecutive Trading Days ending not earlier than five Trading Days prior to the date on which the Share Settlement Option Notice is given;

(iii) no Event of Default or Potential Event of Default shall have occurred and be continuing as at the date on which the Share Settlement Option Notice is given;

(iv) an Offer Period shall not have occurred and be continuing as at the date on which the Share Settlement Option Notice is given; and

(v) an Underlying Event of Default shall not have occurred and be continuing.

"**Offer Period**" means any period commencing on the date of first public announcement of a Qualifying Offer and ending on the date such Qualifying Offer ceases to be open for acceptance or, if earlier, on which such Qualifying Offer lapses, is withdrawn, terminates or closes.

A "**Qualifying Offer**" means an Offer in respect of Equity Shares of a class comprised in the Exchange Property and comprising the Predominant Exchange Security.

"**Underlying Event of Default**" means an event of the nature described in Condition 17(a)(iv) to (xiii) as if for such purposes references to any persons therein were to the issuer of any class of Equity Share Capital comprised in the Exchange Property and any of its subsidiaries.

To exercise its Share Settlement Option, the Issuer shall give a notice to such effect (the "**Share Settlement Option Notice**") to the Bondholders in accordance with Condition 22 and to the Trustee, the Principal Paying, Transfer and Exchange Agent and the Calculation Agent. The Share Settlement Option Notice shall be given not more than 60 nor less than 35 Expected Trading Days prior to the Maturity Date in the case of a redemption of Bonds pursuant to Condition 13(a), or not more than 60 nor less than 35 Expected Trading Days prior to the Optional Put Date in the case of a redemption pursuant to Condition 13(c)(i).

A Share Settlement Option Notice shall specify the Valuation Date, the Cash Settlement Calculation Period and the Relevant Percentage which shall apply in respect of each Bond.

Where the Issuer shall have exercised the Share Settlement Option the Issuer shall, in lieu of redeeming the Bonds in cash, effect redemption in respect of the Bonds by:

(a) delivering to Bondholders on or prior to the Settlement Date the Relevant Exchange Property in respect of each Bond as at the Valuation Date; and

(b) making payment in respect of each Bond on the due date for redemption of the Cash Settlement Amount,

and the Share Settlement Option Notice shall inform Bondholders accordingly.

"**Cash Settlement Amount**" means, in respect of a Bond, an amount (if any) by which the principal amount of such Bond exceeds 99 per cent. of the arithmetic average of the Value of the Relevant Exchange Property in respect of such Bond on each of the Trading Days comprised in the Cash Settlement Calculation Period.

"**Cash Settlement Calculation Period**" means the period of 25 Expected Trading Days ending on and including the Valuation Date (and if, for any reason, any of such 25 Expected Trading Days is not subsequently a Trading Day for the Predominant Exchange Security, the Cash Settlement Calculation Period shall not be extended).

"**Expected Trading Day**" means, in respect of any Cash Settlement Calculation Period, each day which, as at the date on which the relevant Share Settlement Option Notice is given, is scheduled to be a Trading Day (whether or not such day is subsequently a Trading Day).

"**Relevant Exchange Property**" means, in respect of any Bond, on any day, the product of (x) the Relevant Percentage (as specified in the Share Settlement Option Notice) and (y) the Exchange Property per Bond in effect on the Valuation Date, as determined by the Calculation Agent.

''**Relevant Percentage**'' means, in respect of any Bond, a percentage between 0 per cent. (exclusive) and 100 per cent. (inclusive) of the Exchange Property per Bond in respect of such Bond which is to be delivered pursuant to the Share Settlement Option (as specified in the Share Settlement Option Notice).

"**Valuation Date**" means the date which falls three Stockholm Business Days prior to the Maturity Date or the Optional Put Date (as the case may be) or, if such date is not an Expected Trading Day, the immediately preceding Expected Trading Day.

"**Value**" means (for the purposes of this Condition 13(g) only) with respect to any property on any day:

(1) in the case of a publicly traded security for which a VWAP is available on such day, the VWAP (disregarding for this purpose, proviso (B) to the definition thereof) of such publicly traded security on such day (all as determined by the Calculation Agent);

(2) in the case of a publicly traded security for which the VWAP is not available on such day, the Closing Price (disregarding for this purpose, proviso (B) to the definition thereof) of such publicly traded security on such day (all as determined by the Calculation Agent);

(3) in the case of cash, the amount of such cash; and

(4) in the case of any other property, and in the case of any publicly-traded security for which a value cannot be determined pursuant to paragraph (1) or (2) above, its fair market value on such day as determined by an Independent Adviser,

in each case translated (if not in euros) into euros at the Relevant Rate in effect on such day,

provided that:

(A) for the purpose of determining the Value of the Exchange Property per Bond, such Value shall be equal to the aggregate of the Values of any property (determined as provided in this definition) included in the Exchange Property per Bond, as calculated by the Calculation Agent;

(B) if on any day any such publicly-traded securities are quoted on the relevant Exchange cum any dividend or other entitlement, or any assets or publicly-traded securities the value of which is to be determined pursuant to (4) above have the benefit of, or are entitled to, or carry the right to, any dividend or other entitlement, in any such case which (or a portion of which) (i) results in an adjustment of the Exchange Property pursuant to Condition 11(b) and such adjustment is in effect as at the Valuation Date or (ii) a Bondholder is not entitled to pursuant to these Conditions (including in respect thereof pursuant to any Relevant Exchange Property deliverable pursuant to Condition 13(g)(VIII) or cash amount or other property deliverable pursuant to Condition 13(g)(IX), but excluding an adjustment of the Exchange Property in respect thereof which is in effect as at the Valuation Date) in respect of the relevant delivery of Relevant Exchange Property, then the value of any such assets or publicly traded securities on such day shall be reduced by an amount equal to the Value (or, in the case of a Cash Dividend or cash amount, the Fair Market Value (converted, if necessary, into euro at the Relevant Rate)) as at such date of such dividend or other entitlement (or relevant portion thereof), as determined by the Calculation Agent;

(C) if on any day any such publicly traded securities are quoted or traded on the relevant Exchange ex any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (4) above do not have the benefit of, or are not entitled to, or do not carry the right to, any dividend or other entitlement, in any such case which (or a portion of which) a Bondholder is entitled to pursuant to these Conditions (including in respect of which the relevant Bondholder is entitled to receive any Relevant

Exchange Property deliverable pursuant to Condition 13(g)(VIII) or cash amount or other property deliverable pursuant to Condition 13(g)(IX), but excluding an adjustment of the Exchange Property in respect thereof where such adjustment is in effect as at the Valuation Date) in respect of the relevant delivery of Relevant Exchange Property, then the value of any such assets or publicly traded securities on such day shall be increased by an amount equal to the Value (or, in the case of a Cash Dividend or cash amount, the Fair Market Value (converted, if necessary, into euro at the Relevant Rate)) as at such date of any such dividend or other entitlement (or relevant portion thereof), as determined by the Calculation Agent; and

(D) if any doubt shall arise as to whether any adjustment to the determination of Value is required, or as to the appropriate adjustment(s) required, to give the intended result, the Issuer or the Guarantor may appoint an Independent Adviser to make a determination in good faith in respect thereof and, in the absence of manifest error and following consultation between the Issuer or the Guarantor (as applicable) and the Independent Adviser, the written determination by the Independent Adviser in respect thereof shall be final and binding on the Issuer, the Guarantor, the Bondholders, the Trustee and the Paying, Transfer and Exchange Agents.

If (a) the Issuer does not deliver a relevant Share Settlement Option Notice in the manner and by the time set out in this Condition 13(g), or (b) the Issuer does so deliver a Share Settlement Option Notice but an event or circumstance constituting a Knock-out Event occurs thereafter but on or prior to the due date for redemption (such circumstances being referred to as a "**Share Settlement Option Annulment**") the relevant Bonds shall be redeemed for cash on the due date for redemption in accordance with the provisions of Condition 13(a) or 13(c)(i), as appropriate, and payment in respect thereof shall be made in accordance with Condition 14.

For the purposes of this Condition 13(g), a "**Knock-out Event**" shall occur if one or more of the conditions specified in paragraphs (i) to (v) in the first paragraph of this Condition 13(g) is not met or satisfied.

If the Issuer elects to exercise the Share Settlement Option, the following provisions shall apply:

(I) In order to obtain delivery of the Relevant Exchange Property upon redemption, the relevant Bondholder must deliver a duly completed notice, substantially in the form set out in the Agency Agreement (the "**Share Settlement Notice**"), a copy of which may be obtained from the specified office of any Paying, Transfer and Exchange Agent, together with the relevant Bonds to the specified office of any Paying, Transfer and Exchange Agent at least 10 Business Days in the relevant place of delivery of such notice prior to the due date for redemption (the "**Notice Cut-off Date**"). If such delivery is made after 5.00 p.m. local time at the specified office of the relevant Paying, Transfer and Exchange Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following Business Day in such place.

(II) If the Share Settlement Notice and the relevant Bonds are delivered to a Paying, Transfer and Exchange Agent on or before the Notice Cut-off Date, then subject as provided herein, the Relevant Exchange Property will be delivered on or prior to the Settlement Date in accordance with the instructions given in the Share Settlement Notice as provided in sub-paragraph (VIII) below and the Cash Settlement Amount (if any) will be paid on the due date for redemption in accordance with the instructions given in the relevant Share Settlement Notice.

(III) If the Share Settlement Notice and the relevant Bonds are not delivered to a Paying, Transfer and Exchange Agent on or before the Notice Cut-off Date, then (1) on the due date for redemption of such Bonds the Relevant Exchange Property will be delivered to an independent financial institution (the "**Share Settlement Agent**") selected and appointed by the Issuer at its expense and (2) on the due date for redemption of such Bonds the Cash Settlement Amount (if any) will be paid in accordance with Condition 14. The Issuer shall procure that all of such Relevant Exchange Property shall be sold by or on behalf of the Share Settlement Agent as soon as practicable based on advice from an Independent Adviser and (subject to any necessary consents being obtained and to the deduction by or on behalf of the Share Settlement Agent of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital, stamp, issue or registration and transfer taxes and duties (if any) and any fees including legal fees or costs reasonably incurred by the Issuer (including in respect of the appointment of the Independent Adviser and the Share Settlement Agent) and/or incurred by or on behalf of the Share Settlement Agent in connection with the sale thereof) the net proceeds of such sale (converted if necessary into euro at such rate as the Independent Adviser shall determine to be appropriate on the basis of the middle spot rate for the relevant currency against the euro at or around 12 noon (London time) on the day on which the relevant conversion is effected, as quoted by the leading bank(s) effecting such conversion) together with all Cash Settlement Amounts (if any) shall be distributed rateably to the holders of the relevant Bonds by the Issuer (subject to the provisions of the Trust Deed) in accordance with Condition 14. The amount of such net proceeds of sale and all Cash Settlement Amounts (if any) payable to a holder pursuant to this sub-paragraph (III) shall be treated for all purposes as the full amount due from the Issuer in respect of the relevant Bonds.

(IV) The Share Settlement Agent shall act solely as the agent of the Issuer. The Trustee shall have no liability whatsoever to the Issuer, any Bondholders or any other person in respect of the selection and appointment of the Share Settlement Agent, or the performance by the Share Settlement Agent of its duties and functions, or in respect of any sale of any Relevant Exchange Property or Additional Exchange Property, whether for the timing of any such sale or sales or the price at which any of the Relevant Exchange Property or Additional Exchange Property is sold, or any inability by the Share Settlement Agent to sell any of the Relevant Exchange Property or Additional Exchange Property or the rate of exchange at which any amount is converted by the Share Settlement Agent into euro or for the timing of any distributions, or otherwise whatsoever.

(V) Without prejudice to any Share Settlement Option Annulment, a Share Settlement Option Notice shall be irrevocable and any Share Settlement Notice shall be irrevocable. Failure properly to complete and deliver a duly completed Share Settlement Notice and the relevant Bonds may result in such notice being treated as null and void and in such circumstances the Issuer shall be entitled to effect settlement in accordance with sub-paragraph (III) above. Any determination as to whether any Share Settlement Notice has been properly completed and delivered as provided in these Conditions shall be made by the Issuer in its sole and absolute discretion and shall be conclusive and binding on the relevant Bondholders.

(VI) No fraction of an Exchange Security or any other property comprised in the Relevant Exchange Property which is not divisible shall be delivered pursuant to this Condition 13(g) and no payment will be made to Bondholders in respect of any such fractions, and any such fraction will be rounded down to the nearest whole multiple of an Exchange Security or unit of any such other property.

However, if one or more Share Settlement Notices and relevant Bonds are delivered not later than the Notice Cut-off Date such that the Exchange Property to be issued or transferred and delivered on redemption of Bonds are to be registered in the same name, the Exchange Property to be delivered in respect thereof and the Cash Settlement Amount (if any) shall be calculated on the basis of the aggregate principal amount of such Bonds, as determined by the Calculation Agent.

Where Exchange Property is to be delivered to the Share Settlement Agent pursuant to sub-paragraph (III) above or sub-paragraph (IX) below, the Exchange Property to be delivered and the Cash Settlement Amount (if any) shall be calculated by the Calculation Agent on the basis of the aggregate principal amount of Bonds in respect of which such issue or transfer and delivery is to be made.

(VII) Neither the Trustee nor the Calculation Agent shall be required to take any steps to ascertain whether any Knock-out Event or any event which could lead to a Knock-out Event has occurred.

(VIII) In respect of Exchange Property to be delivered pursuant to sub-paragraph (II) above and as directed by a Bondholder in a Share Settlement Notice, the Issuer shall on or prior to the Settlement Date:

(1) in respect of Shares or other Exchange Securities deliverable through Euroclear Sweden, effect delivery through Euroclear Sweden to the account specified in the relevant Share Settlement Notice;

(2) in respect of other Exchange Securities that are deliverable through a clearing system (other than Euroclear Sweden), effect delivery through that clearing system to the account specified in the relevant Share Settlement Notice;

(3) in respect of Exchange Securities not falling within (1) or (2) above, procure that forms of transfer and certificates (if certificates for such Exchange Securities are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of or entitlement to such Exchange Securities will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto) to such address, subject to applicable securities laws, as the Bondholder may specify in the relevant Share Settlement Notice; and

(4) procure that such documents of title and evidence of ownership of any other Relevant Exchange Property shall be despatched and the payment of any part of the Relevant Exchange Property comprising cash to be delivered on exercise of the Share Settlement Option (converted if necessary into euros at the Relevant Rate on the relevant Valuation Date) shall be made, in each case in accordance with directions given by the relevant Bondholder in the relevant Share Settlement Notice.

Notwithstanding the above, if Euroclear Sweden or, as the case may be, the relevant clearing system through which delivery of Shares or other Exchange Property is to be made as provided above, has been closed for a continuous period of two or more days (excluding Saturdays and Sundays and save by reason of holidays, statutory or otherwise) in the period between the relevant Valuation Date and the relevant Settlement Date, the Issuer will notify the relevant Bondholder at the address of the Bondholder specified in the relevant Share Settlement Notice (or the Issuer may, if it so determines, instead notify all Bondholders in accordance with Condition 22), and the date for such delivery shall be the later of the Settlement Date and the

earliest practicable date on which the relevant Exchange Property may be delivered by or through Euroclear Sweden or, as the case may be, the relevant clearing system.

Neither the Issuer nor the Trustee nor any Paying, Transfer and Exchange Agent shall be responsible or liable to any person for any delay in the delivery of or failure to deliver any property comprising Relevant Exchange Property arising as a result of a failure by the relevant Bondholder to supply all information and details as required by the relevant Share Settlement Notice.

If the Relevant Exchange Property has changed in whole or in part as a result of an Offer or as a result of a Scheme of Arrangement becoming effective, in each case as provided in Condition 12, then the Issuer will deliver the Relevant Exchange Property due to Bondholders or, as the case may be, to the Share Settlement Agent, as soon as reasonably practicable.

(IX) If:

(A) the Valuation Date in respect of any Bond shall be on or after the date of any public announcement affecting the composition of any part of the Relevant Exchange Property (other than Shares or other Registered Securities) in circumstances where the relevant entitlement is determined by reference to a record date in respect thereof, but before the date on which such change is effective; or

(B) the Valuation Date in respect of any Bond shall be on or after the record date or other due date for the establishment of the relevant entitlement in respect of any Adjustment Event in respect of any Registered Securities comprising Relevant Exchange Property but before the date on which adjustment of the Exchange Property becomes effective; or

(C) the Valuation Date in respect of any Bond shall be on or before the record date or other due date for the establishment of the relevant entitlement in respect of any Adjustment Event in respect of any Registered Securities comprising Relevant Exchange Property in circumstances where the Registration Date in respect of such Registered Securities is after such record date or other due date for the establishment of the relevant entitlement and the relevant Bondholder (or, as the case may be, the Share Settlement Agent) would not otherwise receive the relevant entitlement but the Issuer has received or is entitled to receive such entitlement,

then (unless the Issuer is able to confer on or deliver to the relevant Bondholder or, as the case may be, the Share Settlement Agent such entitlement to or in respect of the Additional Relevant Exchange Property), the relevant Bondholder or, as the case may be, the Share Settlement Agent, shall be entitled to receive such additional Relevant Exchange Property (the "**Additional Relevant Exchange Property**") as would have been receivable by it had the relevant Valuation Date occurred immediately after the date on which such change in the composition of the Exchange Property or adjustment of the Exchange Property became effective or, as the case may be, had the relevant Registration Date in respect of such Registered Securities been immediately before such record date or other due date for establishment of entitlement, all as determined by the Calculation Agent, and the Issuer will deliver, or procure the delivery of, such Additional Relevant Exchange Property to the relevant Bondholders or, as the case may be, the Share Settlement Agent in accordance with instructions contained in the relevant Exchange Notice or, as the case may be, as directed by the

Share Settlement Agent as soon as reasonably practicable following the relevant adjustment to the Exchange Property, and if a Share Settlement Notice and relevant Bonds shall not have been delivered to a Paying, Transfer and Exchange Agent on or before the Notice Cut-off Date, such Additional Relevant Exchange Property shall be dealt with as provided in Condition 13(g)(III).

(X) The provisions of Condition 10(b)(1) and Condition 10(b)(2) shall apply *mutatis mutandis* to this Condition 13(g) (but disregarding references in Condition 10(b)(1) and Condition 10(b)(2) to "Cash Election"), provided that references in Condition 10(b)(1) and Condition 10(b)(2) to the "Exchange Date" will be deemed to be references to the Valuation Date, references to the "Exchange Notice" will be deemed to be references to the Share Settlement Notice, references to the "Exchange Property" will be deemed to be references to the Relevant Exchange Property and references to the "Additional Exchange Property" will be deemed to be references to the Additional Relevant Exchange Property.

14. Payments

(a) **Payment**

Payment of principal in respect of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date.

Such payments will be made in euros by transfer to a euro account maintained with a bank specified by the relevant Bondholder in a city in which banks have access to the TARGET System.

Payment of all other amounts will be made as provided in these Conditions.

All payments in respect of Bonds represented by the Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(b) **Due Date Not a Business Day**

If the due date for any payment in respect of any Bond (or any later date on which the certificate in respect of a Bond is presented or surrendered for payment if presentation or surrender is so required) is not a TARGET Business Day, then the holder will not be entitled to the relevant payment until the next day which is a TARGET Business Day, and will not be entitled to any interest or other payment in respect of any such delay.

(c) **Record Date**

"**Record Date**" means the seventh Business Day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) **Payments subject to fiscal laws**

All payments in respect of the Bonds are subject in all cases (i) to any applicable fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to Condition 16 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA. No commissions and expenses shall be charged to the Bondholders in respect of such payment.

(e) **Prescription**

Claims in respect of any payment or delivery of Exchange Property in respect of the Bonds will become void unless made within 10 years from the appropriate Relevant Date in respect of such payment or delivery.

(f) **Rounding**

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest such unit.

15. Undertakings

(a) So long as any Bond remains outstanding, save with the prior written consent of the Trustee or as approved by any Extraordinary Resolution of the Bondholders or pursuant to, or as expressly permitted in, any of the Transaction Documents, the Issuer will not, and the Guarantor will procure that the Issuer does not, conduct any business or any activities other than the issue of the Bonds and the lending of the proceeds thereof to any of the Guarantor's Subsidiaries and Affiliates and any other activities reasonably incidental thereto.

In giving any consent to the foregoing, the Trustee may require the Issuer and the Guarantor to make such modifications or additions to the provisions of the Transaction Documents or may impose such other conditions or requirements as the Trustee may deem expedient (in its absolute discretion) in the interests of the Bondholders.

(b) The Issuer and the Guarantor undertake to obtain and/or maintain all applicable consents and approvals which are required for the performance of their respective obligations under the Bonds, the Trust Deed, the Agency Agreement, the Calculation Agency Agreement and the Deed of Guarantee.

(c) Where these Conditions require or contemplate a sale of any property or assets to be made or procured to be made by the Issuer, the Issuer shall procure that the relevant sale is made as soon as reasonably practicable and in any event, if a payment calculated by reference to any such sale is to be made pursuant to these Conditions, in such time to enable the relevant payment to be made by the time specified in these Conditions.

