Supplemental Listing Document

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

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

6,700,000 European Style Cash Settled Long Certificates

relating to the ordinary shares of Geely Automobile Holdings Limited

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$1.20 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 18 June 2021 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 18 June 2021 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 23 June 2021.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

22 June 2021

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 30 to 34 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 50 to 51 of this document for more information;

(r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 36 to 38 of this document for more information;

(s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(v) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(w) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(x) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

– Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

– The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(y) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(z) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(bb) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

(cc) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(dd) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(ee) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of

Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**"). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**"), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer's business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	6,700,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Geely Automobile Holdings Limited (the “**Underlying Stock**”)
ISIN:	LU2184323280
Company:	Geely Automobile Holdings Limited (RIC: 0175.HK)
Underlying Price[3] and Source:	HK$24.95 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 1.20
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	6.90%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	16 June 2021
Closing Date:	22 June 2021
Expected Listing Date:	23 June 2021

[3] These figures are calculated as at, and based on information available to the Issuer on or about 22 June 2021. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 22 June 2021.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 14 June 2022
Expiry Date:	21 June 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	20 June 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 41 to 56 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately

	preceding the Expected Listing Date to the Valuation Date; and
	ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).
	If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.
	An "**Underlying Stock Business Day**" is a day on which The Stock Exchange of Hong Kong Limited (the "**HKEX**") is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.
	Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 41 to 56 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.
Closing Level:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: $\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$
Initial Reference Level:	1,000
Final Reference Level:	The closing level of the Leverage Strategy (as described below) on the Valuation Date The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 20 to 24 below.
Initial Exchange Rate[3]:	0.1734
Final Exchange Rate:	The rate for the conversion of HKD to SGD as at 5:00pm (Singapore

	Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 22 to 24 below and the "Description of Air Bag Mechanism" section on pages 47 to 49 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange	A "**Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are

Business Day:	open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$\mathrm{LSL_1} = 1000$$

On each subsequent Observation Date(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty) that are equal to:

0.10%

Leverage 5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$\mathbf{Rate_t}$ means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$

$\mathbf{Rfactor_t}$ means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

$$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

$\mathbf{CashRate_t}$ means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

%$\mathbf{SpreadLevel_t}$ means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, %$\mathbf{SpreadLevel_t}$ should be 0%.

ACT(t-1,t) ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

DayCountBasisRate 365

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

Extraordinary Strategy If the Calculation Agent determines that an Intraday Restrike Event has

Adjustment for Performance Reasons

occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

$\mathbf{ILSL_{IR(k)}}$

means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD-1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD-1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$

means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$

means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{IS_{IR(k)}}$

means the Underlying Stock Price in respect of IR(k) computed as follows:

(1) for k=0

$$\mathrm{IS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$\mathrm{IS_{IR(C)}} = \mathrm{S_{IRD}}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k)

For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C)	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t): (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS}_{\mathbf{IR(0)}}$ as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS}_{\mathbf{IR(k)}}$ as of such Calculation Time.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event Observation Period	means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.
Intraday Restrike Event Time	means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 18 June 2021, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the "**Statutory Bail-In**");

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the "**M&F Code**"):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the

Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the

Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the

SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a

Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(d) *Termination*. If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the "**Substituted Obligor**"), it shall give at least 90 days' notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Geely Automobile Holdings Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	6,700,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples

	thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 23 June 2021.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is a qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 1 – Management Fee x ACT (t-1;t) / 360 x **Daily Gap Premium Adjustment** 1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Geely Automobile Holdings Limited
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**1.20 SGD**
Notional Amount per Certificate:	**1.20 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**6.90%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n**th** Underlying Stock Business Day after issuance of Certificate (“HFF (n)”) is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\mathrm{HFF}\ (1)\ =\ \mathrm{HFF}\ (0)\ \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right) \times \left(1 - \text{Gap Premium}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right)$$

$$\mathrm{HFF}\ (1) = \ 100\%\ \times \left(1 - 0.40\%\ \times \frac{1}{360}\right) \times \left(1 - 6.90\%\ \times \frac{1}{360}\right)$$