(d) If a Put Event shall occur, the Issuer, failing whom the Guarantor, shall as soon as practicable and in any event no later than 10 PRC Business Days following such occurrence, give notice thereof (a "**Put Notice**") to the Bondholders in accordance with Condition 22 and to the Trustee.

A Put Notice shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in Condition 6 and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 13(c)(ii).

A Put Notice shall also specify:

(i) the Value with respect to the Exchange Property per Bond as at the last practicable date prior to the giving of the Put Notice;

(ii) the last day of the Put Period; and

(iii) the Put Date.

(e) If a No Registration Event shall occur, the Issuer, failing whom the Guarantor, shall, on or prior to the Registration Deadline, give notice thereof (a "**No Registration Event Notice**") to the Bondholders in accordance with Condition 22 and to the Trustee.

A No Registration Event Notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 13(c)(iii).

A No Registration Event Notice shall also specify:

(i) the last day of the No Registration Event Put Period; and

(ii) the No Registration Event Put Date.

(f) Each of the Issuer and the Guarantor undertakes to use all reasonable endeavours to obtain, by no later than 30 days following the Issue Date, and thereafter to maintain, the admission to listing and quotation of the Bonds on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or such other internationally recognised, regularly operating, stock exchange or securities market as the Issuer and the Guarantor may determine, and the Issuer and the Guarantor will forthwith give notice to the Bondholders in accordance with Condition 22 of the listing (other than any initial admission to listing and quotation on the Official List of the SGX-ST) or delisting of the Bonds by any of such stock exchanges or securities markets.

(g) If the appointment of an Independent Adviser is required by these Conditions or if these Conditions relate to any matter to be determined by an Independent Adviser, the Issuer and the Guarantor shall procure that the relevant appointment is made as soon as practicable (at the Issuer's expense, failing whom at the expense of the Guarantor) and, in any event, in time to enable the proper operation of the relevant provisions of these Conditions.

(h) For so long as any Bond remains outstanding, the Guarantor will furnish the Trustee (to be made available in electronic format to any person upon request to the Trustee) (A) within 180 days of the end of each Relevant Period, with a copy of the relevant Guarantor Audited Financial Reports prepared in accordance with PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants), and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate signed by any Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; and (B) within 120 days of the end of each Relevant Period, with a copy of the Guarantor Management Accounts prepared on a basis consistent with the Guarantor Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate signed by any Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; provided that, in each case, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange outside the PRC, the Guarantor may furnish to the Trustee, as soon as they are available but in any event not more than 14 calendar days after any comparable annual and semi-annual financial reports of the Guarantor are filed with the exchange on which the Guarantor's capital stock is at such time listed for trading, a true and correct copy of any comparable annual and semi-annual financial report filed with such exchange (and if the same are not in the English language, an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate signed by any Authorised Signatory of the Guarantor certifying that such translation is complete and accurate to be provided within the time period as described in (A) or, as the case may be, (B) above) in lieu of

the reports identified in (A) and (B) above. The Issuer and the Guarantor shall also procure the publication of the Guarantor Audited Financial Reports and the Guarantor Management Accounts (together with, where the foregoing are in the Chinese language, the English translation of the same prepared in accordance with the requirements of this Condition 15(h)) on the "Company Announcements" page (being currently https://www2.sgx.com/securities/company-announcements), or any relevant successor page, of the website of the SGX-ST (or, if at any time the Bonds are listed on a stock exchange or securities market other than the SGX-ST, on such other public website which may be accessed without charge as the Issuer and the Guarantor may determine and notify to Bondholders in accordance with Condition 22), in each case, on the same date that such documents are sent to the Trustee in accordance with this Condition 15(h).

(i) For so long as any Bond remains outstanding, the Guarantor shall provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) (i) within 14 days of a written request by the Trustee and (ii) at the same time as the provision of the relevant Guarantor Audited Financial Reports (or any comparable annual financial report) referred to in Condition 15(h) above.

16. Taxation

(a) **Payment without Withholding**

All payments in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. Where such withholding or deduction is made by the Issuer or the Guarantor by or within the PRC at the rate of up to and including the aggregate rate applicable on 12 June 2019 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will pay such additional amounts ("**additional amounts**") as may be necessary in order that the net amount received by Bondholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction.

If the Issuer or the Guarantor is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within any Relevant Jurisdiction other than the PRC, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (the "**Additional Tax Amount**") as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction; except that no Additional Tax Amounts shall be payable in relation to any payment in respect of any Bond:

(a) surrendered for payment by or on behalf of a Bondholder (or to a third party on behalf of a Bondholder) who is liable to the Taxes in respect of the Bond by reason of his having some connection with such Relevant Jurisdiction other than the mere holding of the Bond; or

(b) (in the case of payment of principal or other amount) if the certificate in respect of the Bond is surrendered for payment (where surrender is required as a precondition to payment) more than 30 days after the Relevant Date except to the extent that a Bondholder would have been entitled to Additional Tax Amounts on surrendering the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day in the place of surrender.

(b) **Additional amounts and Additional Tax Amounts**

Any reference in these Conditions to any amounts in respect of the Bonds shall be deemed also to refer to any additional amounts and any Additional Tax Amounts which may be payable under this Condition or any additional amounts which may be payable under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

(c) **No responsibility on Trustee and Paying, Transfer and Exchange Agents for Determinations**

Neither the Trustee nor any Paying, Transfer and Exchange Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 16 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Paying, Transfer and Exchange Agent that would permit, enable or facilitate the payment of any principal or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

(d) **FATCA**

Notwithstanding any other provision of these Conditions, in no event will the Issuer or the Guarantor be required to pay any additional amounts in respect of the Bonds for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

17. Events of Default

(a) **Events of Default**

The following will be events of default (each an "**Event of Default**") with respect to the Bonds:

(i) if default is made in the payment of any principal or other amount due in respect of the Bonds or any of them; or

(ii) if the Issuer fails to deliver any Exchange Property to Bondholders upon an exercise of Exchange Rights (subject to the right of the Issuer to make a Cash Election pursuant to Condition 8) or upon an exercise of the Share Settlement Option by the Issuer, and in any such case any such default continues for a period of seven days; or

(iii) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions, the Trust Deed or the Deed of Guarantee (other than where such default gives rise to a right of redemption pursuant to Condition 13(c)(iii)) and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or

(iv) if (x) any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries becomes, or becomes capable of being declared, due and repayable prematurely by reason of an event of default or potential event of default (however described); (y) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for

payment; or (z) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any amount payable under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person on the due date for payment; provided that no event described in this Condition 17(a)(iv) shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (x) through (z) inclusive above which have occurred, amounts to at least U.S.$50,000,000 (or the equivalent thereof in any other currency); or

(v) if any order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries, save in the case of any Significant Subsidiary, for (x) any solvent winding-up, liquidation or dissolution for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution; or (y) any reorganisation whereby the business, undertaking and assets of such Significant Subsidiary are transferred to or otherwise vested in the Guarantor and/or another Subsidiary of the Guarantor; or

(vi) if the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (save (x) in the case of any Significant Subsidiary, where the cessation is for the purposes of a solvent winding-up, dissolution, reconstruction, merger or consolidation for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution; or (y) in the case of any Significant Subsidiary, (A) whereby the business, undertaking and assets of such Significant Subsidiary are transferred to or otherwise vested in the Guarantor and/or another Subsidiary of the Guarantor or (B) as a result of a disposal at Fair Asset Value and the net proceeds from such disposal shall be transferred to or otherwise vested in the Guarantor or any of its Subsidiaries) or the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, a material part of its debts (or any class of its debts which is material) as they fall due or is deemed unable to pay a material part of its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vii) if any Security Interest, present or future, created or assumed by the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries is or becomes enforceable; and (x) proceedings are initiated against the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries in relation to all or any substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries, or (y) the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries (or their respective directors or shareholders) initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or any material part of its debts), or (z) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries or, as the case may be, in relation to all or any substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries or an encumbrancer takes possession of all or any part of the undertaking or assets of the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries, or a distress, execution, attachment,

sequestration or other process is levied, enforced upon or put in force against all or any substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries; and in each such case (other than the appointment of an administrator) is not discharged or stayed within 60 days; or

(viii) if the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries makes a conveyance or general assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) in respect of all or any material part of the debts of the Guarantor or any of its Significant Subsidiaries; or

(ix) if all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Significant Subsidiaries is seized or otherwise expropriated by any person acting under the authority of any national, regional or local government; or

(x) if the Deed of Guarantee or the Guarantee provided by the Guarantor thereunder is or becomes unenforceable or invalid; or

(xi) if any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (x) to enable each of the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Deed of Guarantee and the Trust Deed, (y) to ensure that those obligations are legally binding and enforceable and (z) to make the Bonds, the Deed of Guarantee and the Trust Deed admissible in evidence is not taken, fulfilled or done; or

(xii) if it is unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Bonds, the Deed of Guarantee or the Trust Deed; or

(xiii) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the other events referred to in paragraphs (v) to (ix) of this Condition 17(a).

(b) **Acceleration**

If an Event of Default occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution of the Bondholders shall, (subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction) give written notice (an "**Acceleration Notice**") to the Issuer (with a copy to the Guarantor) declaring the Bonds to be immediately due and repayable, whereupon they shall become immediately due and repayable at the Relevant Amount, without any further declaration, notification or other act on the part of the Trustee or any Bondholders.

"**Relevant Amount**" means, in respect of each €100,000 in principal amount of Bonds, an amount equal to the higher of:

(i) the Value of the Exchange Property per Bond and any other amounts which would have been payable and/or deliverable on the exercise of Exchange Rights in respect of such principal amount of Bonds (assuming for this purpose Exchange Rights to be exercisable on such date and disregarding any Cash Election) had the date of such declaration been the Exchange Date; and

(ii) such principal amount.

References in these Conditions and the Trust Deed to the principal amount of the Bonds (but, for the avoidance of doubt, not in the context of references to authorised denominations) shall, following the giving of an Acceleration Notice, be construed as references to the Relevant Amount.

18. Registrar and Agents

(a) **Agents of the Issuer and Guarantor**

The Registrar and the Paying, Transfer and Exchange Agents, when acting in that capacity, are acting solely as agents of the Issuer and the Guarantor or, in the limited circumstances provided for in the Trust Deed, the Trustee and do not assume any obligation towards or relationship of agency or trust for or with any Bondholder. The Calculation Agent shall act exclusively as an agent for, and upon request from, the Issuer and the Guarantor and in accordance with the Conditions, and (acting in such capacity as aforesaid) shall not have any relationship of agency or trust with, and shall not be liable and shall incur no liability as against, the Bondholders.

(b) **Paying, Transfer and Exchange Agents; Registrar; Calculation Agent**

The Issuer and the Guarantor reserve the right under the Agency Agreement at any time to vary or terminate the appointment of any Paying, Transfer and Exchange Agent or the Registrar and appoint additional or other Paying, Transfer and Exchange Agents, in each case subject to the prior written consent of the Trustee, provided that they will (i) maintain a Principal Paying, Transfer and Exchange Agent, (ii) maintain a Paying, Transfer and Exchange Agent having a specified office in a major European city, and (iii) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Exchange Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 22.

The Issuer and the Guarantor further reserve the right at any time to vary or terminate the appointment of the Calculation Agent, provided that they will at all times maintain a Calculation Agent which is a financial institution or financial adviser with appropriate expertise.

19. Indemnification of the Trustee and its Contracting with the Issuer and the Guarantor

(a) **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and or prefunded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (a) to evaluate its risk in any given circumstance by considering the worst-case scenario and (b) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

Notwithstanding anything to the contrary, whenever the Trustee is required or entitled by the terms or the conditions of the Bonds and/or Transaction Documents to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and to be indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal expenses), losses and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such

action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or in the event that no direction is given to the Trustee by the Bondholders.

The Trustee may rely conclusively, without liability to Bondholders, on a report, confirmation, opinion or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) on any such report, confirmation, opinion or certificate or advice and such report, confirmation, opinion or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

The Trustee shall not be obliged to take any steps to ascertain whether a Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Potential Event of Default or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

None of the Trustee or any of the Paying, Transfer and Exchange Agents shall be responsible or liable for the performance by the Issuer and/or the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the Bonds or the Transaction Documents and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. The Trustee shall be entitled to rely conclusively on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Paying, Transfer and Exchange Agents shall be under any obligation to ascertain whether any winding-up, Put Event, No Registration Event or any event which could give rise to a right on the part of the Issuer to redeem the Bonds has occurred or may occur or monitor compliance by the Issuer or the Guarantor with the provisions of the Bonds or the Transaction Documents or these Conditions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

Any certificate, report or determination of the Calculation Agent or an Independent Adviser or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee and whether or not it contains a monetary or other limit on the liability of the Calculation Agent or Independent Adviser or, as the case may be, such other person) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any liability that may be occasioned by it or any other person acting on such certificate, report or determination and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

(b) **Trustee Contracting with the Issuer and the Guarantor**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith

20. Meetings of Bondholders, Modification and Waiver, Interests of Bondholders and Entitlement of Trustee and Enforcement

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Bonds or the Transaction Documents. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Bonds held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions, the Bonds and the Transaction Documents (including (i) modifying the Maturity Date or the Optional Put Date, (ii) reducing or cancelling the principal amount of the Bonds or any amount payable in respect of the Bonds, (iii) altering the currency of payment in respect of the Bonds, (iv) modifying or cancelling the Exchange Rights or the amount of Exchange Property to which Bondholders are entitled upon any exchange of their Bonds pursuant to these Conditions (other than, in any such case, an increase in the Exchange Property deliverable on exchange or an increase in the Cash Alternative Amount), (v) modifying the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, (vi) changing the governing law of the Bonds, (vii) releasing the Guarantor from any of its obligations pursuant to the Guarantee, (viii) waiving or amending the Issuer's compliance with Conditions 3(a) or 11(f) or (ix) modifying the circumstances in which the Issuer is entitled to redeem the Bonds or in which the Bondholders are entitled to require the Issuer to redeem the Bonds) the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one quarter, of the principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders will be binding on all Bondholders, whether or not they are present at the meeting and whether or not voting on such Extraordinary Resolution.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding (a "**Written Resolution**") and (ii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Bondholders of not less than three-fourths in principal amount of the Bonds outstanding (an "**Electronic Consent**") shall in each case for all purposes take effect as an Extraordinary Resolution. A Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A Written Resolution and/or Electronic Consent will be binding on all Bondholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be and whether or not they voted in favour of such an Electronic Consent or signed such Written Resolution, as the case may be.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Bondholders, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of these Conditions, the Bonds or the Transaction Documents, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders). The Trustee may also agree, without any such consent as aforesaid, to any modification to any of the provisions of these Conditions, the Bonds or the

Transaction Documents which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or which is required to comply with any mandatory provision of law.

(c) **Trustee to have Regard to Interests of Bondholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders except to the extent already provided for in Condition 16 and/or any undertaking given in addition to, or in substitution for, Condition 16 pursuant to the Trust Deed.

(d) **Notification to the Bondholders**

Any modification, abrogation, waiver, authorisation or determination shall be binding on the Bondholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 22.

(e) **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Guarantee and the Bonds, but it shall not be bound to take any such actions and/or steps and/or institute such proceedings and/or any other action in relation to the Trust Deed, the Deed of Guarantee or the Bonds unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

No Bondholder shall be entitled to take any steps or action directly against the Issuer or the Guarantor to enforce the performance of any of the provisions of the Trust Deed, the Guarantee or the Bonds unless the Trustee, having become bound so to take any steps or action, fails to do so within a reasonable period and the failure shall be continuing.

21. Replacement of Bonds

If any Bond certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Principal Paying, Transfer and Exchange Agent or such other Paying, Transfer and Exchange Agent as may be notified to Bondholders upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bond certificates must be surrendered before replacements will be issued.

22. Notices

All notices required to be given to Bondholders pursuant to these Conditions will (unless otherwise provided in these Conditions) be given by publication through the electronic communication system of Bloomberg (or its successor) and in such manner (if any) as required by the rules of any stock exchange on which the Bonds may be listed or admitted to trading at the relevant time. Any such notice will be deemed to have been given on the date of the first publication.

The Issuer or the Guarantor shall send a copy of all notices given by it to Bondholders pursuant to these Conditions simultaneously to the Calculation Agent.

For so long as all the Bonds are represented by the Global Bond and the Global Bond is deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, notices to Bondholders shall also be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and such notices shall be deemed to have been given to Bondholders on the day of delivery to Euroclear and/or Clearstream, Luxembourg.

All notices (other than Parity Notification Event Notices) to be given to the Issuer pursuant to these Conditions shall be delivered to the Issuer by hand or by post to Geely Sweden Financials Holding AB (publ), c/o Advokatfirman Delphi, Östra Hamngatan 29, 411, 10 Gothenburg, Sweden, copied to the Guarantor either (i) by hand or by post to 1760 Jiangling Road, Binjang District, Hangzhou, Zhejiang, PRC, 310051, for the attention of Cai Hui, or (ii) by electronic mail to caih@geely.com and geely.project_Gustavus@geely.com, or in each case to such other address, facsimile or electronic mail address as may be notified to Bondholders in accordance with this Condition 22.

All Parity Notification Event Notices to be given to the Issuer shall be delivered to the Issuer by electronic mail only to caih@geely.com and geely.project_Gustavus@geely.com, and shall simultaneously be copied to the Calculation Agent by electronic mail only to calculation.agent@conv-ex.com, or in each case to such other electronic mail address as may be notified to Bondholders in accordance with this Condition 22.

23. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions in all respects as the outstanding Bonds (or in all respects except for the issue date, the issue price, the first date on which Exchange Rights may be exercised, the Post-issuance Filing and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the Bonds. Any further bonds forming a single series with the outstanding Bonds constituted by the Trust Deed, or any deed supplemental to it, shall be constituted by a deed supplemental to the Trust Deed. Such supplemental trust deed shall be in a form acceptable to the Trustee and the Calculation Agent and shall (among other things) provide for an increase in the Exchange Property, *pro rata* to the increase in the aggregate amount of the Bonds outstanding, as determined by the Calculation Agent.

24. Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantor (as applicable) under or in connection with the Bonds and the Transaction Documents, including damages. Any amount received or recovered in a currency other than Euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, the Guarantor or otherwise) by any Bondholder or the Trustee in respect of any sum expressed to be due to it from the Issuer or the Guarantor will only constitute a discharge to the Issuer or the Guarantor to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Euro amount is less than the Euro amount expressed to be due to the recipient under the Bonds or any Transaction Document, the Issuer and the Guarantor will indemnify such recipient and the Trustee against any loss sustained by it as a result. In any event, the Issuer and the Guarantor will indemnify the recipient and the Trustee against the cost of making any such purchase. For the purposes of this Condition 24, it will be sufficient for the Bondholder or the Trustee, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, will give rise to a separate and independent cause of action,

will apply irrespective of any indulgence granted by any Bondholder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds or any Transaction Document or any other judgment or order.

25. Definitions

For the purposes of these Conditions (save as may otherwise be provided in these Conditions):

"**AB Volvo Equity-linked Bonds**" means Relevant Indebtedness incurred outside the PRC that confers on the holder of such Relevant Indebtedness the right to exchange such Relevant Indebtedness for, or convert such Relevant Indebtedness into, or otherwise purchase, subscribe or acquire, any Equity Shares of AB Volvo (publ) or any other Relevant Company and/or to receive a cash payment determined by reference to the market value of such Equity Shares.

"**additional amounts**" has the meaning provided in Condition 16(a).

"**Additional Exchange Property**" has the meaning provided in Condition 10(b)(3).

"**Additional Tax Amount**" has the meaning provided in Condition 16(a).

"**Adjusted FMV Date**" has the meaning provided in the definition of "Fair Market Value" below.

"**Adjustment Event**" has the meaning provided in Condition 11(b).

"**Affiliate**" means, with respect to any person, any other person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person; or (b) who is a spouse or any person cohabiting as a spouse, child, parent, brother, sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a person described in clause (a). For purposes of this definition, "**control**" (including, with correlative meanings, the terms "**controlling**", "**controlled by**" and "**under common control with**"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise.

"**Applicable Rate**" has the meaning provided in Condition 16(a).

"**authorised denomination**" has the meaning provided in Condition 2(a).

"**Authorised Signatory**" means any director or any other officer of the Issuer or the Guarantor (as the case may be) who has been authorised by their respective board of directors to sign any certificate or document required in connection with the Bonds on behalf of, and so as to bind, the Issuer or the Guarantor (as the case may be) and which the Issuer or the Guarantor (as the case may be) has notified in writing to the Trustee and the Paying, Transfer and Exchange Agents as provided in the Agency Agreement.

"**Bondholder**" and "**holder**" means the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

"**Bond Price Determination Date**" has the meaning provided in Condition 6(d).

"**Business Day**" means, in relation to any place, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in such place.

"**Calculation Agent**" means Conv-Ex Advisors Limited, or such other entity as may be appointed as such by the Issuer failing whom, the Guarantor, at its expense, from time to time.

"**Capital Distribution**" means:

(a) any Non-Cash Dividend; or

(b) any Cash Dividend (the "**Relevant Cash Dividend**") paid or made in any Relevant Year (but on or after the Issue Date and on or prior to the Maturity Date) in respect of any Unit of Equity

Shares if, and to the extent that, the sum (the "**Current Year Dividends**"), as determined by the Calculation Agent, of:

(i) the Fair Market Value of the Relevant Cash Dividend; and

(ii) the aggregate of the Fair Market Value of any other Cash Dividend paid or made in such Relevant Year in respect of any Unit of Equity Shares at any time in such Relevant Year (disregarding for such purpose all or any part of any such Cash Dividend or Cash Dividends which shall previously have been determined to be a Capital Distribution in respect of such Relevant Year),

taking into account, in each case, the *pro rata* proportion of any such Cash Dividend in respect of any such Equity Share where at any time a Unit of Equity Shares would comprise a fraction of an Equity Share, exceeds SEK30,404.38 (the "**Reference Amount**"), in which case the amount of the relevant Capital Distribution per Unit of Equity Shares (rounded down, if necessary, to two decimal places) shall be the lesser of:

(i) the amount by which the Current Year Dividends exceeds the Reference Amount; and

(ii) the Fair Market Value of the Relevant Cash Dividend,

and the amount of the relevant Capital Distribution shall be the Capital Distribution per Unit of Equity Shares calculated as provided above multiplied by the aggregate principal amount of Bonds outstanding divided by €100,000, all as determined by the Calculation Agent.

For the purposes of the above, Fair Market Value in respect of any Relevant Cash Dividend or any such other Cash Dividend shall (subject as otherwise provided in paragraph (a) of the definition of "**Dividend**") be determined as at the Effective Date in respect of such Relevant Cash Dividend or such other Cash Dividend, as the case may be, and "**Unit of Equity Shares**" means at any time the Shares or any other Equity Shares comprised in the Exchange Property per Bond, including for this purpose any fraction of an Equity Share. For the purposes of the above, "**Relevant Year**" means the 12 month period from and including the Issue Date to but excluding 19 June 2020, and each successive period of 12 months from and including 19 June in any year to but excluding 19 June in the following year, ending with the 12 month period from and including 19 June 2023 to but excluding the Maturity Date.

"**Cash Alternative Amount**" has the meaning provided in Condition 8.

"**Cash Alternative Calculation Period**" has the meaning provided in Condition 8.

"**Cash Alternative Payment Date**" has the meaning provided in Condition 8.

"**Cash Dividend**" means (i) any Dividend which is to be paid in cash (in whatever currency), but other than falling within paragraph (b) of the definition of "**Spin-Off**" and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) or (b) of the definition of "Dividend".

"**Cash Election**" has the meaning provided in Condition 8.

"**Cash Election Exercise Date**" has the meaning provided in Condition 8.

"**Cash Election Notice**" has the meaning provided in Condition 8.

"**Cash Settlement Calculation Period**" has the meaning provided in Condition 13(g).

A "**Change of Control**" shall occur in respect of the Issuer or the Guarantor (each, a "**Relevant Person**") if:

(a) (i) the Relevant Person consolidates with or merges into another person and the Relevant Person is not the continuing entity (except, in the case of the Issuer, where it consolidates with or merges into the Guarantor or a Subsidiary of the Guarantor, or in the case of the Guarantor, where it consolidates with or merges into a Subsidiary of the Guarantor, in each case provided that the obligations of the Issuer or, as the case may be, the Guarantor under the Bonds or the Transaction Documents are assumed to the satisfaction of the Trustee by the relevant continuing entity) and (ii) the Ratings Condition is not satisfied at any time in the period from and including the date of completion of such consolidation or merger to and including the date falling 90 days after the date of completion of such consolidation or merger, in which case a Change of Control shall be deemed to have occurred on the first date following completion of such consolidation or merger on which the Ratings Condition is not satisfied; or

(b) (i) the Relevant Person disposes of or transfers all or substantially all of its assets to one or more other persons, acting individually or in concert, except for a disposal or transfer by the Relevant Person (A) otherwise permitted under these Conditions, or (B) to a Subsidiary of the Guarantor provided that such Subsidiary shall, to the satisfaction of the Trustee, enter into an unsecured and unsubordinated unconditional and irrevocable guarantee of all the obligations of the Issuer under the Bonds or the Transaction Documents (jointly and severally with the Guarantor) *mutatis mutandis* on the terms of the Guarantee, and (ii) the Ratings Condition is not satisfied at any time in the period from and including the date of completion of such disposal or transfer to and including the date falling 90 days after the date of completion of such disposal or transfer, in which case a Change of Control shall be deemed to have occurred on the first date following completion of such disposal or transfer on which the Ratings Condition is not satisfied; or

(c) in the case of the Guarantor, the Permitted Holders cease to Control the Guarantor; or

(d) in the case of the Issuer, the Guarantor ceases to Control the Issuer.

For the purposes of paragraphs (a) and (b) of this definition, the "**Ratings Condition**" shall be satisfied at any time if, at that time, the Bonds or the unsecured and unsubordinated debt obligations of the Guarantor are assigned a credit rating of at least BBB-/Baa3 (or equivalent) from at least one Rating Agency.

For these purposes, "**Rating Agency**" means Moody's Investors Service, Inc., Fitch Ratings Ltd. or Standard & Poor's Global Ratings, a division of S&P Global Inc., or any of their respective successors.

"**Change of Control Period**" means the period commencing on the occurrence of a Change of Control and ending 60 calendar days following the Change of Control or, if later, 60 calendar days following the date on which a Put Notice relating to a Change of Control is given to Bondholders as required by Condition 15(d).

"**Clearstream, Luxembourg**" means Clearstream Banking, S.A.

"**Closing Price**" means, in respect of any day:

(i) in the case of Shares, the closing price of a Share on the Exchange on such day as published by or derived from Bloomberg page VOLVB SS Equity HP (or any successor ticker or page) (setting Last Price, or any other successor setting and using values not adjusted for any event occurring after such day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such day;

(ii) in the case of any other Exchange Security, Spin-Off Security, share, option, warrant or other right or asset, the closing price on the Exchange on such day of such Exchange Security, Spin-Off Security, share, option, warrant or other right or asset published by or derived from the equivalent Bloomberg page in respect of the Exchange on such day; and

(iii) in the case of (i) and (ii) above, if not able to be so determined, the closing price in respect of such day on the Exchange as obtained or derived from such Exchange on such day,

all as determined by the Calculation Agent, provided that:

(A) if on any such day (for the purposes of this definition, the "**Original Date**") such price is not available or cannot otherwise be determined as provided above, the Closing Price of a Share or, as the case may be, any other Exchange Security, Spin-Off Securities, share, option, warrant or other right or asset in respect of such day shall be the Closing Price, determined as provided above, on the immediately preceding Trading Day (for such Shares or, as the case may be, Exchange Securities, Spin-Off Securities, shares, options, warrants or other rights or assets) on which the same can be so determined, provided however that if such immediately preceding Trading Day falls prior to the 5th day preceding the Original Date, the Closing Price in respect of such day shall be considered to be not capable of being determined pursuant to this proviso, all as determined by the Calculation Agent; and

(B) if such price cannot be so calculated as aforesaid, the Closing Price of a Share or, as the case may be, any other Exchange Security, Spin-Off Security, share, option, warrant or other right or asset in respect of such day shall be determined by an Independent Adviser in such manner as it might otherwise determine in good faith to be appropriate.

"**Code**" has the meaning provided in Condition 14(d).

"**Compliance Certificate**" means a certificate of each of the Issuer and the Guarantor (as the case may be) signed by any one of their respective Authorised Signatories that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be), as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) each of the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Guarantee and the Bonds, to which it is a party.

"**Consideration**" has the meaning provided in Condition 12(a).

"**Consideration Date**" has the meaning provided in Condition 12(a).

"**Control**" means, with respect to a Relevant Person:

(a) the ownership, acquisition or control of the Control Percentage of the Voting Rights of the issued share capital of such Relevant Person, whether obtained directly or indirectly; or

(b) the right to appoint and/or remove all or the majority of the members of the Relevant Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise.

"**Control Percentage**" means (i) in the case of Control of the Guarantor, more than 50 per cent.; and (ii) in the case of Control by the Guarantor of the Issuer, 100 per cent.

"**Cross-Border Security Registration**" has the meaning provided in Condition 3(b)(i)(B).

A "**Delisting Event**" shall occur if at any time Shares or Eligible Equity Shares are comprised in the Exchange Property and:

(a) the Shares are not listed and admitted to trading on the Stockholm Stock Exchange or, as the case may be, any EEA Regulated Market on which the Shares may be listed following delisting from the Stockholm Stock Exchange;

(b) the Eligible Equity Shares are not listed and admitted to trading on an EEA Regulated Market or on a regulated, regularly operating, internationally recognised stock exchange in an OECD member state;

(c) trading of the Shares on the Stockholm Stock Exchange or, as the case may be, any other EEA Regulated Market on which the Shares are at the relevant time listed and admitted to trading is suspended for a period of 30 consecutive Trading Days or more, provided that the trading of the Shares on the Stockholm Stock Exchange or, as the case may be, such other EEA Regulated Market shall not be treated as being suspended on any Trading Day on which a general suspension of trading on the Stockholm Stock Exchange or, as the case may be, such other EEA Regulated Market has occurred; or

(d) trading of the Eligible Equity Shares on the EEA Regulated Market or on such other regulated, regularly operating, internationally recognised stock exchange in an OECD member state on which the Eligible Equity Shares are at the relevant time listed and admitted to trading is suspended for a period of 30 consecutive Trading Days or more, provided that the trading of the Eligible Equity Shares on such EEA Regulated Market or, as the case may be, such other stock exchange shall not be treated as being suspended on any Trading Day on which a general suspension of trading on such EEA Regulated Market or, as the case may be, such other stock exchange has occurred.

"**Delisting Event Period**" means the period commencing on the occurrence of a Delisting Event and ending 60 calendar days following the Delisting Event or, if later, 60 calendar days following the date on which a Put Notice relating to a Delisting Event is given to Bondholders as required by Condition 15(d).

"**Dividend**" means any dividend or distribution to holders of Exchange Securities (including a Spin-Off), whether of cash, assets or other property, and whenever paid or made and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to shareholders upon or in connection with a reduction of capital, a reduction in the quota value or par value or nominal value (as the case may be) of any Exchange Securities comprised in the Exchange Property or otherwise (and for these purposes a distribution of assets includes, without limitation, an issue of shares or other securities credited as fully or partly paid up) provided that:

(a) (i) where a Dividend in cash is announced which may be satisfied (at the election of a holder or holders of Exchange Securities) by the issue or delivery of Exchange Securities or other property or assets, or (ii) where an issue of Exchange Securities or other property or assets by way of a capitalisation of profits or reserves or otherwise is announced which may, at the election of a holder or holders of Exchange Securities, be satisfied by the payment of cash, then the Issuer shall be entitled to make such election as it may determine in its sole discretion in respect of any such Dividend or capitalisation, and regardless of whether or not the Issuer does or does not make any election in respect of any Shares or other Exchange Securities held by it, the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to whichever is the greater of (x) the Fair Market Value of such cash amount and (y) the Fair Market Value of such Exchange Securities or other property or assets, in any such case (converted, if necessary, into SEK at the Relevant Rate) as at the Effective Date in respect of the relevant Dividend or capitalisation (or, if later, the date on which the number of Exchange Securities (or amount of other property or assets, as the case may be) is determined);

(b) other than in the circumstances the subject of proviso (a) above, where there shall be (i) any issue or delivery of Exchange Securities or other property or assets by way of capitalisation of profits or reserves or otherwise (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash dividend equivalent or amount is announced) or a Dividend in cash is announced that is to be satisfied by the issue or delivery of Exchange Securities or other property or assets, or (ii) any issue or delivery of Exchange Securities or other property or assets by way of capitalisation of profits or reserves or otherwise (including any share premium account or capital redemption reserve) that is to be satisfied by the payment of cash then, in the case of (i), the capitalisation or Dividend in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such Exchange Securities or other property or assets (converted, if necessary, into SEK at the Relevant Rate) as at the Effective Date in respect of the relevant capitalisation (or, if later, the date on which the number of Exchange Securities or other property or assets to be issued is determined) and, in the case of (ii), the capitalisation in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such cash amount (converted, if necessary, into SEK at the Relevant Rate) as at the Effective Date in respect of the relevant capitalisation;

(c) any issue of Exchange Securities falling within Condition 11(b)(i) or 11(b)(iii)(a) shall be disregarded;

(d) any offer by a Relevant Company of Exchange Securities or other securities or options, warrants or rights to subscribe or purchase further Exchange Securities or other securities falling within Condition 11(b)(ii) shall be disregarded;

(e) a repurchase or redemption of Equity Shares by or on behalf of a Relevant Company shall be disregarded;

(f) where a Dividend is paid or made to holders of any Equity Shares pursuant to any plan implemented by the issuer of such Equity Shares for the purpose of enabling holders of the Equity Shares to elect, or which may require such holders, to receive Dividends in respect of such Equity Shares held by them from a person other than, or in addition to, the Relevant Company, such Dividend shall for the purposes of these Conditions be treated as a Dividend paid or made to holders of the Equity Shares by the issuer of such Equity Shares, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly; and

(g) a Dividend that is a Spin-Off shall be deemed to be a Non-Cash Dividend,

and any such determination shall be made by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit.

"**Due Date**" means the date (if any) on which the Bonds become immediately due and payable in accordance with Condition 17(b).

"**EEA Regulated Market**" means a market as defined by Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments.

"**Effective Date**" means the first date on which the Shares or, as the case may be, the relevant Equity Share Capital, are traded ex- the relevant Dividend or capitalisation or entitlement on the Exchange or, in the case of a Spin-Off, on the first date on which the Shares or, as the case may be, the relevant Equity Share Capital are traded ex- the relevant Spin-Off on the Exchange.

"**Electronic Consent**" has the meaning provided in Condition 20(a).

"**Eligible Equity Shares**" has the meaning provided in Condition 12(a).

"**Equity Share Capital**" means, in relation to any entity, its issued share capital (or equivalent) excluding any part of that capital (or equivalent) which, neither as respect dividends nor as respect capital, carries any right to participate beyond a specific amount in a distribution, and "**Equity Share**" and "**Equity Shares**" shall be construed accordingly.

"**Equity Share Free Float**" has the meaning provided in Condition 12(a).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Euroclear Sweden**" means Euroclear Sweden AB.

"**Event of Default**" has the meaning provided in Condition 17(a).

"**Exchange**" means:

(i) in the case of the Shares, the Stockholm Stock Exchange or, if the Shares are no longer admitted to trading on the Stockholm Stock Exchange, the principal stock exchange or securities market on which Shares are then listed, admitted to trading or quoted or dealt in; or

(ii) in the case of any other Equity Shares or Exchange Securities or any other shares or options, warrants or other rights, the principal stock exchange or securities market on which such Equity Shares or Exchange Securities or any other shares or options, warrants or other rights are then listed, admitted to trading or quoted or dealt in,

where "**principal stock exchange or securities market**" shall mean the stock exchange or securities market on which the shares are listed, admitted to trading or quoted or dealt in, provided that if the Shares, or other Equity Shares or Exchange Securities, or other securities or options, warrants or other rights or assets (as the case may be) are listed, admitted to trading or quoted or dealt in (as the case may be) on more than one stock exchange or securities market at the relevant time, then "principal stock exchange or securities market" shall mean that stock exchange or securities market on which the Shares, other Equity Shares or Exchange Securities or other securities or options, warrants or other rights or assets are then traded as determined by the Calculation Agent by reference to the stock exchange or securities market with the highest average daily trading volume in respect of the Shares, other Equity Shares or Exchange Securities or other securities or options, warrants or other rights or assets, as the case may be.

"**Exchange Date**" has the meaning provided in Condition 7.

"**Exchange Expenses**" has the meaning provided in Condition 9(a).

"**Exchange Notice**" has the meaning provided in Condition 7.

"**Exchange Period**" has the meaning provided in Condition 6(b).

"**Exchange Property**" means, as at the Issue Date, 24,323,502.58 Shares, and subsequently such Exchange Securities, cash and/or other property or assets constituting for the time being the Exchange Property in accordance with these Conditions.

"**Exchange Property per Bond**" means, for each Bond at any time, a fraction of the Exchange Property the numerator of which shall be the principal amount of such Bond and the denominator of which shall be the aggregate principal amount of all the Bonds (including the Bond to which the relevant fraction relates) which are outstanding at such time (excluding for this purpose the principal amount of any Bonds in respect of which Exchange Rights have been exercised by a Bondholder but in respect of which the Exchange Property or the relevant Cash Alternative Amount, as the case may be, has not yet been delivered or paid and excluding from the Exchange Property such portion of the Exchange Property in relation to such Bonds).

"**Exchange Right**" has the meaning provided in Condition 6(a).

"**Exchange Securities**" means, at any time, any securities of any Relevant Company which at such time are included in the Exchange Property and each an "**Exchange Security**".

"**Extraordinary Resolution**" has the meaning provided in the Trust Deed.

"**Fair Asset Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by such seller.

"**Fair Market Value**" means, with respect to any property as at or on any date (the "**FMV Date**") (and as determined by the Calculation Agent):

(i) in the case of a Cash Dividend paid or to be paid per Share or other Equity Share, the amount of such Cash Dividend per Share or other Equity Share;

(ii) in the case of any other cash amount, the amount of such cash;

(iii) in the case of Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets which are publicly traded on an Exchange of adequate liquidity (as determined by (where the Calculation Agent determines in its sole discretion that it is capable of making such determination in its capacity as Calculation Agent) the Calculation Agent or (in any other case) an Independent Adviser), the arithmetic mean of (a) in the case of Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets for which a VWAP (disregarding for this purpose proviso (B) to the definition thereof) is generally available, the VWAP or (b) in the case of Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets for which a VWAP (disregarding for this purpose proviso (B) to the definition thereof) is not generally available, the Closing Price of such options, warrants or other securities, rights or assets, in the case of (a) and (b) during the period of five Trading Days (for such Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets) commencing on such FMV Date (or, if later, the date (the "**Adjusted FMV Date**") which falls on the first such Trading Day such Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets are publicly traded) or such shorter period as such Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets are publicly traded, provided that where such Adjusted FMV Date falls after the fifth day following the FMV Date, the Fair Market Value of such Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets shall instead be determined pursuant to paragraph (iv) below, and no such Adjusted FMV Date shall apply); and

(iv) in the case of Equity Shares, Spin-Off Securities, options, warrants or other securities, rights or assets which are not publicly traded on an Exchange of adequate liquidity (as aforesaid) or where the proviso to paragraph (iii) above applies, the fair market value thereof as determined by an Independent Adviser on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including volatility, prevailing interest rates and the terms of such shares, options, warrants or other securities, rights or assets,

provided that:

(A) such amounts shall in each case be converted, if necessary, by the Calculation Agent:

(a) for the purposes of Condition 11(b)(ii)(c), into the Specified Currency; or

(b) for any other purpose:

(I) (in the case of (i) above) into SEK at the Relevant Rate on the FMV Date (or, as the case may be, the Adjusted FMV Date);

(II) (in the case of (ii) above) into euro at the Relevant Rate on the FMV Date (or, as the case may be, the Adjusted FMV Date);

(III) (in the case of (iii) above) into euro, by converting each such VWAP or, as the case maybe, Closing Price, at the Relevant Rate on each Trading Day in the relevant period, such conversion being made before calculating the arithmetic mean of the VWAPs or, as the case may be, the Closing Prices, as provided above; or

(IV) (in the case of (iv) above) into such currency, and on such date or on the basis of such average over such period, as an Independent Adviser shall determine in good faith to be appropriate; and

(B) in the case of (i) or (ii) above, Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

"**FATCA**" has the meaning provided in Condition 14(d).

"**Final Acceptance Date**" has the meaning provided in Condition 12(a).

"**Final Date**" has the meaning provided in Condition 12(a).

"**Free Float**" means the aggregate number of Shares (i) held by mutual funds, investment funds, collective investment schemes or pension funds and (ii) held by persons that own (together with any other person or persons with whom they act in concert) Shares representing less than 5 per cent. of the total number of issued and outstanding Shares, as determined by an Independent Adviser acting reasonably and in good faith, in consultation with the Issuer.

For these purposes, (i) references to "Shares" shall include Shares represented by depositary or other receipts or certificates representing Shares; (ii) Shares held by or on behalf of a depositary or custodian or similar person in respect of any such depositary or other receipts or certificates representing Shares from time to time shall be treated as being held by the holder of the relevant depositary or other receipts or certificates and not by such depositary, custodian or similar person; and (iii) Shares held by or on behalf of AB Volvo (publ) or any Subsidiary of AB Volvo (publ) shall be treated as not constituting part of the Free Float.

A "**Free Float Event**" shall occur if (for so long as Shares are comprised in the Exchange Property) for any period of at least 20 consecutive Trading Days the number of Shares comprising the Free Float (as determined by an Independent Adviser) is equal to or less than 15 per cent. of the total number of issued and outstanding Shares.