$$\mathrm{HFF}\ (1) = \ 100\%\ \times\ 99.9989\%\ \times\ 99.9808\%\ \approx\ 99.9797\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

$$\text{HFF}(2) = 99.9797\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.90\% \times \frac{3}{360}\right)$$

$$\text{HFF}(2) = 99.9797\% \times 99.9967\% \times 99.9425\% \approx 99.9189\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF}(n) = \text{HFF}(n-1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6962% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9797%
5/7/2018	99.9594%
6/7/2018	99.9392%
9/7/2018	99.8784%
10/7/2018	99.8581%
11/7/2018	99.8379%
12/7/2018	99.8176%
13/7/2018	99.7974%
16/7/2018	99.7367%
17/7/2018	99.7165%
18/7/2018	99.6962%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.6962%

= 119.64%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.64% x 1.20 SGD

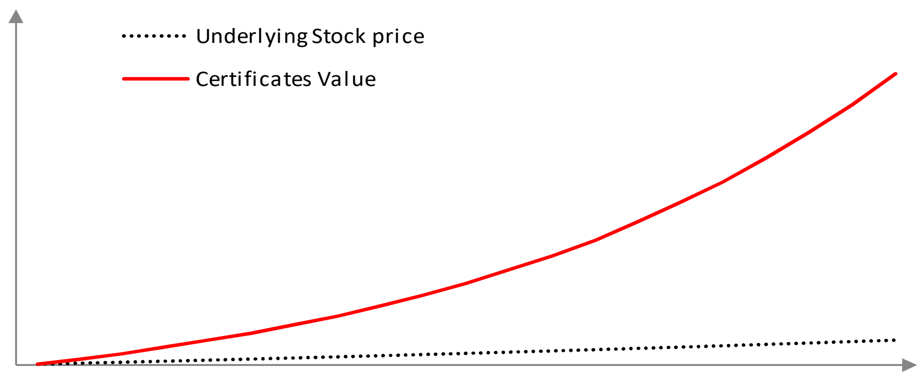
= 1.436 SGD

Illustration on how returns and losses can occur under different scenarios

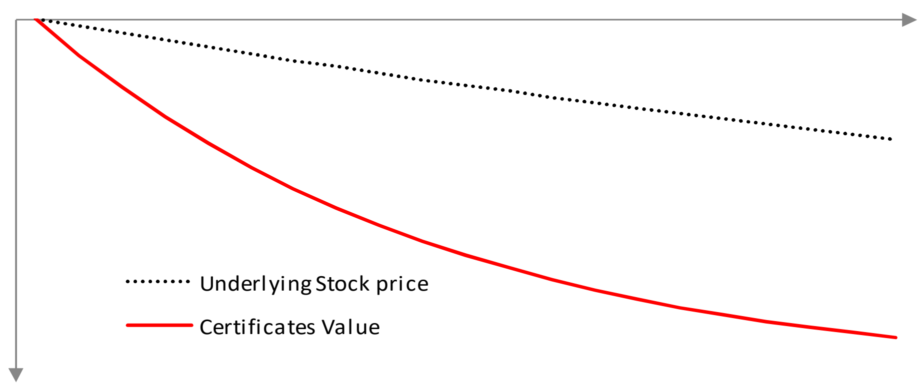
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