"**Free Float Event Period**" means the period commencing on the occurrence of a Free Float Event and ending 60 calendar days following the Free Float Event or, if later, 60 calendar days following the date on which a Put Notice relating to a Free Float Event is given to Bondholders as required by Condition 15(d).

"**Further Bonds**" means any further bonds issued pursuant to Condition 23.

"**Group**" means the Guarantor and its Subsidiaries from time to time.

"**Guarantee**" has the meaning provided in Condition 2(d).

"**Guarantor Audited Financial Reports**" means the annual audited consolidated balance sheet, income statement, statement of cash flow and statement of changes in owners' equity of the Guarantor together with (if applicable) any statements, reports (including any auditors' reports) and notes attached to or intended to be read with any of them.

"**Guarantor Management Accounts**" means the semi-annual unaudited and unreviewed consolidated balance sheet, income statement and statement of cash flow of the Guarantor and the notes thereto, if any.

"**IA Parity Event**" has the meaning provided in Condition 6(d).

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money (including but not limited to bank loans and other borrowings) or any liability under or in respect of any acceptance or acceptance credit.

"**Independent Adviser**" means an independent financial institution of international repute with appropriate expertise, which may (without limitation) be the Calculation Agent, appointed by the Issuer or the Guarantor at its own expense and (other than where the initial Calculation Agent is appointed) approved in writing by the Trustee or, if the Issuer or the Guarantor fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee (without liability for so doing) following notification to the Issuer or the Guarantor.

"**Issue Date**" means 19 June 2019.

"**Maturity Date**" means 19 June 2024.

"**NDRC**" has the meaning provided in Condition 3(b)(i)(A).

A "**No Registration Event**" shall occur if the Registration Conditions have not been satisfied in full on or before the Registration Deadline.

"**No Registration Event Bond Price**" has the meaning provided in Condition 13(c)(iii).

"**No Registration Event Notice**" has the meaning provided in Condition 15(e).

"**No Registration Event Put Date**" has the meaning provided in Condition 13(c)(iii).

"**No Registration Event Put Notice**" has the meaning provided in Condition 13(c)(iii).

"**No Registration Event Put Period**" has the meaning provided in Condition 13(c)(iii).

"**Non-Cash Dividend**" means (i) any Dividend which is not a Cash Dividend or (ii) any Dividend that is a Spin-Off.

"**Notification Date**" has the meaning provided in Condition 6(d).

"**OECD**" means the Organisation for Economic Co-operation and Development.

"**Offer**" has the meaning provided in Condition 12(a).

"**Offered Cash Amount**" has the meaning provided in Condition 12(a).

"**Offered Property**" has the meaning provided in Condition 12(a).

"**Offered Property Value**" has the meaning provided in Condition 12(a).

"**Optional Put Date**" has the meaning provided in Condition 13(c)(i).

"**Optional Put Exercise Notice**" has the meaning provided in Condition 13(c)(i).

"**Optional Redemption Date**" has the meaning provided in Condition 13(b).

"**Optional Redemption Notice**" has the meaning provided in Condition 13(b).

"**Parity Event**" has the meaning provided in Condition 6(d).

"**Permitted Expenses**" means such amount, as determined by the Issuer, as is equal to or, as the case may be, as would be equivalent to the costs and expenses, including any applicable stamp, transfer, registration

or similar duties, incurred or, as the case may be, that would be incurred by the Issuer in making the relevant sale, subscription and purchase or taking up rights as provided in these Conditions (whether or not any such sale, subscription or purchase or taking up of rights is made), together with such amount as would be equivalent to that necessary to indemnify the Issuer in respect of any liability to taxation in relation to any such sale, subscription and purchase or taking up of rights (whether or not any such sale, subscription or purchase or taking up of rights is made).

"**Permitted Holders**" means any or all of the following:

(i) Mr. Li Shufu;

(ii) any Affiliate of, or any person acting in concert with, Mr. Li Shufu; and

(iii) any person both the capital stock and the voting power of which (or in the case of a trust, the beneficial interests in which) are owned 80 per cent. or more by one or more of the persons specified in paragraphs (i) and (ii).

"**Permitted Security Interest**" means (1) a Security Interest securing any present or future indebtedness in respect of Receivables Financings; (2) a Security Interest securing Relevant Indebtedness (other than AB Volvo Equity-linked Bonds) in the aggregate principal amount not to exceed two per cent. of the consolidated total assets of the Guarantor at any one time outstanding; provided that the amount of any indebtedness in respect of Receivables Financings as described in (1) above shall be excluded from the calculation of the aggregate principal amount of Relevant Indebtedness in (2) above. For the purposes of this definition, the consolidated total assets of the Guarantor shall be determined by reference to the latest Guarantor Audited Financial Reports or Guarantor Management Accounts delivered and published pursuant to Condition 15(h).

"**person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.

"**Post-issuance Filing**" has the meaning provided in Condition 3(b)(i)(A).

"**Potential Event of Default**" means a continuing event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 17, become an Event of Default.

"**PRC**" means the People's Republic of China, which shall for the purposes of these Conditions only, exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"**PRC Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are generally open for business in Beijing.

"**PRC GAAP**" means the Accounting Standards for Business Enterprises in China and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time.

"**Predominant Exchange Security**" means (i) if there is only one type or series of Exchange Security comprised in the Exchange Property, that Exchange Security or (ii) if there is more than one type or series of Exchange Securities comprised in the Exchange Property, such type or series of Exchange Security which in the determination of the Calculation Agent (where the Calculation Agent determines in its sole discretion that it is capable of making such determination in its capacity as the Calculation Agent) or of an Independent Adviser (in any other case) represents the largest proportion or weighting by value in the Exchange Property at such time.

"**Proceedings**" has the meaning provided in Condition 27(b).

"**Put Date**" has the meaning provided in Condition 13(c)(ii).

"**Put Event**" means the occurrence of any of the following:

(a) a Change of Control occurs in respect of the Issuer or the Guarantor;

(b) a Free Float Event; or

(c) a Delisting Event.

"**Put Exercise Notice**" has the meaning provided in Condition 13(c)(ii).

"**Put Notice**" has the meaning provided in Condition 15(d).

"**Put Period**" means the period commencing on the occurrence of a Put Event and ending 60 days following such occurrence or, if later, 60 days following the date on which the Put Notice is given to Bondholders as required by Condition 15(d).

"**Quote for the Bonds**" has the meaning provided in Condition 6(d).

"**Receivables Financings**" means any financing transaction or series of financing transactions that have been or may be entered into by the Guarantor or any of its Subsidiaries pursuant to which the Guarantor or the relevant Subsidiary may sell, convey or otherwise transfer to another person, or may grant a security interest in, any receivables or interests therein for credit or liquidity management purposes (including discounting or factoring transactions) in the ordinary course of business (whether such receivables are then existing or arising in the future) including without limitation, all security interests in goods financed thereby, the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitisation transactions involving such assets.

"**Record Date**" has the meaning provided in Condition 14(c).

"**Reference Period**" has the meaning provided in Condition 6(d).

"**Register**" has the meaning provided in Condition 4(a).

"**Registered Securities**" has the meaning provided in Condition 10(b)(3).

"**Registration Conditions**" means the receipt by the Trustee of the Registration Documents.

"**Registration Date**" means, in respect of any Registered Securities, the date on which the relevant Bondholder exercising Exchange Rights is registered as the holder of such Registered Securities, or, pursuant to the exercise of the Share Settlement Option, the date on which the relevant Bondholder is registered as the holder of such Registered Securities.

"**Registration Deadline**" means the day falling 120 PRC Business Days after the Issue Date.

"**Registration Documents**" has the meaning provided in Condition 3(b)(i)(B).

"**Relevant Change of Control**" has the meaning provided in Condition 12(a).

"**Relevant Company**" means AB Volvo (publ), and any corporation or company derived from or resulting or surviving from the merger, consolidation, amalgamation, reconstruction or acquisition of AB Volvo (publ) with, into or by such other corporation or company, and any other entity, all or part of the share capital of which is, or all or some of the securities of which are, at the relevant time included in the Exchange Property.

"**Relevant Date**" means, in respect of any payment on or in respect of any Bond whichever is the later of (i) the date on which such payment or delivery first becomes due and (ii) if the full amount payable or deliverable has not been received by the Principal Paying, Transfer and Exchange Agent or the Trustee or

otherwise on or prior to such due date, the date on which the full amount having been so received, notice to that effect shall have been given to the Bondholders.

"**Relevant Exchange Property**" has the meaning provided in Condition 13(g).

"**Relevant Indebtedness**" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) incurred outside the PRC, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness. For the avoidance of doubt, Relevant Indebtedness shall not include any indebtedness under any bilateral bank loan or syndicated bank loan (including any drawing down of any existing credit line or facility of the Guarantor or any of its Subsidiaries).

"**Relevant Jurisdiction**" means Sweden, the PRC or any political subdivision or any authority therein or thereof having power to tax to which the Issuer or the Guarantor becomes subject in respect of payments made by it of any sums due in respect of the Bonds or the Guarantee (as applicable).

"**Relevant Period**" means (a) in relation to the Guarantor Audited Financial Reports, each period of 12 months ending on the last day of its financial year (being 31 December of that financial year); and (b) in relation to the Guarantor Management Accounts for a semi-annual period, each period of six months ending on the last day of its first half financial year (being 30 June of that financial year).

"**Relevant Person**" has the meaning provided in the definition of "Change of Control".

"**Relevant Rate**" means, in respect of any pair of currencies on any day, the spot mid rate of exchange between the relevant currencies prevailing as at 12 noon (London time) on that day as appearing on or derived from Bloomberg page "BFIX" (or any successor page) in respect of such pair of currencies. If such a rate cannot be determined on such day (for the purposes of this definition, the "**Original Date**") as aforesaid, the Relevant Rate shall be determined *mutatis mutandis* but with respect to the immediately preceding day on which such rate can be so determined (all as determined by the Calculation Agent) or, if such immediately preceding day falls prior to the fifth day preceding the Original Date, or if such rate cannot be so determined, the rate determined in such other manner as an Independent Adviser shall consider in good faith appropriate.

"**SAFE**" has the meaning provided in Condition 3(b)(i)(B).

"**Scheme of Arrangement**" has the meaning provided in Condition 12(a).

"**securities**" means shares or other securities (including without limitation any options, warrants, convertible bonds, evidence of indebtedness or rights to subscribe or purchase shares or other securities).

"**Security Interest**" has the meaning provided in Condition 3(a).

"**SEK**" means the lawful currency of the Kingdom of Sweden.

"**Settlement Date**" means (i) in the case of the exercise of Exchange Rights (other than in respect of the relevant Exchange Property (if any) in respect of which a Cash Election is made) the date falling five Stockholm Business Days after the relevant Exchange Date and (ii) in the case of a delivery of Exchange Property upon redemption following exercise of the Share Settlement Option, the date falling three Stockholm Business Days after the Valuation Date.

"**Settlement Disruption Event**" has the meaning provided in Condition 10(a).

"**Shares**" has the meaning provided in Condition 1(b) and "**Share**" shall be construed accordingly.

"**Share Settlement Agent**" has the meaning provided in Condition 13(g).

"**Share Settlement Notice**" has the meaning provided in Condition 13(g).

"**Share Settlement Option**" has the meaning provided in Condition 13(g).

"**Share Settlement Option Notice**" has the meaning provided in Condition 13(g).

"**Significant Subsidiary**" means any Subsidiary of the Issuer or the Guarantor (as the case may be) whose total amount of revenue or total assets or net profit (excluding intra-group items) represents 10 per cent. or more of the revenue or total assets or net profit of the Issuer or the Group (as the case may be) calculated on a consolidated basis, as determined by reference to the latest audited consolidated financial statements of that Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries) and the latest audited consolidated financial statements of the Issuer or the Group (as the case may be). A certificate signed by any Authorised Signatory of the Issuer or the Guarantor (as the case may be) confirming that a Subsidiary is or is not, or was or was not, a Significant Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate must, if there is a dispute as to whether or not any Subsidiary is a Significant Subsidiary, be accompanied by a report by a nationally recognised firm of independent accountants addressed to the Issuer or the Guarantor (as the case may be) as to proper extraction and basis of the figures used by the Issuer or Guarantor (as the case may be) in determining its Significant Subsidiaries and mathematical accuracy of the calculation.

"**Specified Currency**" has the meaning provided in Condition 11(b)(ii)(c).

"**Spin-Off**" means:

(a) a distribution of Spin-Off Securities by AB Volvo (publ) to holders of Shares as a class or, as the case may be, by any Relevant Company to the holders of its Equity Share Capital as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than AB Volvo (publ) or, as the case may be, the Relevant Company) to holders of Shares as a class or, as the case may be, by any Relevant Company to the holders of its Equity Share Capital as a class pursuant to any arrangements with AB Volvo (publ) or any of its Subsidiaries or, as the case may be, with the Relevant Company or any of its Subsidiaries.

"**Spin-Off Securities**" means Equity Share Capital of an entity other than AB Volvo (publ), or as the case may be, the Relevant Company or options, warrants or other rights to subscribe for or purchase Equity Share Capital of an entity other than AB Volvo (publ), or as the case may be, the Relevant Company.

"**Stamp Taxes**" has the meaning provided in Condition 9(a).

"**Stockholm Stock Exchange**" means the NASDAQ OMX Stockholm Stock Exchange.

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

"**TARGET Business Day**" means a day on which the TARGET System is operating.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

"**Taxes**" has the meaning provided in Condition 16(a).

"**Trading Day**" means:

(i) where specified to be in respect of the Shares or any Exchange Securities, Spin-Off Securities or other shares or options, warrants or other rights or assets, a day on which (x) the relevant Exchange in respect thereof is open for business (other than a day on which the relevant Exchange is scheduled to or does close prior to its regular closing time) and (y) such Shares, Exchange Securities, Spin-Off Securities or other shares or options, warrants or other rights or assets may be traded;

(ii) where not specified as aforesaid, a day on which (x) the Exchange in respect of the Predominant Exchange Security is open for business (other than a day on which the relevant Exchange is scheduled to or does close prior to its regular closing time) and (y) such Predominant Exchange Security may be traded;

(iii) if the Exchange Property comprises solely cash, a TARGET Business Day; and

(iv) for the purposes of the definition of Delisting Event, "**Trading Day**" will be the Trading Day applicable to the Shares or the Eligible Equity Shares (as the case may be).

"**Transaction Documents**" means the Trust Deed, the Agency Agreement, the Calculation Agency Agreement and the Deed of Guarantee.

"**Valuation Date**" has the meaning provided in Condition 13(g).

"**Value**" means (other than for the purposes of Condition 13(g)) with respect to any property on any day:

(1) in the case of a publicly traded security for which a VWAP is available on such day, the VWAP (disregarding for this purpose proviso (B) to the definition thereof) of such publicly traded security on such day (all as determined by the Calculation Agent);

(2) in the case of a publicly traded security for which a VWAP is not available on such day, the Closing Price (disregarding for this purpose proviso (B) to the definition thereof) of such publicly traded security on such day (all as determined by the Calculation Agent);

(3) in the case of cash, the amount of such cash; and

(4) in the case of any other property, and in the case of any publicly-traded security for which a value cannot be determined pursuant to paragraph (1) or (2) above, its fair market value on such day as determined by an Independent Adviser,

in each case translated (if not in euros) into euros at the Relevant Rate in effect on such day,

provided that:

(A) for the purpose of determining the Value of the Exchange Property per Bond, such Value shall be equal to the aggregate of the Values of any property (determined as provided in this definition) included in the Exchange Property per Bond, as calculated by the Calculation Agent;

(B) if on any day any such publicly-traded securities are quoted on the relevant Exchange cum any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (4) above have the benefit of, or are entitled to, or carry the right to, any dividend or other entitlement, in any such case which (or a portion of which) a Bondholder would not be entitled to pursuant to these Conditions (including in respect thereof pursuant to any Additional Exchange Property deliverable pursuant to Condition 10(b)(2) or any cash amount or other property deliverable pursuant to Condition 10(b)(3)) in respect of the relevant exercise of Exchange Rights (assuming, for any other purposes other than determining the Cash Alternative Amount, that such relevant exercise of Exchange Rights had occurred on such day) (disregarding for this purpose any Cash Election in respect of such relevant exercise of Exchange Rights or deemed relevant exercise of Exchange Rights), then the value of any such assets or publicly-traded

securities on such day shall be reduced by an amount equal to the Value (or, in the case of a Cash Dividend or other cash amount, the Fair Market Value (converted, if necessary, into euros at the Relevant Rate)) as at such date of such dividend or other entitlement (or relevant portion thereof), as determined by the Calculation Agent; and

(C) if on any day any such publicly-traded securities are quoted or traded on the relevant Exchange ex any dividend or other entitlement, or any assets or publicly-traded securities the value of which is to be determined pursuant to (4) above do not have the benefit of, or are not entitled to, or do not carry the right to, any dividend or other entitlement, in any such case which (or a portion of which) (AA) a Bondholder would be entitled to pursuant to these Conditions (or in respect of which the relevant Bondholder would have been entitled to receive any cash amount or other property pursuant to Condition 10(b)(2) or any Additional Exchange Property pursuant to Condition 10(b)(3)) in respect of the relevant exercise of Exchange Rights (assuming, for any purposes other than determining the Cash Alternative Amount, that such relevant exercise of Exchange Rights had occurred on such day) (disregarding for this purpose any Cash Election in respect of such relevant exercise of Exchange Rights or deemed relevant exercise of Exchange Rights) and (BB) no adjustment to the Exchange Property in respect thereof pursuant to Condition 11(b) is in effect as at the date on which the relevant Exchange Property in respect of such exercise of Exchange Rights or such deemed exercise of Exchange Rights is determined, then the value of any such assets or publicly traded securities on such day shall be increased by an amount equal to the Value (or, in the case of a Cash Dividend or other cash amount, the Fair Market Value (converted, if necessary, into euros at the Relevant Rate)) as at such date of such dividend or other entitlement (or relevant portion thereof), such Value or, as the case may be, Fair Market Value being determined, in the case of a Cash Dividend or other cash amount, on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit, as determined by the Calculation Agent; and

(D) if any doubt shall arise as to whether any adjustment to the determination of Value is required, or as to the appropriate adjustment(s) required, to give the intended result, the Issuer or the Guarantor may appoint an Independent Adviser to make a determination in good faith in respect thereof and, in the absence of manifest error and following consultation between the Issuer or the Guarantor (as applicable) and the Independent Adviser, the written determination by the Independent Adviser in respect thereof shall be final and binding on the Issuer, Guarantor, the Bondholders, the Trustee and the Paying, Transfer and Exchange Agent.

"**Voting Rights**" means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency) or to elect the majority of the members of the board of directors or other governing body of the relevant entity.

"**VWAP**" means, in respect of any day:

(i) in the case of Shares, the volume weighted average price of a Share on the Exchange published by or derived from Bloomberg page VOLVB SS Equity HP (or any successor ticker or page) (setting Weighted Average Line, or any other successor setting and using values not adjusted for any event occurring after such day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such day;

(ii) in the case of any other Exchange Security, Spin-Off Security, share, option, warrant or other right or asset, the volume weighted average price of such Exchange Security, Spin-Off Security, share, option, warrant or other right or asset on the Exchange published by or derived from the equivalent Bloomberg page in respect of the Exchange on such day; and

(iii) in the case of (i) and (ii) above, if not able to be so determined, the volume weighted average price in respect of such day on the Exchange as obtained or derived from such Exchange on such day,

all as determined by the Calculation Agent, and provided that:

(A) if on any such day (for the purposes of this definition, the "**Original Date**") such price is not available or cannot otherwise be determined as provided above, the VWAP of a Share or, as the case may be, any other Equity Share, option, warrant or other securities in respect of such day shall be the VWAP, determined as provided above, on the immediately preceding Trading Day (for such Shares or, as the case may be, other Equity Shares, options, warrants or other securities) on which the same can be so determined, all as determined by the Calculation Agent, provided however that if such immediately preceding Trading Day falls prior to the 5th day preceding the Original Date, the VWAP in respect of such day shall be considered to be not capable of being determined pursuant to this proviso; and

(B) if such price cannot be so determined as aforesaid, the VWAP shall be determined by an Independent Adviser in such manner as it might otherwise determine in good faith to be appropriate.

"**Written Resolution**" has the meaning provided in Condition 20(a).

"**€**" and "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Reference to "**publicly traded Exchange Securities**" means Exchange Securities which are traded on an Exchange.

References to any offer "**by way of rights**" shall be taken to be references to an offer or grant to all or substantially all holders of the class of securities in question, other than holders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such offer or grant.

26. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

27. Governing Law and Submission to Jurisdiction

(a) **Governing Law**

The Bonds, the Transaction Documents and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds or the Transaction Documents and accordingly any legal action or proceedings arising out of or in connection with the Bonds or the Transaction Documents ("**Proceedings**") may be brought in such courts. The Issuer and the Guarantor have in the relevant Transaction Documents irrevocably submitted to the jurisdiction of such courts and have waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee, each of the Bondholders, the Registrar and the Paying, Transfer and Exchange Agents and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Appointment of Process Agent**

Each of the Issuer and the Guarantor has, in the Trust Deed, and the Guarantor has, in the Deed of Guarantee, irrevocably and unconditionally appointed Geely UK Limited as its agent for service of process in England in respect of any Proceedings.

If for any reason Geely UK Limited shall cease to be such agent for service of process, each of the Issuer and the Guarantor shall forthwith appoint a new agent for service of process in England and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within seven days of Geely UK Limited ceasing to be such agent for service of process. Each of the Issuer and the Guarantor agree that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. Nothing in these Conditions shall affect the right to serve process in any other manner permitted by law.

(d) **Waiver of Immunity**

To the fullest extent permitted by law, each of the Issuer and the Guarantor has irrevocably and unconditionally:

(a) submitted to the jurisdiction of the English courts in relation to any Proceedings and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the English courts in relation to any Proceedings (including to the extent that such immunity may be attributed to it), and agreed to ensure that no such claim is made on its behalf;

(b) submitted to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts in relation to any Proceedings and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agreed to ensure that no claim is made on its behalf; and

(c) consented to the enforcement of any order or judgment made or given in connection with any Proceedings and the giving of any relief in the English courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation:

(A) relief by way of interim or final injunction or order for specific performance or recovery of any property;

(B) attachment of its assets; and

(C) enforcement or execution against and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use); and

(d) has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it) and agreed to ensure that no such claim is made on its behalf.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

THE GLOBAL BOND

The Bonds will be evidenced on issue by the Global Bond deposited with, and registered in the name of, the Common Depositary (or its nominee) for Euroclear and Clearstream, Luxembourg. Interests of participants in Euroclear and Clearstream, Luxembourg in the Bonds will be represented by book entries in the records of Euroclear and Clearstream, Luxembourg.

Upon the initial registration of the Bonds in the name of a nominee for the Common Depositary and delivery of the Global Bond to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Bonds equal to the principal amount thereof for which it has subscribed and paid.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Bond evidenced by the Global Bond must look solely to Euroclear and/or Clearstream, Luxembourg for its share of each payment made by the Issuer to the holder of, or the person whose name is entered on the Register as the holder of, the Global Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as such Bonds are evidenced by the Global Bond and such obligations of the Issuer will be discharged by payment to the holder of the Global Bond in respect of each amount so paid.

EXCHANGE

The following will apply in respect of transfers of Bonds held in Euroclear and/or Clearstream, Luxembourg. These provisions will not prevent the trading of interests in the Bonds within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Bonds may be withdrawn from the relevant clearing system.

The Global Bond

Transfers of the holding of Bonds represented by the Global Bond pursuant to Condition 4(b) may only be made in whole but not in part if Euroclear or Clearstream, Luxembourg, on behalf which the Global Bond may be held, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available.

Thereupon the holder of the Bonds appearing in the register of Bondholders may give notice to the Trustee and the Principal Paying, Transfer and Exchange Agent of its intention to exchange the Global Bond for definitive registered bonds on or after the Exchange Date (as defined in the Global Bond) specified in the notice.

Delivery

On or after the Exchange Date, the holder of the Global Bond shall surrender the Global Bond to or to the order of the Registrar. In exchange for the Global Bond, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive registered bonds printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. On exchange of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive registered bonds.

AMENDMENT TO CONDITIONS

The Global Bond contains provisions that apply to the Bonds that they evidence, some of which modify the effect of the terms and conditions of the Bonds set out in this Offering Memorandum. The following is a summary of certain of those provisions:

Payments

All payments in respect of Bonds represented by the Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (see "*Relationship of Accountholders with Clearing Systems*" above).

Cancellation

Cancellation of any Bond following its redemption, purchase or the exercise of Exchange Rights will be effected by reduction in the principal amount of Bonds in the register of Bondholders.

Meetings

For the purpose of any meetings of Bondholders, the Bondholders shall be treated as having one vote in respect of each €100,000 in principal amount of Bonds represented by the Global Bond. The Trustee may allow to attend and speak (but not to vote as voting rights are vested in the holder of the Bonds appearing in the register of Bondholders) at any meeting of Bondholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Bonds represented by the Global Bond (each such person, an "**Accountholder**") on confirmation of entitlement and proof of his identity.

Notices

So long as any Bonds are evidenced by the Global Bond and such Global Bond is held by or on behalf of Euroclear or Clearstream, Luxembourg, notices to be delivered by the Issuer or the Guarantor pursuant to the Conditions or the Trust Deed to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for publication as required by the Conditions, except that the Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being admitted to trading. Any such notice shall be deemed to have been given on the day the same has been delivered to the relevant clearing system.

Exchange Rights

Delivery of the Exchange Notice in electronic form will constitute confirmation by the relevant Accountholder of the Bonds to be exchanged (and by any other person who is beneficially entitled to the relevant Bonds) that the information and the representations in the Exchange Notice are true and accurate on the date of delivery.

WRITTEN RESOLUTION

For so long as the Bonds are in the form of a Global Bond and for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the holder of the Bonds appearing in the register of Bondholders (by virtue of its entry in the register) irrevocably empowers (i) the Accountholders to act on its behalf and (ii) the Issuer, the Guarantor and the Trustee to rely on consent or instructions given in writing directly to the holder of the Bonds appearing in the register of Bondholders, to the Issuer, the Guarantor and/or the Trustee, as the case may be, by Accountholders in the clearing system with entitlements to such Global Bond or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the Accountholder or via one or more intermediaries and provided that, in each case, the holder of the Bonds appearing in the register of Bondholders, the Issuer, the Guarantor and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Bondholders even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an Accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Bonds. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the Accountholder of a particular principal or

nominal amount of the Bonds is clearly identified together with the amount of such holding. Neither the Issuer, the Guarantor nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

REDEMPTION AT THE OPTION OF THE ISSUER

The option of the Issuer provided for in Condition 13(b) shall be exercised by the Issuer giving notice to the Accountholders through Euroclear and Clearstream, Luxembourg within the time limits set out in, and containing the information required by Condition 13(b).

REDEMPTION AT THE OPTION OF THE BONDHOLDERS

Redemption at the option of the Bondholder pursuant to Condition 13(c) of the Bonds may be exercised by the holder of the Global Bond giving notice to the Principal Paying, Transfer and Exchange Agent of the principal amount of Bonds in respect of which the relevant option is exercised and presenting the Global Bond for endorsement or exercise within the time limits specified in Condition 13(c).

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer was incorporated as a company with limited liability on 13 November 2018 under the laws of Sweden. The registered office of the Issuer is in Gothenburg, Sweden and the address of the Issuer is c/o Advokatfirman Delphi, Östra Hamngatan 29, 411 10 Göteborg, Sweden. The Issuer is authorised to issue up to a maximum of 2,000 ordinary shares of a single class with par value of SEK1,000 each. The shares of the Issuer are not listed on any stock exchange and no listing or permission to deal in such shares is being or is proposed to be sought as at the date of this Offering Memorandum.

BUSINESS ACTIVITIES

The Issuer is an indirect wholly owned subsidiary of the Guarantor. As at the date of this Offering Memorandum, the Issuer has not engaged, since its incorporation, in any activities other than those relating to the proposed issue of the Bonds and the on-lending of the proceeds thereof to the Guarantor or the Guarantor's subsidiaries and affiliates, in conjunction with the selected documents and agreements referred to in this Offering Memorandum to which it is or will be a party.

BOARD MEMBERS

The board members of the Issuer as at the date of this Offering Memorandum are: Li Donghui, Gang Wei and Hans Olov Sören Olsson.

FINANCIAL INFORMATION

As at the date of this Offering Memorandum, save for the issue of the Bonds and other activities reasonably incidental thereto, the Issuer does not have any business operations or substantive assets and therefore it has not prepared any financial information since its incorporation.

LEGAL PROCEEDINGS

The Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened action against it.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a global automotive group. The Group offers a comprehensive product portfolio under its complementary brand portfolio, which mainly includes passenger vehicles under its two major subsidiaries: The Geely Auto Group and the Volvo Car Group. The Group operates many well-known international automotive brands including Geely Auto, Lynk & Co, Volvo Cars, Polestar, London Electric Vehicle Company, Lotus, Yuan Cheng Auto and Terrafugia, with global operations spanning the automotive value chain from research, development and design to production, sales and servicing. The Group has been recognised as a Fortune 500 company for the last seven consecutive years and was ranked No.267 by Fortune Global in 2018, ranked by Fortune China among "China's Top 500 Companies" for the last 15 consecutive years and ranked by the CAAM as one of the "Top Ten Automobile Manufacturers" for the last 15 consecutive years. In 2017, the Group was named by Forbes as one of the world's fastest growing car companies.

The Group has an established global footprint. As of 31 December 2018, the Group had manufacturing plants located in China, Belgium, the United Kingdom, Sweden and the United States and its sales network covered around 100 countries worldwide. The Group has been continuously expanding its product offering of sedans, wagons, SUVs, MPVs and new energy vehicles to meet customers' evolving needs and preferences. As of 31 December 2018, the Group offered more than 30 complete vehicle models with a full range of engines. For the years ended 31 December 2016, 2017 and 2018, the Group sold around 1.3 million, 1.8 million and 2.2 million vehicles worldwide, respectively. The Group has set up five research and development centres located in China, Sweden, the United States, the United Kingdom and Germany, respectively, and built up strong capacity to develop vehicles, engines, gearboxes and automotive electronics. The Group has also set up design centres in Barcelona, Gothenburg, California and Shanghai to create a global design platform.

Founded in 1986 and headquartered in Hangzhou, Zhejiang Province, the PRC, the Group entered into the automobile industry in 1997 and has accumulated rich experience in developing, manufacturing and selling passenger vehicles and automobile parts and components. Over the past few decades, the Group has evolved from a home-grown automobile company with one brand into a global company owning multiple brands. Having established itself firmly in the domestic market of China, the Group acquired Volvo in 2010, which has allowed access to Volvo's vast experience and technology knowhow. Since then, the Group's global presence and brand awareness have been further strengthened. In 2013, the Group acquired LTC and in July 2017 renamed it as LEVC. LEVC is the manufacturer of the iconic London taxi which represents a significant share of all taxis in London. The name change represents the Group's commitment to becoming a leading producer of new energy-focused urban commercial vehicles. With a new factory base at Coventry, the United Kingdom, LEVC aims to become a leader of lightweight vehicle and range extender powertrain technologies. In June 2017, the Group acquired a 49.9 per cent. equity interest in Malaysian automaker Proton as well as a 51.0 per cent. equity interest in British sports carmaker Lotus, thereby gaining platforms to expand into the Southeast Asian and luxury sports car markets. In November 2017, the Group completed the acquisition of a U.S. start-up, Terrafugia, a world-leader in flying-car technology. Furthering the expansion of its global reach, in June 2018 the Group made its investment in AB Volvo, a Swedish leading commercial vehicles and industrial engineering group. The transaction made the Guarantor the largest shareholder and the second largest holder in voting rights of AB Volvo as of 31 December 2018. The Group and AB Volvo expect to benefit from a global trend to replace diesel-powered trucks with gas-powered trucks, of which AB Volvo is a leading manufacturer, to reduce emissions.

In 2016, 2017 and 2018, the Group recorded operating income of RMB208,798.7 million, RMB278,264.6 million and RMB328,520.9 million, respectively, and recorded net profit of RMB11,711.5 million, RMB18,824.2 million and RMB20,267.6 million, respectively, for the same periods. The following table sets forth a breakdown of the Group's operating income and its absolute percentage of the Group's total operating income for the periods indicated:

	Year ended 31 December					
	2016		2017		2018	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)					
Manufacturing and sale of complete vehicles	196,185.3	94.0	266,950.4	95.9	315,186.9	95.9
Geely series[(1)]	55,921.6	26.8	98,230.8	35.3	124,183.1	37.8
Volvo series[(2)]	140,263.7	67.2	168,719.6	60.6	191,003.8	58.1
Parts and others[(3)]	12,613.4	6.0	11,314.2	4.1	13,334.0	4.1
Total	**208,798.7**	**100.0**	**278,264.6**	**100.0**	**328,520.9**	**100.0**

Notes:

1. Includes operating income generated from sales of complete vehicles by the Geely Auto Group.
2. Includes operating income generated from sales of complete vehicles by the Volvo Car Group.
3. Includes operating income generated from sales of complete vehicles by LEVC and Lotus, sales of automobile parts and components and other miscellaneous businesses.

The following table sets forth a breakdown of the Group's gross profit by business segment and its absolute percentage of the total gross profit for the periods indicated:

	Year ended 31 December					
	2016		2017		2018	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)					
Manufacturing and sale of complete vehicles	41,249.6	90.0	59,085.7	93.9	67,805.2	91.1
Geely series[(1)]	11,916.9	26.0	21,792.1	34.6	28,471.8	38.3
Volvo series[(2)]	29,332.7	64.0	37,293.6	59.3	39,333.4	52.8
Parts and others[(3)]	4,602.1	10.0	3,845.4	6.1	6,661.9	8.9
Total	**45,851.7**	**100.0**	**62,931.1**	**100.0**	**74,467.1**	**100.0**

Notes:

1. Includes gross profit generated from sales of complete vehicles by the Geely Auto Group.
2. Includes gross profit generated from sales of complete vehicles by the Volvo Car Group.
3. Includes gross profit generated from sales of complete vehicles by LEVC and Lotus, sales of automobile parts and components and other miscellaneous businesses.

RECENT DEVELOPMENTS

Performance for the Three Months Ended 31 March 2019

For the three months ended 31 March 2019, the total operating income, operating profit and net profit of the Group slightly decreased as compared to the corresponding period in 2018, which was primarily due to the decrease in the Group's total sales volume because of the slowdown in domestic and international automobile market. As at 31 March 2019, the Group's total debt increased as compared to the balance as at 31 December 2018, which was primarily due to the additional indebtedness incurred by the Group to satisfy its capital needs.

Such financial information has not been subject to an audit or review and should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Bookrunners, the Trustee or the Paying, Transfer and Exchange Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, any person who controls any of them or their advisers makes any representation or warranty, express or implied, regarding the accuracy of such consolidated financial information or their sufficiency for an assessment of, and potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. For

the avoidance of doubt, the financial statements as at and for the three months ended 31 March 2019 do not constitute part of this Offering Memorandum.

Additional Indebtedness

Since 31 December 2018, the Group has incurred additional indebtedness to satisfy its capital needs, including the RMB2.5 billion 3.49 per cent. 270-day super & short-term commercial paper issued by the Guarantor in January 2019, and the RMB3.5 billion 4.1 per cent. medium-term notes due 2022 issued by the Guarantor in April 2019, and the EUR600 million 2.125 per cent. medium-term notes due 2024 issued by Volvo in April 2019. The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths have contributed to its success, distinguished it from its competitors and positioned it favourably to take advantage of future growth opportunities:

A Leading Global Automobile Group

The Group is one of the leading automakers in the world, focusing on manufacturing and sales of passenger vehicles, as well as automobile parts and components. The Group offers a comprehensive product portfolio covering a wide range of product segments from luxury sedans to compact cars.

The Group has been recognised as a Fortune 500 company for seven consecutive years and was ranked No.267 by Fortune Global in 2018, ranked by Fortune China among "China's Top 500 Companies" for 15 consecutive years and ranked by CAAM as one of the "Top Ten Automobile Manufacturers" in China for 15 consecutive years. In 2017, the Group was named by Forbes as one of the world's fastest growing car companies. "Geely Auto" brand has been recognised as one of China's most recognised brands and its trademark was accredited as a well-known trademark in the PRC by the Trademark Office of the State Administration for Industry & Commerce of the PRC. According to CAAM, the sales volume of the Geely Auto Group ranked second among all Chinese home-grown automobile brands in 2018.

Global awareness of the Group has strengthened since its acquisition in 2010 of Volvo, one of the world's best-known and most respected vehicle brands, and its acquisition in 2013 of LEVC, the iconic London taxi manufacturer. Founded in 1927, Volvo was a subsidiary of the AB Volvo Group until it was sold to Ford Motor Company in March 1999 and later the Group in 2010. Today, the Volvo Car Group is a global automotive brand focused on the design, engineering, manufacture, distribution and sale of premium passenger cars, as well as related parts and services. Volvo produces a range of premium cars, including sedans, wagons and SUVs. Volvo's long heritage is underpinned by a reputation for safety and technology as evidenced by industry-leading innovations such as the introduction of the three-point safety belt, the rear-facing child safety seat and the child booster cushion. In 2013, the Group entered the field of specialised taxi manufacturing through the acquisition of LEVC, which is known for producing taxis that are safe, reliable and durable. To develop this significant investment, LEVC opened a new plant in Coventry, the United Kingdom for producing the next generation London taxi. Furthermore, the Group expanded its fleet into the field of sports cars and the Southeast Asian market in 2017 by taking a majority equity interest in the British sports car brand Lotus and a 49.9 per cent. equity interest in its Malaysian parent company Proton. Also, in 2017, the Group entered the flying car field through the acquisition of Terrafugia, a world-leading company in flying car technology. In 2018, the Group further invested in AB Volvo, the leading Swedish manufacturer of trucks, buses, construction, equipment, diesel engines and marine and industrial engines, and became AB Volvo's largest holder in terms of equity interest and second largest holder in voting rights as of 31 December 2018.

The Group has received notable recognition for its contribution from governments both in China and overseas. Government leaders have demonstrated strong government support by personally visiting the Group's factories. For example, when Chinese President Xi Jinping visited Europe in April 2014, he specifically visited Volvo's factory in Ghent, Belgium. In October 2015, Chinese President Xi Jinping and his wife Peng Liyuan, accompanied by Prince William and his wife Princess Kate, participated in the unveiling ceremony for the next generation zero-emission capable London taxi, namely, the TX series. In June 2017, Chinese Premier Li Keqiang and Belgian Prime Minister Charles Michel jointly visited the Geely-Volvo Innovation Display in Brussels, Belgium. Also in June 2017, Swedish Prime Minister Stefan Löfven and Gothenburg Mayor Ann-Sofie Hermansson visited the Group's headquarters in Hangzhou. In August 2018, the Malaysian Prime Minister visited the Group's headquarters in Hangzhou for the second time to attend the signing ceremony for

the framework agreement to deepen the strategic cooperation between the Group and Proton in electrification and globalisation.

The Group provides a comprehensive product range and an optimised product portfolio for the evolving needs and preferences of its domestic and international customers. Its brands complement each other in terms of product strengths and customer base. The Group believes that the Geely Auto Group's established market position in China, the Volvo Car Group's strong market position in the global market and the Group's acquisitions of LEVC, Terrafugia Inc and Lotus and its investment in AB Volvo (a non-consolidated subsidiary) will provide it with a solid foundation to strengthen its market position in the global automobile industry.

Strong Research and Development Capabilities in Next Generation Technologies

The Group owns the world's leading intelligent safety technologies and intelligent systems, including: Adaptive Cruise Control system, 360 Surround View, Driver Alert Control system, Blind Spot Information system, Active High Beam Control system, Lane Keeping Aid, Volvo on Call car manager and the Autonomous Driving system. The Volvo Car Group's car safety technology has created a number of new world firsts, including its XC60, which was named 2017's overall safest car in the European New Car Assessment Programme (Euro NCAP) testing.

The Group has invested heavily in technological innovation in the pursuit of more sustainable manufacturing technologies. Following through on its promise to take specific steps in pursuit of clean energy, the Group in 2015 invested in Carbon Recycling International ("**CRI**"), a world leader in developing technology to produce renewable methanol fuel from clean energy and recycled CO2 emissions for the production of renewable methanol cars. The Group announced the "Blue Geely Initiative" in 2015 and has since been committed to electrification and other emission-efficiency solutions in preparation for an era beyond the internal combustion engine. For more information, see "-*Well Positioned to Benefit from Industry Trends in Emission Efficiency*" below.

As at the date of the this Offering Memorandum, the Group has set up five research and development centres located in China, Sweden, the United States, the United Kingdom and Germany, respectively, including the Geely automobile research and development centre in Hangzhou, China, China Euro Vehicle Technology AB ("**CEVT**") in Gothenburg, Sweden, Volvo's research and development centre in California, the United States, the LEVC research and development centre in Antsy Park, Coventry, United Kingdom, and the research and development centre in Raunheim, Germany. CEVT is a research and development centre for future c-segment cars which has been instrumental in developing Compact Modular Architecture ("**CMA**"), a new generation of scalable architecture on which the Group will be able to accommodate a wide variety of vehicle sizes and body styles. CEVT has engaged in the development of new car technologies with the aim to deliver advanced and cost-saving technologies and new vehicle models using the CMA platform. This platform will be used for both the production of Volvo and Geely brand products and the Group expects it to create significant economies of scale that will help it compete with other automobile companies in the breadth of models offered. In December 2017, the Geely Auto Group and the Volvo Car Group established a new technology joint venture, GV Automobile Technology (Ningbo) Co. Ltd. (寧波時空方程技術有限公司), to share existing and future technology and provide economies of scale. The LEVC research and development centre launched its new zero-emission capable range of electric taxis ahead of London's "Zero-Emission Capable" regulation under which all new London taxis were required to have zero-emissions capability from 1 January 2018. For details of the research and development centres, see "— *Research and Development*". In addition, the Group has set up design centres in Barcelona, Gothenburg, California and Shanghai to create a global design platform.