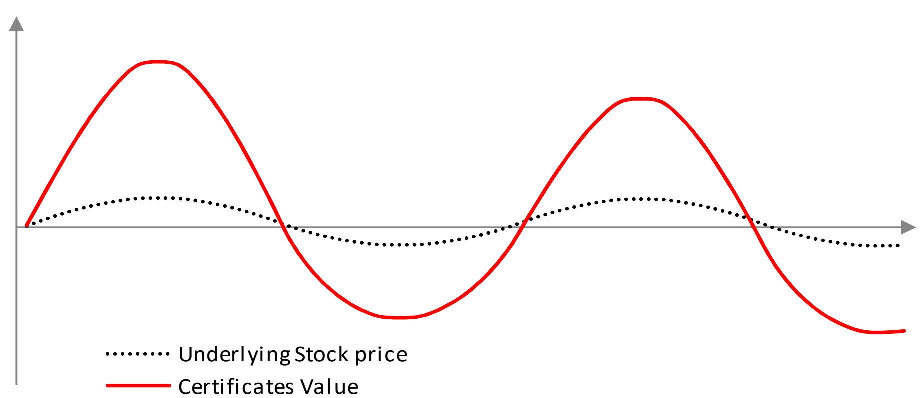
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	1.2	1.32	1.45	1.60	1.76	1.93
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	1.2	1.08	0.97	0.87	0.79	0.71
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	1.2	1.32	1.19	1.31	1.18	1.29
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

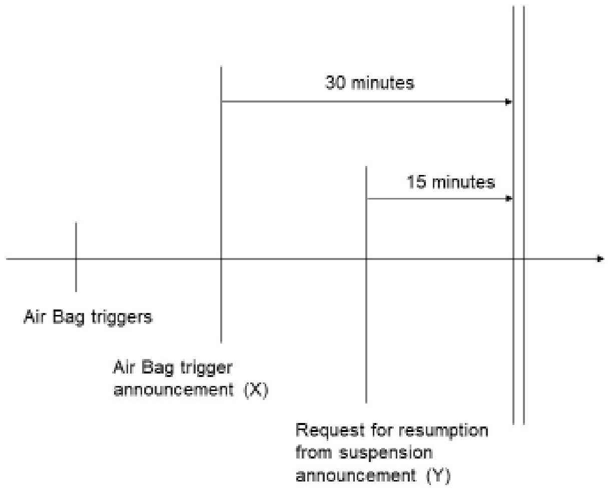
Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<tr><td>45 minutes before Market Close</td><td rowspan="6">Next trading day at Market Open</td></tr>
<tr><td>30 to 45 minutes before Market Close</td></tr>
<tr><td>30 minutes before Market Close</td></tr>
<tr><td>15 to 30 minutes before Market Close</td></tr>
<tr><td>15 minutes before Market Close</td><td rowspan="2">From Air Bag Trigger to Market Close</td></tr>
<tr><td>Less than 15 minutes before Market Close</td></tr>
</table>

With **Market Close** defined as:

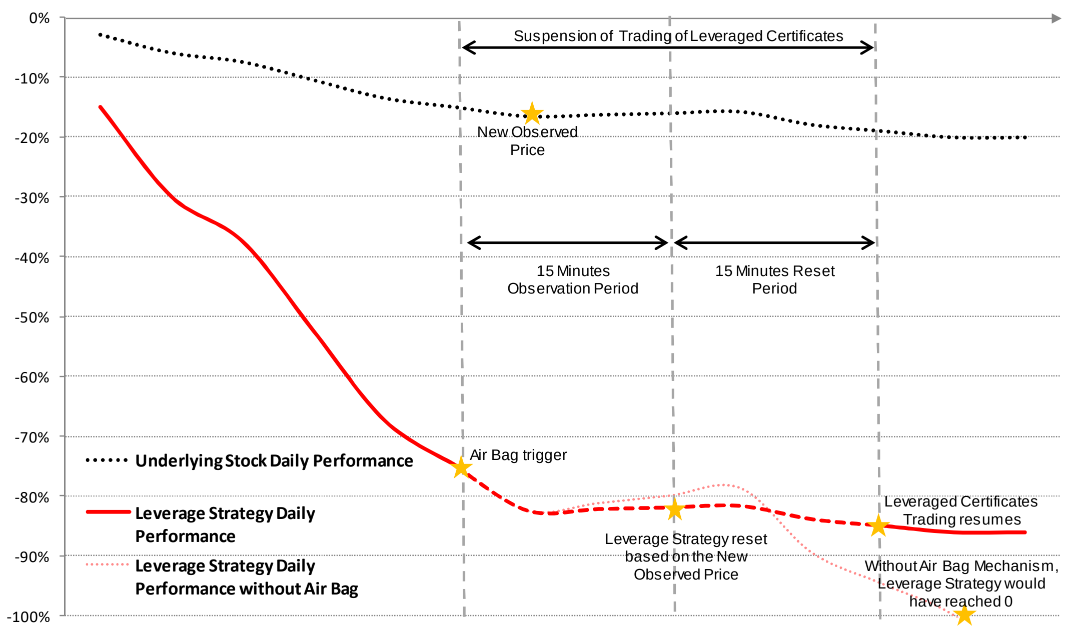
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