The Group's focus on research and development has allowed it to capture a wide range of business opportunities. The Group believes it is among the technology leaders in the automobile industry and is well positioned to capture future growth in this industry.

Globally Diversified Sales and Production Footprint

The Group has an established global footprint, which enables manufacturing and sales flexibility, efficiency and cost reduction. The Geely Auto Group is deeply rooted in China. As at the date of this Offering Memorandum, the Geely Auto Group has over 10 production bases and over 900 dealer and agent outlets across the country covering over 350 cities and 31 provinces and autonomous regions. As of 31 December 2018, the Geely Auto Group exported its products to 24 countries through 24 sales agents and 297 sales and service outlets, and the Volvo Car Group sold cars in approximately 100 countries through approximately 2,300 dealers. Geely Auto Group has a presence in all first, second and third-tier cities, benefiting from the huge growth potential of the

China market. The Geely Auto Group has also entered overseas markets with a focus on developing countries located in the Middle East, Eastern Europe, Central America, South America and Africa. The Volvo Car Group is based in Western Europe, the Americas and China, with a presence in Sweden, Norway, Denmark, Finland, the Netherlands, Belgium, France, Spain, Italy, Germany, Switzerland, Austria, Ireland, the United Kingdom, Greece, Portugal and so forth. In June 2018, the Volvo Car Group successfully opened its new assembly plant in Charleston, South Carolina, which is its first assembly plant established in the U.S., with the goals of saving costs and ensuring the flexibility of sales in the U.S. In September 2018, production of the new S60 sedans started in the new Charleston plant. For the years ended 31 December 2016, 2017 and 2018, the Group sold approximately 1.3 million, 1.8 million and 2.2 million vehicles worldwide, respectively.

The Group believes its extensive global presence and strategically positioned distribution network will continue to contribute to its success in capturing growth opportunities arising within both domestic and overseas markets.

Strategic Synergies between the Geely Auto Group and the Volvo Car Group

The Group's growth path has mostly been upward, especially after its strategic acquisition of Volvo in 2010, which drew worldwide attention and made Geely a Chinese representative of expansion into the global market. Since the acquisition, the Group's global presence and its brand awareness have been further strengthened, which helped it consolidate its position as a global automobile manufacturer. Volvo and Geely continue to remain autonomous brands after the acquisition, but the Geely Auto Group and the Volvo Car Group have established a committee, led by Mr. Li Shufu, to promote synergies in areas including technologies, facilities, procurement and marketing.

- *Technologies:* This cooperation creates synergies that allow the Geely Auto Group to access the Volvo Car Group's vast experience and technology knowhow. For example, the Geely Auto Group has strengthened the safety and quality of its products by introducing the safety and quality management system from the Volvo Car Group. Several of the Volvo Car Group's original safety techniques have been applied to Geely brand products, such as Blind Spot Information System and Intelligent Driver Information System. With the benefit of the access to the Volvo Car Group's technology, the Geely Auto Group launched its first high-class models, which made great breakthroughs in design, safety and interior air quality management technology and which have been chosen as the diplomatic concierge car for the Ministry of Foreign Affairs.

- *Facilities:* The Volvo Car Group's engine factory at Zhangjiakou has been shared with the Geely Auto Group and the Geely Auto Group's Luqiao Plant will produce the XC40 series for the Volvo Car Group. In July 2017, Geely, Volvo and the Guarantor signed a memorandum of understanding for cooperation on technology and sourcing through the new Lynk & Co Joint Venture, in which Geely holds a 50 per cent. equity interest, Volvo holds a 30 per cent. equity interest, and the Guarantor holds a 20 per cent. equity interest as at the date of this Offering Memorandum. Lynk & Co Joint Venture launched the Lynk & Co 01 model in November 2017 and Lynk & Co 02 which is the smaller variant of Lynk & Co 01 in June 2018.

- *Procurement:* The Group started joint procurement of components worldwide in 2013. The Geely Auto Group is building a long-term relationship with large international suppliers by virtue of the global supplier network of the Volvo Car Group and is upgrading its supplier network to an international level. The Volvo Car Group is simultaneously systematically optimising its purchase of components on the basis of maintaining quality, in order to achieve a healthier cost structure. By executing these initiatives the Group continues to improve its cost efficiency and further enhance its profitability.

- *Marketing:* In addition, Volvo has grown significantly as a European luxury brand, particularly in China. In 2018, the Volvo Car Group sold 130,593 units in China, which accounted for approximately 20.3 per cent. of its total global sales, as compared to the sale of 41,989 units in 2012. The auto industry in China experienced its first decline in auto sales in over 20 years, dipping 2.8 per cent during 2018, according to the CAAM. Despite market headwinds, strong demand continued for Volvo cars in China, achieving 14 per cent. growth in 2018. For the years ended 31 December 2016, 2017 and 2018, China continued to be Volvo Car Group's largest market. The Volvo Car Group inaugurated a new research and development centre in Shanghai in 2013. The facility strengthens the Volvo Car Group's local research and development capabilities and contributes to the automobile industry in China by developing local talent. This move establishes the Volvo Car Group as the only international premium car maker that has core vehicle research and development capabilities in China.

The Group believes that it will continue to benefit from the synergies between the Geely Auto Group and the Volvo Car Group through shared knowhow, global production and distribution footprint, as well as enhanced cost and operational efficiency.

Well Positioned to Benefit from Industry Trends in Emission Efficiency

The global trend has been to tighten regulations on vehicle carbon emissions. The Group is dedicated to developing low-emission new energy vehicles in order to protect the environment and to remain competitive in the automobile industry. In November 2015, the Group announced a major shift to alternative energy vehicles in order to focus on developing into a leading new energy vehicle producer. The Group's "Blue Geely Initiative" will see it move from focusing on traditional internal combustion engine technologies to concentrating entirely on new energy vehicle sales and development.

The Group is proactively leading the research into environmentally friendly technologies. In July 2015, the Group invested in CRI, a leading global company in developing technology to produce renewable methanol fuel from clean energy and recycled CO2 emissions. In December 2015, the Geely Auto Group began to manufacture a methanol automobile under the New Energy Project in Shanxi Province, China. In February 2016, CRI's first batch of methanol cars was road-tested. Sales of new energy vehicles in China recorded robust growth in 2018 according to information published by CAAM, a development which the Group expects to continue in the years ahead. In 2017 and 2018, the second and the third full year of implementation of the "Blue Geely Initiative", the Geely Auto Group sold 25,266 units and 67,069 units of new energy vehicle models, mainly "Emgrand EV", respectively, representing a year-on-year increase of 47 per cent. and 165 per cent., respectively. The Volvo Car Group introduced its first plug-in hybrid diesel version vehicles in 2012, launched the Drive-E powertrain in 2013 and introduced plug-in hybrid twin engine petrol version vehicles in 2015. The Volvo Car Group plans to produce its first all-electric car in 2019. In addition, in March 2017, LEVC opened a new factory in Ansty, United Kingdom, which is the first new energy vehicle production centre established in the United Kingdom in the last ten years and which possesses ten times the production capacity of the factory it replaced. In December 2017, LEVC launched TX5, the first zero-emission capable black cab in London.

The Group intends to promote the offering of gasoline-electric hybrid vehicles, plug-in range extended electric vehicles and electric vehicles. With a substantial investment in new technologies and innovations like powertrain, new energy and turbocharged engines over the past few years, the Group's products have become far more environmentally friendly and fuel-efficient. In 2017, the Group's EV300 was awarded the "China Annual Green Car" at the 8th Global New Energy Vehicle Forum. The Group will continue to offer more energy-efficient solutions to its customers such as plug-in range extended electric vehicles and hybrid electric vehicles, and high-performance turbocharged engines for more of its models, thus strengthening its product line and enhancing the competitiveness of its products.

Strong Liquidity and Diversified Funding Sources

The Group has been able to maintain strong cash flows and obtain multiple channels of financing. The Group actively explores diversified financing sources, including bank loans, equity and debt financing, and has established a receivables management system to conduct comprehensive credit assessment on its clients and frequently monitors of receivables. The Group also strategically manages its payables by focusing on cooperation with strategically selected suppliers in order to optimise its capital structure and to increase overall liquidity. As such, the Group has been able to record positive net operating cash flows while achieving stable growth in its operating income, operating profit and net profit in recent years. The Group is also able to maintain a strong liquidity position. As at 31 December 2018, the Group's total debt (which comprises short-term borrowings, long-term loans due within one year, bonds payable due within one year, long-term loans and bonds payable) was RMB89,865.2 million, of which RMB38,915.8 million will due within one year, and its cash was RMB67,340.1 million, accounting for 20.2 per cent. of its total assets.

Furthermore, the Group has established cooperative relationships with, and received bank loans from, various PRC banks such as China Development Bank, The Export-Import Bank of China, Bank of China, China Construction Bank, as well as overseas financial institutions, which, in addition to securing access to low-cost financing, allow it to receive long-term loans. As of 31 December 2018, the Group had an aggregate credit facility of approximately RMB180.3 billion with an undrawn balance of RMB99.7 billion. The Group has a strong ability to raise funds from the capital markets. It has successfully completed a number of multibillion Renminbi financings in the domestic debt market through the issuance of corporate bonds, green bonds, medium-term notes, short-term commercial paper and senior notes, and has also successfully raised funds in equity market.

The Group monitors its key leverage ratios to maintain its financial stability. The Group believes its strong cash flow, multiple financing channels and the recognition and upgraded rating of its two core subsidiaries by the international rating agencies will enable it to expand steadily into its target markets and sustain long-term growth.

Experienced and Dedicated Management Team with Global Vision

The Group has a respected senior management team with global vision, extensive expertise and experience in the automobile industry, including automobile manufacturing and engineering, strong execution capabilities, and a commitment to operating efficiency. The industry experience and knowledge of the Group's senior management team have significantly contributed to the success of its operations. Mr. Li Shufu, the Group's founder and chairman, has over 30 years of experience in the automobile manufacturing industry. He was named as one of the "50 most influential persons during the past 50 years in China's automobile industry" (中國汽車工業 50 年 50 位傑出人物) in 2003 by China Automotive News (中國汽車報), one of the "most respected entrepreneurs" (最受尊敬企業家稱號) in 2010 by Huade Award (華德獎), and one of the "Top 10 economic persons of the new century" (新世紀 10 年十大經濟人物稱號) in 2011 by China Economic Net (中國經濟網). Mr. Li was awarded the Order of Leopold (利奧波德騎士勳章) in 2011 by Prince Philippe of Belgium for his contribution in operating Volvo. Mr. Li was awarded as one of the "25 most influential entrepreneurs in China in the 20th century" (20 世紀影響中國的 25 位企業家) and ranked 34th of the "50 most influential business leaders in China" (中國最具影響力的 50 位商界領袖) in 2012 by Fortune Magazine. In 2017, Mr. Li was named as the "Person of the Year for 2016" (2016 年度人物) by China Automotive Review.

The Group's senior management team members have extensive experience in finance, technological development and marketing and many of them had worked with reputable state-owned or global conglomerates before joining the Group. For example, Mr. An Conghui is the president of the Guarantor. He joined the Group in 1996 and was appointed as the president of the Guarantor in December 2011, where he was in charge of its business and operations. Mr. An has extensive professional knowledge and senior managerial experience in the automobile industry, particularly in the field of automobile engineering. Mr. Li Donghui is an executive vice president and chief financial officer of the Guarantor. Mr. Li had taken up senior roles, such as chief financial officer and general manager, in various companies including BMW Brilliance Automotive Ltd. (華晨寶馬汽車公司) and Danfoss (Tianjin) Limited (丹佛斯天津有限公司). The stability of the Group's management team is critical to its long-term development and the continued growth of its business.

BUSINESS STRATEGIES

The Group intends to consolidate and enhance its leading position in the automobile industry by pursuing the following key business strategies:

To Continue Diversifying the Group's Brand Portfolio

The Group is committed to becoming a global automotive company leveraging on its global brands and wide-range of product offerings. The Geely Auto Group primarily operated a well-known domestic automotive brand Geely Auto. In 2010, the Group acquired Volvo, a global luxury car brand, as a significant step to fulfil the Group's brand strategy. The Group plans to further offer the products under Geely Auto and Volvo Cars to achieve the synergy between the two brands. On 1 February 2016, the Group announced the establishment of Zhejiang Geely New Energy Commercial Vehicle Co., Ltd. (浙江吉利新能源商用汽車有限公司) ("**Geely Commercial Vehicle**") which consists of the newly launched Yuan Cheng Auto and LTC as part of the Group's full offering of passenger and commercial vehicle offerings. Yuan Cheng Auto focuses on the development, manufacturing and distribution of clean energy vehicles, and LEVC plans to build on its manufacturing history to focus on the manufacture taxis of high quality and light commercial vehicles. In July 2017, Geely, Volvo and the Guarantor signed a memorandum of understanding for cooperation on technology and sourcing through the new joint venture Lynk & Co, in which Geely holds a 50 per cent. equity interest, Volvo holds a 30 per cent. equity interest, and the Guarantor holds 20 per cent. equity interest as at the date of this Offering Memorandum. Further, as of 28 September 2018, Polestar is no longer consolidated into the Volvo Car Group and will operate as a standalone electric performance car brand of the Group. The Group believes its core development goal can be achieved through the diversified brands under the Group with its capability to continue expanding its brand portfolio in future.

To Further Enhance the Group's Capability in Research and Development

With its belief of "Indigenous Innovation, Global Wisdom, Core Technology", the Group aims to seek technological innovations and breakthroughs in new product structuring, vehicle networking, new energy and new materials. The Group believes that this goal can be achieved through integration of its four sub-strategies, namely product platform strategy, safety first strategy, energy diversification strategy and intelligent technology strategy.

According to its product platform strategy, the Group plans to keep its position as a leading automobile company in the sedan market, and continue strengthening its position in the SUV market, whilst procure its entry into the MPV market. Under the safety first strategy, the Group has developed several models which have received 5+ star safety ratings from the China-New Car Assessment Program. The Group will continue focusing on its qualify and safety control with regard to the development and manufacture of automobiles. For the implementation of the energy diversification strategy, the Geely Auto Group launched the "Blue Geely Initiative" in 2015 pursuant to which the Geely Auto Group aims to increase the sales of its new energy vehicles to over 90 per cent. of its overall sales by 2020, of which approximately 65 per cent. are hybrids vehicles and approximately 35 per cent. are pure electric vehicles. Furthermore, "intelligent connectivity" and "intelligent drive" will be the core technology development strategies of the Group in the next ten years.

To Build Up a Well-established Talent Introduction and Training System

The Group focuses on the combination of internally developed talent with talent brought in from elsewhere in the Chinese and international automotive sectors to form a diverse pool of skills and abilities. The Group attracts talent through multiple channels and creates effective incentive programs to align diverse interests. Following the Group's principles of "respect, achievement and happiness", it plans to offer its employees abundant training opportunities to build ties with their colleagues across the global network and to broaden their own professional horizons. The Group aims to focus on its talent introduction and training system and strive to build a team that is competent, efficient, qualified, energetic and internationally competitive.

To Achieve the Group's Sustainable Development Goal of "Zero-Emissions"

New energy vehicles are expected to be the future growth driver of the automobile industry. The Group plans to further implement its new energy development strategy, including actively exploring alternative fuels and developing new energy solutions. The Geely Auto Group plans to achieve a leading position in new energy vehicles through the research and development of hydrogen fuel and metal fuel vehicles that employ recent advances in intelligent and lightweight technologies. As the high-end automotive brand under the Geely Auto Group, Lynk & Co intends to develop all-electric versions of every future Geely vehicle model. In addition, the Group aims to release more energy-efficient vehicles, such as Volvo's plug-in extended range electric vehicles and hybrid electric vehicles, to the domestic and overseas markets, to further achieve its goal to replace all old models with more environmentally friendly and more energy-efficient models that are equipped with state-of-the-art powertrain technologies and new energy.

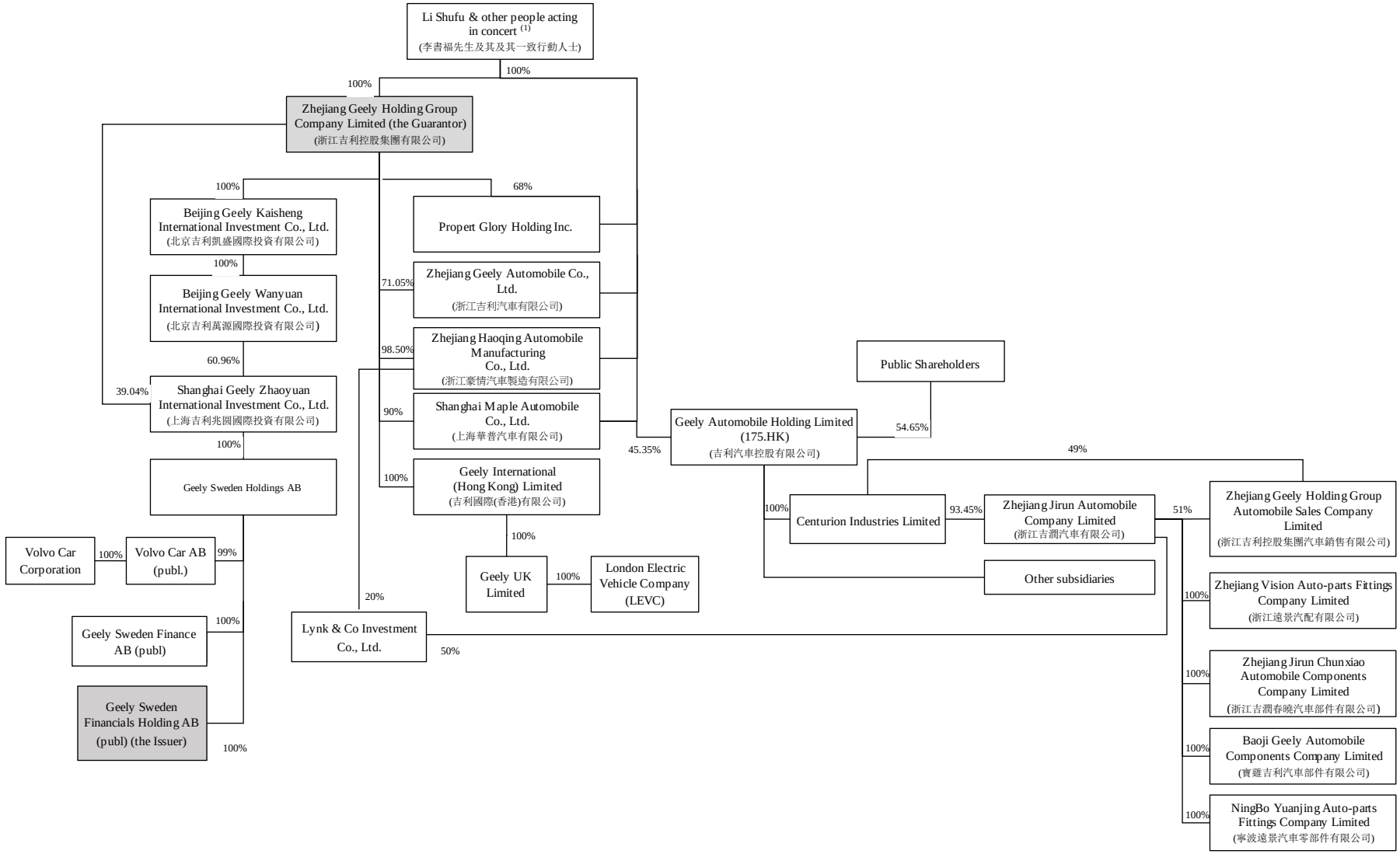
To Expand the Group's International Presence

The Group has built manufacturing plants, assembly plants, research and development centres and design centres in several major countries and regions, including China, the United States, Belgium, Sweden, the United Kingdom, Germany, India, Spain and Malaysia. As of 31 December 2018, the Group employed over 120,000 people globally and its products were sold in more than 100 countries. The Group intends to continue to expand the international presence of its automotive brands by leveraging its established overseas distribution network and broadening product offerings to further increase sales revenue. The Group believes that this strategy will help to expand its revenue base and increase its brand awareness globally.

CORPORATE STRUCTURE

The following chart illustrates a simplified ownership and corporate structure of the Group as at 31 December 2018:

Note: As at 31 December 2018, Mr. Li Shufu and his son, Mr. Li Xingxing owned 91.075 per cent. and 8.925 per cent., respectively, of the Guarantor's issued share capital.