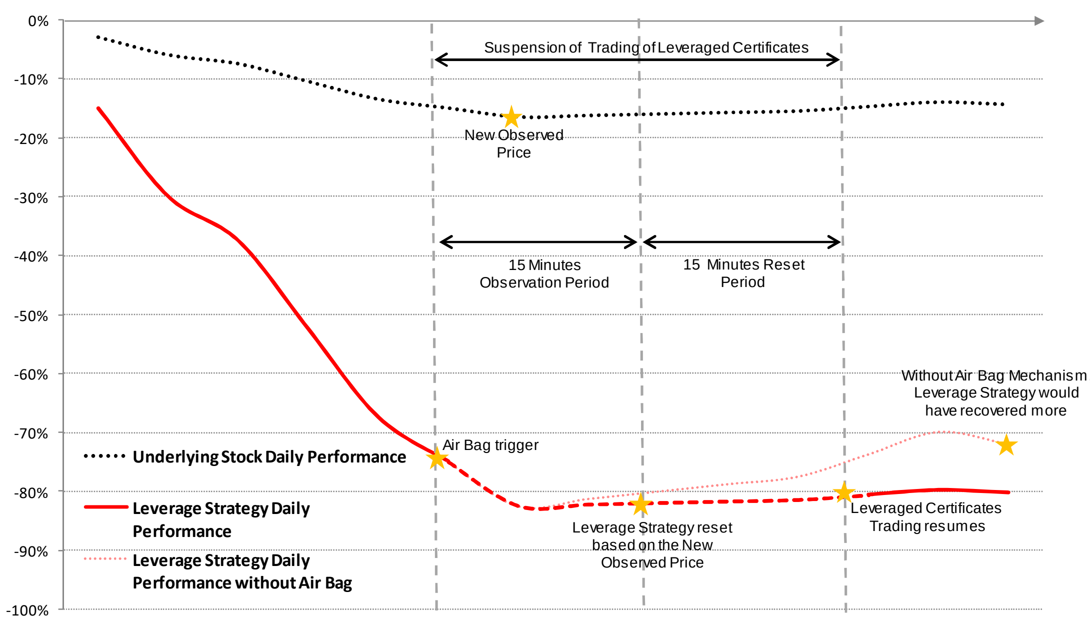
- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates.
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day.

<u>Illustrative examples of the Air Bag Mechanism</u>[9]