Li Shufu & other people acting in concert (1)
(李書福先生及其及其一致行動人士)
100%
100%
Zhejiang Geely Holding Group Company Limited (the Guarantor)
(浙江吉利控股集團有限公司)
100%
68%
Beijing Geely Kaisheng International Investment Co., Ltd.
(北京吉利凱盛國際投資有限公司)
Propert Glory Holding Inc.
100%
71.05%
Beijing Geely Wanyuan International Investment Co., Ltd.
(北京吉利萬源國際投資有限公司)
Zhejiang Geely Automobile Co., Ltd.
(浙江吉利汽車有限公司)
60.96%
98.50%
39.04%
Shanghai Geely Zhaoyuan International Investment Co., Ltd.
(上海吉利兆圓國際投資有限公司)
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.
(浙江豪情汽車製造有限公司)
90%
Shanghai Maple Automobile Co., Ltd.
(上海華普汽車有限公司)
Public Shareholders
100%
Geely Sweden Holdings AB
100%
Geely International (Hong Kong) Limited
(吉利國際(香港)有限公司)
45.35%
Geely Automobile Holding Limited (175.HK)
(吉利汽車控股有限公司)
54.65%
49%
Volvo Car Corporation
100%
Volvo Car AB (publ.)
99%
100%
Centurion Industries Limited
93.45%
Zhejiang Jirun Automobile Company Limited
(浙江吉潤汽車有限公司)
51%
Zhejiang Geely Holding Group Automobile Sales Company Limited
(浙江吉利控股集團汽車銷售有限公司)
100%
Geely UK Limited
100%
London Electric Vehicle Company (LEVC)
Other subsidiaries
Zhejiang Vision Auto-parts Fittings Company Limited
(浙江遠景汽配有限公司)
20%
100%
Geely Sweden Finance AB (publ)
Lynk & Co Investment Co., Ltd.
50%
Zhejiang Jirun Chunxiao Automobile Components Company Limited
(浙江吉潤春曉汽車部件有限公司)
100%
Geely Sweden Financials Holding AB (publ) (the Issuer)
100%
Baoji Geely Automobile Components Company Limited
(寶雞吉利汽車部件有限公司)
100%
NingBo Yuanjing Auto-parts Fittings Company Limited
(寧波遠景汽車零部件有限公司)
100%

HISTORY AND DEVELOPMENT

The following are certain key milestone events of the Group.

1986.....	The predecessor of the Guarantor was established.
1997.....	The Group entered into the automobile industry.
1998.....	The Group's first car "Haoqing" commenced production.
2001.....	The Group obtained licence to produce automotive vehicles, becoming the first private automobile company in China.
2003.....	Zhejiang Geely Holding Group Company Limited (the Guarantor) was established.
2005.....	One of the Guarantor's subsidiaries, Geely Automobile Holding Limited, became the first Chinese automotive manufacturer to be listed on The Hong Kong Stock Exchange (HK: 0175).
2006.....	The Group established a joint venture with London Taxi International.
2009.....	The Group acquired the Australian transmission company Drivetrain Systems International (DSI) and established production in China.
2010.....	The Group acquired Volvo from Ford Motor Company. The transaction was completed on 2 August 2010.
2012.....	The Group was listed as a Fortune 500 company for the first time.
2013.....	In February 2013, the Group acquired 100 per cent. control of Manganese Bronze and its subsidiary, London Taxi International and its joint venture in Shanghai. In March 2013, the Group established a joint venture with Kandi Electric Vehicles to develop a first-of-its-kind time-sharing electric vehicle rental programme in select cities in China.
2014.....	In February 2014, the Group acquired Emerald Automotive, a leader in the development of lightweight and range-extended electric vehicles. In April 2014, the Group officially showcased the flagship GC9 sedan and announced its new brand positioning and official tie-up with the Chinese Olympic Swimming Team. The new brand mission is "Creating Refined Cars for Everybody".
2015.....	On 26 March 2015, the Group announced its £250 million investment to build a new state-of-the-art research, development and assembly facility for LTC to prepare for the introduction of the next generation London black cab. On 18 November 2015, the Group announced its green initiative, "Blue Geely Initiative" and launched its first pure electric vehicle Emgrand EV.
2016.....	On 20 May 2016, the Group issued its first U.S.$400 million green bond, only the second ever issued in the automobile industry, for the further development of LTC. On 20 October 2016, the Group launched the Lynk & Co brand, a new global car brand with an open application programming interface ("**API**"), personalised services, sharing possibilities and the first dedicated app stores in Gothenburg and Berlin.

	On 5 November 2016, the Group announced its "20200 Strategy" which aims to increase sales volumes to two million by the year 2020.
2017.....	On 10 May 2017, the Group launched the "iNTEC" brand, which had a core concept of "humanised intelligent drive" and aimed to provide a better driving experience and higher safety.
	On 23 June 2017, the Group signed an agreement to acquire a 49.9 per cent. equity interest in Malaysian automaker Proton and acquire a 51 per cent. equity interest in luxury sports car brand Lotus from DRB-HICOM Berhad of Malaysia.
	On 13 July 2017, the Group renamed LTC to LEVC to support its global vision to become the urban commercial vehicle provider of choice.
	On 13 November 2017, the Group entered into an agreement with Terrafugia Inc, a US-based company focused on the innovation, engineering and production of flying cars and future technologies, to acquire its operations and assets in their entirety.
2018.....	On 28 June 2018, the Group invested in AB Volvo, a leading Swedish commercial vehicles and industrial engineering group, becoming its largest shareholder and second largest holder in voting rights.
2019.....	On 28 March 2019, the Guarantor and the Daimler AG announced their plan to form a joint venture to own, operate and develop the Smart brand, a leading brand among small urban vehicles and premium-electrified vehicles.

AWARDS

The following are certain major honours and awards the Group has received since its inception:

- the "Quality Prize" by the Zhejiang Provincial Government in 2018;
- the "Top Ten Enterprise in International Investment" by the General Office of the Zhejiang Provincial Committee and the General Office of the People's Government of Zhejiang Province in 2018;
- the "World's Leading Enterprises in Intellectual Property" by the 5th China Intellectual Property Forum in 2018;
- the "Zhejiang Patent Golden Award" by the Zhejiang Provincial Administration for Market Regulation and the Zhejiang Private Enterprise Development Association in 2018;
- the "Famous Brand of Zhejiang Province" by the Zhejiang Bureau of Quality and Technical Supervision in 2017;
- the "Top 30 Enterprises in China Automobile Industry" by the China Machinery Industry Federation and CAAM in 2017;
- the "Executive Vice President of Units" by the Zhejiang Electric Vehicle Industry Association in 2017;
- the "China Trademark Golden Award" by the State Administration for Industry and Commerce of the PRC in 2017;
- the "Quality Prize" by the Zhejiang Provincial Government in 2017;
- the "Most Internationally Competitive Car Model Award" by Auto Business Review in 2017;
- the "China Auto Industry Award" ("Xuanyuan" Award) by Auto Business Review in 2016;
- the "Top 500 of Fortune World" for seven consecutive years from 2012 to 2018 by Fortune, and the only nominated private automobile corporation in the PRC in 2012;

- the "China Auto Service Golden Wrench Award" by Sohu.com and Car service Magazine in 2014;
- the "Zhejiang Mechanical Engineering Mass Quality Activity Outstanding Corporation "in 2013-2014;
- the "China Credit Prize" in 2013 by the Automobile Manufacturing Summit & China Credit Prize Ceremony;
- the "Zhejiang Merchant Outstanding Corporation" in 2013 by the Zhejiang Economy Annual Event;
- the "Best Annual China Automobile Brand" in 2010 by the Seventh China Automobile General Evaluation Awards Ceremony in Zhengzhou held by China Mainstream Media Automobile Union;
- the "Innovative Corporation Prize" in 2010 by the "2010 Annual Sci-Tech Innovation Awards Ceremony" held by China Quality Evaluation Association;
- the "Top 500 of China Enterprise" for nine consecutive years from 2002 to 2010 by the China Enterprise Confederation and China Enterprise Directors Association;
- the "Top 500 of China Private Corporation" in 2010 by the All-China Federation of Industry & Commerce; and
- the "Top 100 of Environmental-Friendly Enterprise" for four consecutive years from 2007 to 2010 by China Entrepreneur Club.

DESCRIPTION OF THE GROUP'S BUSINESS

The Group's Brands and Products Portfolio

The Group is principally engaged in the research and development, design, manufacturing, marketing and distribution of passenger vehicles, commercial vehicles and automobile parts and components. The Group offers a comprehensive product portfolio under its complementary brand portfolio, which mainly includes passenger vehicles under its two major subsidiaries: the Geely Auto Group and the Volvo Car Group. The Group operates many well-known international automotive brands including Geely Auto, Lynk & Co, Volvo Cars, Polestar, London Electric Vehicle Company, Lotus, Yuan Cheng Auto and Terrafugia with global operations spanning the automotive value chain, from research, development and design to production, sales and servicing. In addition to the manufacture of complete vehicles, the Group manufactures and distributes automobile parts and components.

The following table sets forth a breakdown of the Group's operating income by business segment and its absolute percentage of the total operating income for the periods indicated:

	Year ended 31 December					
	2016		2017		2018	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)					
Manufacturing and sale of complete vehicles	196,185.3	94.0	266,950.4	95.9	315,186.9	95.9
Geely series[(1)]	55,921.6	26.8	98,230.8	35.3	124,183.1	37.8
Volvo series[(2)]	140,263.7	67.2	168,719.6	60.6	191,003.8	58.1
Parts and others[(3)]	12,613.4	6.0	11,314.2	4.1	13,334.0	4.1
Total	**208,798.7**	**100.0**	**278,264.6**	**100.0**	**328,520.9**	**100.0**

Notes:

1. Includes operating income generated from sales of complete vehicles by the Geely Auto Group.
2. Includes operating income generated from sales of complete vehicles by the Volvo Car Group.
3. Includes operating income generated from sales of complete vehicles by LEVC and Lotus, sales of automobile parts and components and other miscellaneous businesses.

The Geely Auto Group currently operates two brands: Geely Auto and Lynk & Co, a new joint-venture brand developed by the Geely Auto Group and the Volvo Car Group which targets strategically at the new generation of consumers. The Volvo Car Group currently operates Volvo Cars, one of the most well-known and respected brands in the world with sales in more than 100 countries. The Geely Auto Group and the Volvo Car Group also have joint control over Polestar, a standalone electric performance car brand. In addition to the brands operated by the Geely Auto Group and the Volvo Car Group, the Group owns other brands acquired through its global expansion, including the iconic London taxi brand LEVC, British sports car brand Lotus and the leader in flying-car technology Terrafugia.

A selection of the Group's major brands and its principal vehicle models is set out below:

Geely Auto Group				Volvo Car Group			Geely Commercial Vehicle
Tiny compact car	**Crossover**	**SUV**	**New energy vehicle**	**Sedan**	**Estate/ Hatchback**	**SUV/ Crossover**	
Emgrand GL	Emgrand GS	Geely Boyue	Emgrand EV	S90	V90	XC90[3]	TX4
Geely Panda	Geely Borui[1]	Vision SUV	Emgrand PHEV	S60	V60	XC60	TX5[4]
Geely Kingkong	Vision S1	Vision X3	Borui GE		V40		
New Vision	Lynk & Co 01[2]	Vision X1	Emgrand GSe				
New Emgrand	Lynk & Co 02	Geely Binyue					
Geely Binrui							

Notes:

1. The Borui model won "The Best Domestic Mid-size Sedan" in 2017 at the "Best Car 2017 Ceremony" held by Auto Motor und Sport.
2. The Lynk & Co 01 model received a five-star rating in the C-NCAP crash test in 2018.
3. The XC90 model received the top emergency brake system rating by Euro NCAP in 2017.
4. TX5 is a zero-emission capable taxi model newly developed by LEVC and launched in the UK at the end of 2017 and across international markets in 2018.

Manufacturing and Sale of Complete Vehicles - The Geely Auto Group

Headquartered in Hangzhou, Zhejiang Province, the Geely Auto Group entered the automobile industry in 1997 with its Geely Auto brand and is today the second largest home-grown PRC automobile company in 2018, according to information published by CAAM. In 2016, 2017 and 2018, operating income derived from the Geely Auto Group's vehicle sales amounted to RMB55,921.6 million, RMB98,230.8 million and RMB124,183 million, respectively, which accounted for 26.8 per cent., 35.3 per cent. and 37.8 per cent. of the Group's total operating income during the relevant periods.

Procurement

The Geely Auto Group has a uniformed system of procurement to maximise its negotiating power and obtain favourable price and procurement agreement terms from suppliers. The Geely Auto Group has set up a tender and bid management office. The office is mainly responsible for establishing supplier, expert evaluation and pricing databases, evaluating bid evaluation team members, managing the bidding process and conducting post-bidding inspections. For special projects, the office will organise bidding activities together with the tender organisations.

The Geely Auto Group mainly procures three categories of raw materials, parts and components:

- Core parts and components: the Geely Auto Group develops, manufactures and sells core parts and components, including engines, gearboxes and electronic power steering gear.
- Steel: the Geely Auto Group procures steel from third-party suppliers in China. The Geely Auto Group has maintained good relationships with its steel suppliers and usually enters into one-year procurement agreements with them to ensure the stable supply of steel at reasonable cost.
- Other parts and components: the Geely Auto Group procures other parts and components including tyres, seats, bumpers, dashboards and seat belts from third-party suppliers.

The table below sets forth the Geely Auto Group's top five suppliers by transactional amount and the absolute percentage of the total transactional amount of each for the years or periods indicated:

	Year ended 31 December					
	2016		2017		2018	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)					
Supplier 1	1,494.4	5.3	3,981.4	5.0	3,580.4	3.9
Supplier 2	1,199.3	4.3	2,053.5	2.6	2,898.6	3.2
Supplier 3	1,072.3	3.8	1,861.8	2.4	2,574.2	2.8
Supplier 4	975.7	3.5	1,690.7	2.1	2,216.9	2.4
Supplier 5	551.1	2.0	1,426.3	1.8	2,150.3	2.4
Total	**5,292.9**	**18.8**	**11,013.8**	**13.9**	13,414.4	14.7

The Geely Auto Group has cooperated with local governments to establish industrial parks at various locations near its manufacturing plants, such as Hangzhou Bay, which allows its suppliers to build their production facilities nearby, thus simplifying the logistics, shortening transportation distances and improving procurement efficiency. As of 31 December 2018, the Geely Auto Group has ten manufacturing plants located in Ningbo, Chunxiao, Jinan, Luqiao, Linhai, Xiangtan, Chengdu, Jinzhong and Baoji, respectively. The Geely Auto Group aims to enter into long-term strategic cooperation agreements with suppliers in order to obtain more favourable terms. This also provides an opportunity to expand the Geely Auto Group's business into the upstream of the industry value chain to help support its production.

The Geely Auto Group has adopted information technology to monitor the procurement of raw materials. For example, the Geely Auto Group has adopted the SRM information system in order to streamline the raw materials, parts and components procurement process, manage suppliers' performance and eliminate suppliers that fail to meet its standards. The Geely Auto Group has also adopted the ERP system and the EWM system to improve management efficiency and inventory levels.

Production

Production processes

The production processes generally include the following processes:

- *Stamping*. Steel plates are stamped into body parts of vehicles. Most of the stamping operation is completed at the Group's production facilities.
- *Welding*. Welding is a process whereby the vehicle bodies are formed by welding together the relevant vehicle body parts produced by the Group's stamping workshops and other stamped parts and accessories procured from the suppliers.
- *Painting*. All semi-finished components and external parts are treated on the surface and painted using advanced and automated processes.
- *Assembly*. All semi-finished components, external parts, tyres, engines and other standard outsourced parts are assembled to form the finished goods.
- *Testing and inspection*. Finished products are sent for testing and further adjustments and fine-tuning followed by comprehensive overall inspection.
- *Warehousing and dispatch*. Final products are delivered to the Group's sales agents' warehouses for storage.

Production mode and capacity

The Geely Auto Group adopts a centralised production mode. Under this mode, transportation costs are relatively lower because production plants are close to sales markets and sources of raw materials. In addition, as the needs of customers may vary in different regions, under this mode the Geely Auto Group can manufacture

various automobile types based on regional differences. As of 31 December 2018, the Geely Auto Group had established ten production plants in ten cities in China. The table below sets forth the vehicle production capacity of the Geely Auto Group's existing production facilities as of 31 December 2018:

Name	Usable Annual Production Capacity	Models
	(Units Per Double Shift)	
Luqiao plant	150,000	Geely Kingkong Series
Ningbo/Cixi plant	300,000	Vision X3 New Emgrand Vision S1 Emgrand EV
Chunxiao plant	160,000	Geely Borui
Xiangtan plant	240,000	Geely Boyue Vision Series
Jinan plant	50,000	Geely Panda Geely Panda
Chengdu plant	130,000	Vision SUV
Baoji plant	200,000	Geely Boyue
Linhai plant	300,000	Emgrand GL Emgrand GS
Jinzhong plant	180,000	Emgrand GL
Total	**1,710,000**	

Primary factors affecting production capacity utilisation rates include market demand, the ability to utilise newly expanded capacity and labour market conditions, such as statutory working hours and statutory holidays. The Geely Auto Group intends to continue to increase its production capacity by expanding existing production facilities, constructing new production facilities, further streamlining and integrating its production processes, and acquiring or building new manufacturing plants.

Marketing, Branding and Sales

Marketing and Branding

The Geely Auto Group has set up a strategic marketing department for market research and analysis, mainly responsible for both domestic and overseas automobile markets research and product analysis. Through its strategic marketing department, the Geely Auto Group understands market needs, predicts future industry trends and provides a basis for making decisions on new product developments.

The Geely Auto Group's marketing and sales subsidiaries covering domestic and overseas markets are in charge of formulating and coordinating overall sales and marketing activities. The Geely Auto Group's marketing and promotional strategy seeks to enhance its brand image and increase consumer awareness of its products in target markets. In addition to its efforts to create a unified brand and a consistent retail experience through a unified store layout and design in its dealer stores, the Geely Auto Group engages in different marketing activities to promote its brands. For example, the Geely Auto Group has adopted new marketing methods in second- and third-tier markets, such as vehicle television shopping, online shopping and vehicle supermarkets, and has created a "hand-to-hand" chain of stores nationally by providing vehicle services.

Sales

The Geely Auto Group sells its products through dealers and franchisees in the domestic and overseas market. As of 31 December 2018, the Geely Auto Group sold products through over 900 dealer shops throughout China and exported its products to 24 countries through 24 sales agents and 297 sales and service outlets.

The following table sets forth the Geely Auto Group's sales volumes for the periods indicated:

	Year ended 31 December		
	2016	**2017**	**2018**
	(units)	*(units)*	*(units)*
Sales in the PRC	744,072	1,235,873	1,473,305
Overseas Sales	21,779	11,243	27,533
Total	**765,851**	**1,247,116**	**1,500,838**

Pricing and payment arrangements

In determining the suggested retail price for its products, the Geely Auto Group typically takes into account the availability and pricing of comparable products in the market, its cost of goods or services and the positioning of the products and services in the target market. When launching new products, the Geely Auto Group will adjust the pricing of old products accordingly. Pricing for the products will be monitored regularly to ensure competitiveness.

For the domestic market, the Geely Auto Group generally requires advance cash payment before delivery. For certain dealers and franchises which are unable to make advance cash payments, the Geely Auto Group may accept bankers' acceptance with interests charged. For the overseas market, the Geely Auto Group sells its products to dealers and franchisees generally on open account. It offers credit terms to its dealers and franchisees on a case-by-case basis, depending on the location, the credibility and volume of purchases of, each dealer.

After-sale Service System

The Geely Auto Group is committed to providing excellent after-sale service to its end-user customers. The Geely Auto Group has developed vehicle repair and maintenance service centres in the rural areas of China, established a rescue management system, upgraded the repair consultation system, and implemented a quality information feedback mechanism in the market. Its commitment to after-sale service has contributed to its brand recognition, business growth, improved performance and enlarged end-user customer base. The Geely Auto Group's after-sales service has been awarded the title of "Golden Wrench" for the last nine consecutive years.

Quality Control and Product Safety

The Geely Auto Group has set up a quality management department for product quality control. As an essential member of the Quality Assurance Committee, the Geely Auto Group's quality management department is mainly responsible for quality strategic planning, quality system construction, management platform construction and quality control training.

The Geely Auto Group's quality system is designed to monitor the quality of the products from development to production. In addition, the Geely Auto Group has established a system to improve its quality satisfaction by investigating its customer's satisfaction through various means, including third-party surveys, online surveys, on-site interviews and telephone interviews. The Geely Auto Group has also promoted the informatisation and standardised quality management by establishing the Quality Net System ("**QNS**"), a quality control and management system.

The Geely Auto Group generally provides warranties on the quality of the products it sells to dealers according to applicable laws and regulations. Since 2004, the Geely Auto Group has established procedures and measures in respect of product recall according to PRC laws and regulations. In September and November 2012, The Geely Auto Group recalled an aggregate of 310,976 units of King Kong series and Jin Ying series vehicles under the brand of GLEagle Panda, due to a risk of oil spillage caused by a small gap between the return pipe of the fuel tank and the view cover, which the Geely Auto Group purchased from a third-party supplier. Upon receipt of the products in question, Geely installed a new access panel for each recalled vehicle to solve the spillage issue. Since March 2015, the Geely Auto Group has recalled an aggregate of 714 units of GX7 under the brand of GLEagle Panda and SX7 under the brand of Englon manufactured between 18 March 2014 and 31 May 2014, due to a risk of malfunction of the airbag control unit purchased from a third-party supplier. In October 2017, due to a risk of malfunction of the airbag, the Geely Auto Group recalled an aggregate of 187,657 units, including 163,960 units of GX7, 19,203 units of SX7 and 4,494 units of GX9. In January 2018, the Geely Auto Group recalled an aggregate of 40,068 units of Geely Borui manufactured between 1 April 2015 and 28 October 2016 to avert any possible future power steering failure. See "*Risk Factors — The Group may be unable to maintain an effective quality control system at the Group's manufacturing facilities*."

The Geely Auto Group has been committed to improving product safety and quality. It has developed a comprehensive management system, Geely Total Safety Management, which is an evaluation system and takes all-round look into the safety management over a car's lifespan. The process begins with the initial planning for higher specification cars to research and development, then the rigorous production control phase and lastly, safety education and sales process. In 2015, Geely Borui received a five-star rating with a score of 55.8 points in the C-NCAP safety test. In the same year, Geely Borui received a five-star rating with a score of 55.2 points in

the C-NCAP safety test. In 2016, Geely Boyue received a five-star rating with a score of 58.2 points in the C-NCAP safety test.

Manufacturing and Sale of Complete Vehicles - The Volvo Car Group

The Group acquired Volvo in 2010, from which it not only inherits the Scandinavian heritage but also derives the majority of its total operating income. In 2016, 2017 and 2018, operating income derived from the Volvo Car Group's vehicle sales amounted to RMB140,263.7 million, RMB168,719.6 million and RMB191,003.8 million, respectively, which accounted for 67.2 per cent., 60.6 per cent. and 58.1 per cent. of the Group's total operating income during the relevant periods.

Procurement

The Volvo's procurement department in Gothenburg is responsible for the Volvo Car Group's procurement. The Volvo Car Group purchases raw materials, parts and components from various suppliers on both a global and local basis to leverage the price advantages of different markets around the world. As long as global procurement is practicable, the Volvo Car Group will make its procurements on a global basis. The Volvo Car Group's procurements consist of productive procurement and non-productive procurement. Productive procurement means the procurement of automobile parts and components (excluding engines) and steel. Non-productive procurement means procurement of services, including hotel accommodation purchasing, ticket purchasing and logistics-related purchasing.

Since 2014, the Volvo Car Group and the Geely Auto Group have jointly purchased certain automobile parts and components across the world. The procurement department of the Volvo Car Group is generally responsible for technical assessments and the Geely Auto Group is responsible for negotiations, which substantially decreases the procurement cost for both of the Volvo Car Group and the Geely Auto Group.

Production

Production mode and capacity

Similar to the Geely Auto Group, the Volvo Car Group also adopts a centralised production mode for its various models which are categorised by model range (40, 60, and 90) as well as body type (Sedan (S), Wagon (V) and SUV (XC)). In addition, the Volvo Car Group also offers variants such as R-Design, Inscription, Cross Country and Excellence on certain models to cater for consumer demands in respect of driving experience, comfort and styling.

As of 31 December 2018, the Volvo Car Group has established eight vehicle production plants in Belgium, Sweden, Malaysia, China and the United States. In particular, the Volvo Car Group's first U.S. factory in South Carolina was fully established and put into operation in June 2018, further enhancing the Volvo Car Group's global footprint and production capability. In September 2018, production of the new S60 sedans started in the new South Carolina plant.

The table below sets forth the Volvo Car Group's vehicle production capacity of its existing production facilities as of 31 December 2018:

Name	Usable Annual Vehicle Production Capacity	Usable Annual Engine Production Capacity	Models
	(Units)	*(Units)*	
Ghent Plant, Belgium	275,000	-	V40/V40CC, XC40, V60 only C-shop
Torslanda Plant, Sweden	300,000	-	XC90, V90/V90CC, XC60,V60
Malaysia Plant	10,000	-	XC90, S90, XC60,V60, XC40
Skövde Plant, Sweden	-	600,000	Gas and diesel engines
Charleston Plant, South Carolina, the United States	150,000	-	S60
Zhangjiakou Plant, China	-	300,000	Gas engines
Chengdu Plant, China	150,000	-	XC60, S60L
Daqing Plant, China	150,000	-	S90/S90L
Total	**1,035,000**	**900,000**	

Marketing, Branding and Sale

Marketing and Branding

The Volvo Car Group maintains its brand positioning as a luxury brand. The Volvo Car Group has established the following strategies: (i) stay client-oriented consistently; (ii) commit to innovation and seize the opportunity of global economic development, especially China's economic development; and (iii) focus on China's market and Sweden's market, strengthen presence in European and US markets, and develop the Asian, African and Latin American markets.

Sales

The Volvo Car Group sells its vehicles through its wholly-owned sales companies in different regions through local dealers. As at 31 December 2018, the Volvo Car Group had 22 sales companies in Europe, four sales companies in the United States and eight sales companies in the Asia-Pacific region.

For the years ended 31 December 2016, 2017 and 2018, China continued to be Volvo Car Group's largest market, followed by the US and the UK. The following table sets forth the Volvo Car Group's sales volume by market for the periods indicated:

	Year ended 31 December		
	2016	**2017**	**2018**
	(units)	*(units)*	*(units)*
Sales in the PRC	90,930	114,410	130,593
Sales outside the PRC	443,402	457,167	511,660
Europe	290,925	298,948	318,235
US	82,726	81,504	98,263
Others	69,751	76,715	95,162
Total	**534,332**	**571,577**	**642,253**

After-sale Service System

The Volvo Car Group offers various types of after-sale services to customers such as preventive maintenance services, assistance services and IT services. The range and flexibility of its after-sale services mean that the solutions can be customised for each customer. In 2012, the Volvo Car Group established a parts and components redistribution centre in Beijing, which is the second parts and components redistribution centre it has established in China, following the first one in Shanghai. In the future, the Volvo Car Group will further improve its after-sale service to meet its growing customers' needs.

Quality Control and Product Safety

The Volvo Car Group aims to achieve three core values of quality, safety and environmental protection with regard to the development and manufacture of automobiles. It developed the world's leading technologies for promoting air quality inside an automobile, the Indoor Air Quality System and the Environmental Concept Car, which significantly filter road dust, pollen particles and other substances, and minimise the density of nitrogen dioxide and hydroxides inside the automobile.

Parts and Others

In addition to the manufacture of complete vehicles conducted through the Geely Auto Group and the Volvo Car Group, the Group also manufactures and sells passenger vehicles under the LEVC, Yuan Cheng Auto, Lotus and Terrafugia brands. Operations have also included production of automobile parts and components. In 2016, 2017 and 2018, operating income derived from the Group's parts and other businesses amounted to RMB12,613.4 million, RMB11,314.2 million and RMB13,334.0 million, respectively, which accounted for 6.0 per cent., 4.1 per cent. and 4.1 per cent. of the Group's total operating income during the relevant periods.

Parts

The Group offers a full range of engines, new small displacement engines and corresponding manual or automatic gearboxes. The core components, including engines, gearboxes and electronic power steering are mainly developed and produced by the Geely Auto Group. As of 31 December 2018, the Group's manufacturing of engines and parts is carried out through its six subsidiaries that specialise in the core components production.

These subsidiaries are Hunan Luoyou Engine Co., Ltd. (湖南羅佑發動機部件有限公司), Zhejiang Luoyou Engine Co., Ltd. (浙江吉利羅佑發動機有限公司), Zhejiang Fengrui Engine Co., Ltd. (浙江鋒銳發動機有限公司), Baoji Geely Engine Co., Ltd. (寶雞吉利發動機有限公司), Zhejiang Yiwu Engine Co., Ltd. (浙江義利汽車零部件有限公司) and Ningbo UMD Automatic Transmission Co., Ltd. (寧波上中下自動變速器有限公司). The Group continues to emphasise the development of automobile core components. The Group's 4G18CVVT engine, with a power of 57.2kw, is a world-class engine in terms of power. The Group's Z-series automatic transmission filled in a gap in Chinese automatic transmission technology, and won the first prize for Scientific and Technological Progress in the China Automobile Industry (中國汽車行業科技進步一等獎).

Geely Commercial Vehicle

Geely Commercial Vehicle is a new energy commercial vehicle company that acts as a holding company to two core brands: the LEVC and Yuan Cheng Auto. LEVC is the manufacturer of the iconic London taxi and is committed to becoming a leading producer of new energy-focused urban commercial vehicles. Yuan Cheng Auto has three core product lines: new energy-focused trucks, bus chassis and new energy powertrains. Yuan Cheng Auto launched its first core products in October 2016 including the E12 pure electric city bus and the E200 pure electric logistics vehicle.

Lotus

In 2017, the Group acquired a 51.0 per cent equity interest in Lotus. Lotus is a British luxury sports car brand founded in 1952. Lotus Engineering, a subsidiary of Lotus, has helped develop some of the most iconic and famed performance sports cars.

Terrafugia

Terrafugia was founded in 2006 by five award-winning MIT graduates that had a vision and a passion for changing the way humans move around their environment. With Terrafugia now being part of the Group, the Group will continue to promote the development of Terrafugia's flying car plans with strengthened research and development efforts in the United States.

RESEARCH AND DEVELOPMENT

The Group places significant emphasis on research and development. As at the date of the this Offering Memorandum, the Group has set up five research and development centres located in China, Sweden, the United States, the United Kingdom and Germany, respectively, namely (i) CEVT in Gothenburg, Sweden; (ii) Volvo's research and development centre in California, the United States; (iii) the Geely automobile research and development centre in Hangzhou, China; (iv) the LEVC research and development centre in Antsy Park, Coventry in the United Kingdom; and (v) the research and development centre in Raunheim, Germany.

Established in Gothenburg, Sweden in 2013, CEVT is a research and development centre for future c-segment cars which has been instrumental in developing CMA, a new generation of scalable architecture on which the Group will be able to accommodate a wide variety of vehicle sizes and body styles. CEVT covers vital aspects of passenger car development — from architecture to powertrain and drive line components, to top hat engineering to a vehicle's exterior design. The first model based on CMA developed at CEVT was introduced in October 2016. CEVT has engaged in the development of new car technologies with the aim to deliver advanced and cost-saving technologies and new vehicle model using the CMA platform. This platform will be used for both the production of Volvo and Geely brand products and the Group expects it to create significant economies of scale that will help it compete with other automobile companies in the breadth of models offered.

The first phase of the Geely automobile research and development centre covers an area of 142,904.45 square metres, including the modelling centre, research and development building, vehicle trial production centre, powertrain test centre, vehicle test centre and staff living facilities. On 10 May 2017, the Group officially released the "iNTEC Humanised Intelligence Drive Technology", including high-efficiency power technology, people-based safety technology, intelligent driving technology, eco-friendly technology and smart connected car technology. The research and development centre has the largest and most advanced whole vehicle trial production centre. The centre passed the national laboratory CNAS system certification in April 2015. It has the most comprehensive self-driving test field in China. The technical parameters of road facilities meet local vehicle regulations and standards in China, the EU, North America, Pan-Europe and the Middle East.

The LEVC research and development centre launched its new zero-emission capable range of electric taxis ahead of London's "Zero-Emission Capable" regulation under which all new London taxis require zero-emissions capability from 1 January 2018. In addition, the Group has set up design centres in Barcelona, Gothenburg, California and Shanghai to create a global design platform.

The Group also invests in advanced research and development and collaborates with governmental and nongovernmental partners to enhance vehicle safety and security solutions. The Group's product development is driven by the cost of and availability of fuel, environment-related legislation and new technologies. Therefore, it focuses its research and development on reducing emissions and increasing energy efficiency, product and traffic safety, and transport solutions.

INTELLECTUAL PROPERTY RIGHTS

Patents, trademarks, trade secrets and other intellectual property rights are crucial to the Group's continued success. The Group is committed to the development and protection of its intellectual property portfolio.

The Group has registered or is in the course of registering several trademarks, including its brands "Geely", and "Volvo", in various markets, including those where its products are principally sold. The Group has also obtained patent protection and is in the process of applying for patent protection for certain inventions. As of 31 December 2018, the Geely Auto Group alone had 17,687 registered patents.

In order to defend the intellectual property rights and the intellectual property rights that it is licensed to use, the Group implemented a set of internal intellectual property management procedures and all matters related to trademarks, patents and trade secrets are required to comply with such procedures. The Group monitors whether there is any infringement of its intellectual property rights by regularly reviewing industrial information and its competitors' product and technology offerings, as well as conducting patent and technology searches and other internet searches. In cases of infringement of its intellectual property rights by third parties, the Group may actively pursue legal action against such third parties. As of the date of this Offering Memorandum, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings relating to the Group's intellectual properties, which could have a material adverse effect on the Group's businesses, results of operations and financial condition.

COMPETITION

The industry in which the Group operates is characterised by intense competition among indigenous automobile companies and Sino-foreign joint venture automobile companies as well as international automobile companies. The Group considers its major domestic competitors to be other automobile companies in China with a national presence. The Group also competes across all of its product lines with Sino-foreign joint venture automobile companies as well as international automobile companies. Geely faces competition in the PRC from home-grown automobile manufacturers such as Shanghai General Motors, FAW Group, Dongfeng Motor, and Chang'an Motor. Volvo competes globally with luxury brands such as Mercedes, BMW and Audi.

However, the Group believes that it is able to compete on the basis of its reputation, extensive sales network, and continuous research and development efforts. The Group believes the entry barriers to its industry are substantial due to the significant amount of capital required to construct manufacturing facilities, high production volumes needed to bring down unit costs, significant technological know-how, research and development capabilities needed to develop high-end products and time and capital required to establish a sales network.

ENVIRONMENTAL PROTECTION AND WORKPLACE SAFETY

Safety and Environmental Protection Office

The Group has set up a safety and environmental protection office for production safety management, occupational health and environmental protection. The office is mainly responsible for establishing emergency management system regulations, making comprehensive emergency plans and coordinating and supervising emergency management offices of each subsidiary. The office aims to ensure manufacturing safety, production emission compliance with applicable PRC laws and regulations and employee occupational health.

Environmental Protection

The Group is subject to the environmental laws and regulations in jurisdictions where it has operations. These laws and regulations in general empower government authorities to impose fees for the discharge of waste, levy fines for offences, or order the closure of any manufacturing facilities that fail to comply with related laws and regulations. Under the relevant environmental laws and regulations, the construction, expansion and operation of the Group's production facilities are subject to certain environmental impact assessments, government inspections and other relevant government environmental approvals.

In addition, as the Group's production processes generate noise, waste water, gases and other industrial waste, the Group is also required to comply with applicable national and local environmental regulations. Any failure by the Group to control the use or to restrict adequately the discharge of hazardous substances could subject it to potentially significant monetary damages and fines, suspensions or closures of its business operations.

Safety Management

The Group is subject to various laws and regulations regarding labour, safety and work-related incidents. The Group's corporate safety requirements promote safe manufacturing practices at its manufacturing plants, and each plant also establishes its own safety rules to minimise site-specific employee hazards. The Group has established safety production management systems at its production sites and workplace. The Group has also established equipment safety operation guidelines, conducted regular equipment inspections, adopted advanced technologies and well-designed machinery and equipment, obtained certifications from various certification bodies and provided mandatory staff safety training to ensure the safety of its employees and reduce their exposure to safety risks.

INSURANCE

The Group currently maintains commercial property insurance, employer's liability insurance, business interruption insurance, cash insurance, personal accident insurance, serious disease insurance and public liability insurance for major operational risks. The Group's insurance policies do not cover environmental damage arising from its operations or caused by natural disasters, such as floods. Accordingly, there may be circumstances in which the Group will not be covered or compensated for certain losses, damages and liabilities, which may in turn adversely affect its financial position and results of operations. Separately, the Group maintains and contributes to insurance coverage for its employees that is required by applicable local laws. For example, the Group has maintained and contributed pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance for its employees in the PRC.

EMPLOYEES

As of 31 December 2018, the Group had over 120,000 employees, including approximately 47,500 employees of the Geely Auto Group and approximately 43,000 employees of the Volvo Car Group.

The Group views recruiting, training and retaining skilled employees as an important element of its business. The Group recruits employees from a number of sources, including certain universities, internal applicants, search firms, careers fairs, advertising and the internet. Candidates are reviewed internally and interviewed by a selection team. The Group offers training programs to its employees, which are designed to develop their skills to meet the Group's enterprise standards and customer requirements. For example, the Group has a retention program that includes individual development plans, merit wage adjustments and promotions. In addition, the Group has adopted employee incentive plans designed to attract, retain and incentivise employees with a view to encouraging the participants to commit to enhancing value for the Group and its shareholders as a whole. The Group's full-time employees also participate in various employee benefit plans including pension schemes, extended disability benefits and worker compensation. As of the date of this Offering Memorandum, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings in any labour dispute with the Group's employees, which could have a material adverse effect on the Group's businesses, results of operations and financial condition.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

From time to time, the Group is subject to various legal actions and claims incidental to its business, including those arising out of alleged defects, breaches of contract, product warranties, intellectual property matters, and employment-related matters.

In addition, the Group is party to numerous administrative, legal and arbitration proceedings and claims that arise in the ordinary course of its business involving purported violations of contractual terms, regulations and laws, none of which are expected to have a material adverse effect on its business, results of operations and financial condition. As of the date of this Offering Memorandum, the Guarantor is not aware of any material pending or threatened litigation, arbitration, administrative proceeding or claim.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

The board of directors of the Guarantor is responsible and has general powers for the management and conduct of the Guarantor's business. The Guarantor's board of directors currently consists of four directors. The term of appointment of a director shall not exceed three years. Upon expiry of the term of appointment, a director may be re-elected. The following table sets forth certain information concerning the Guarantor's directors.

Name	Age	Position
Mr. LI Shufu (李書福).....	56	Chairman of the Board of Directors
Mr. YANG Jian (楊健)	57	Vice Chairman of the Board of Directors
Mr. AN Conghui (安聰慧).....	49	Director and President
Mr. LI Donghui (李東輝)	49	Director and Executive Vice President

Mr. LI Shufu (李書福), aged 56, is the chairman of the board of directors of the Guarantor and is responsible for overall strategic planning, board leadership, corporate governance and formulation of the corporate policies. Mr. Li founded the Geely Auto Group in 1995 and the Group in 2003. Mr. Li is the Group's controlling shareholder. Mr. Li has almost 30 years of experience in the investment and management of the automobile manufacturing business in the PRC. Mr. Li is a member of the Chinese People's Political Consultative Conference. Mr. Li was accredited as one of the "50 Most Influential Persons in China's Automobile Industry in the 50 years" in 2003 by China Automotive News (中國汽車報), "China's The Most Respected Entrepreneur" in 2010 by Huade Award Ceremony, "CCTV Chinese Business Person" in 2009, one of the "Top 10 Private Entrepreneurs" in 2004, "Business Person of the Year in Zhejiang" in 2004, one of the "Top 10 Leaders of Independent Innovation among China's Private Entrepreneurs" in 2006, and "Annual Person of the Year of People's Enterprise Social Responsibility" in 2014 by People.net. Mr. Li holds a master's degree in engineering from Yan Shan University (燕山大學).

Mr. YANG Jian (楊健), aged 57, is the vice chairman of the board of directors of the Guarantor and is responsible for assisting the chairman in board leadership and corporate governance. Mr. Yang joined the Group in 1995 and has held various key positions, including product research and development, engineering and construction, manufacturing, quality improvement, marketing, after-sales service and operation and management in the PRC and overseas. Mr. Yang is a senior economist and a senior engineer in the PRC and holds an EMBA degree and graduated from Zhejiang Radio and Television University (浙江廣播電視大學) with a focus on production management.

Mr. AN Conghui (安聰慧), aged 49, is a director and the president of the Guarantor and is responsible for managing the Group's operations and business. Mr. An joined the Group in 1996 and held various key positions, including chief engineering officer and general manager. Mr. An has extensive professional knowledge and senior managerial experience in the automobile industry, particularly in the field of automotive engineering. Mr. An was previously in charge of the operation under the "Emgrand" product brand following the Group's implementation of the multi-brand strategy and the Group's production of gearboxes, engines and drivetrain systems. Mr. An holds a master's degree in engineering management from Zhejiang University (浙江大學) and a diploma in contemporary accounting from the Hubei University of Economic and Management (湖北經濟管理學院).

Mr. LI Donghui (李東輝), aged 49, is a director, an executive vice president and the chief financial officer of the Guarantor. Prior to joining the Group, Mr. Li had taken up senior roles, such as chief financial officer and general manager, in various companies including BMW Brilliance Automotive Ltd. (華晨寶馬汽車公司) and Danfoss (Tianjin) Limited (丹佛斯天津有限公司). He currently focuses on the management of the Group's operations. Mr. Li holds an MBA degree from Kelley School of Business at Indiana University.

Supervisors

The Guarantor's board of supervisors currently consists of two supervisors. The term of appointment of a supervisor shall not exceed three years. Upon expiry of the term of appointment, a supervisor may be re-elected. The following table sets forth information concerning the Guarantor's supervisors.