<u>Scenario 1 – Downward Trend after Air Bag trigger</u>



<u>Scenario 2 – Upward Trend after Air Bag trigger</u>



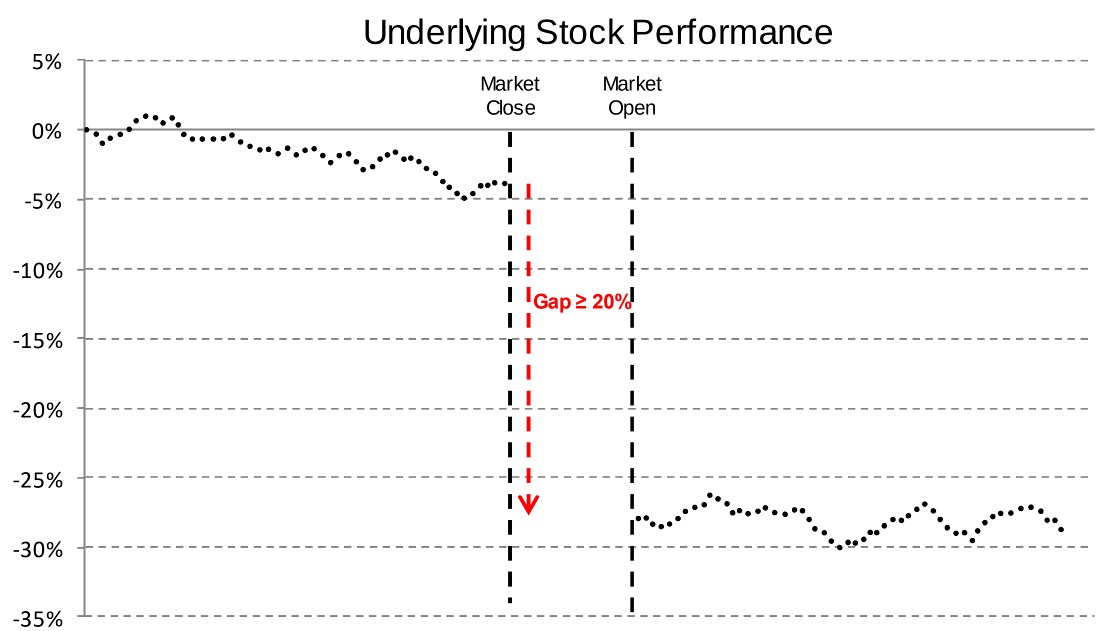
[9] The illustrative examples are not exhaustive.

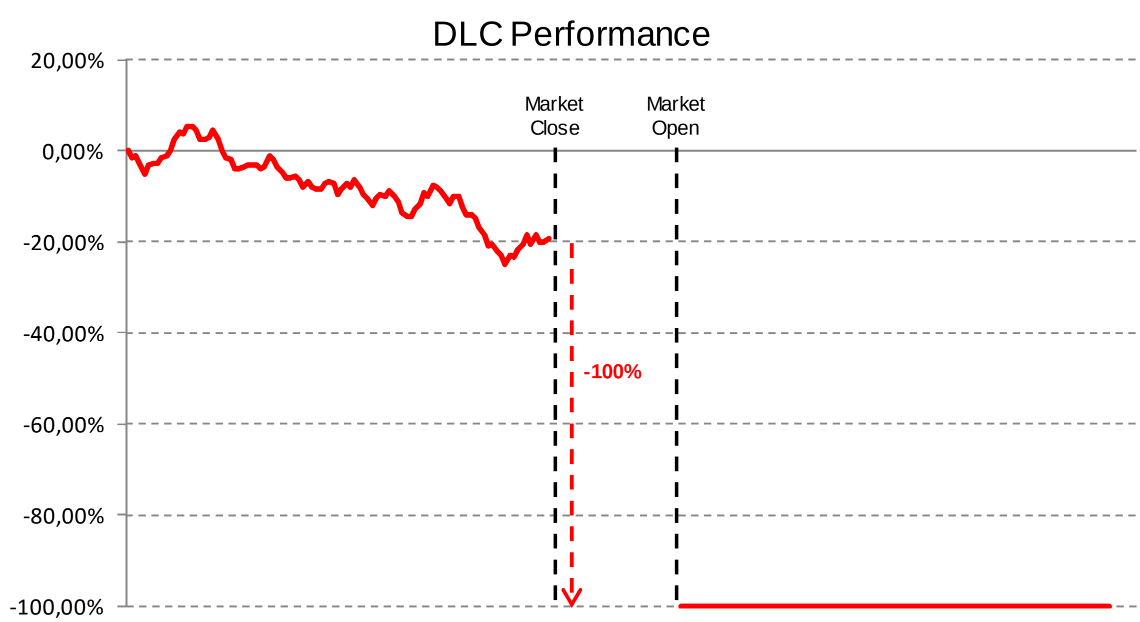
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

<u>*Scenario 1 – Overnight fall of the Underlying Stock*</u>

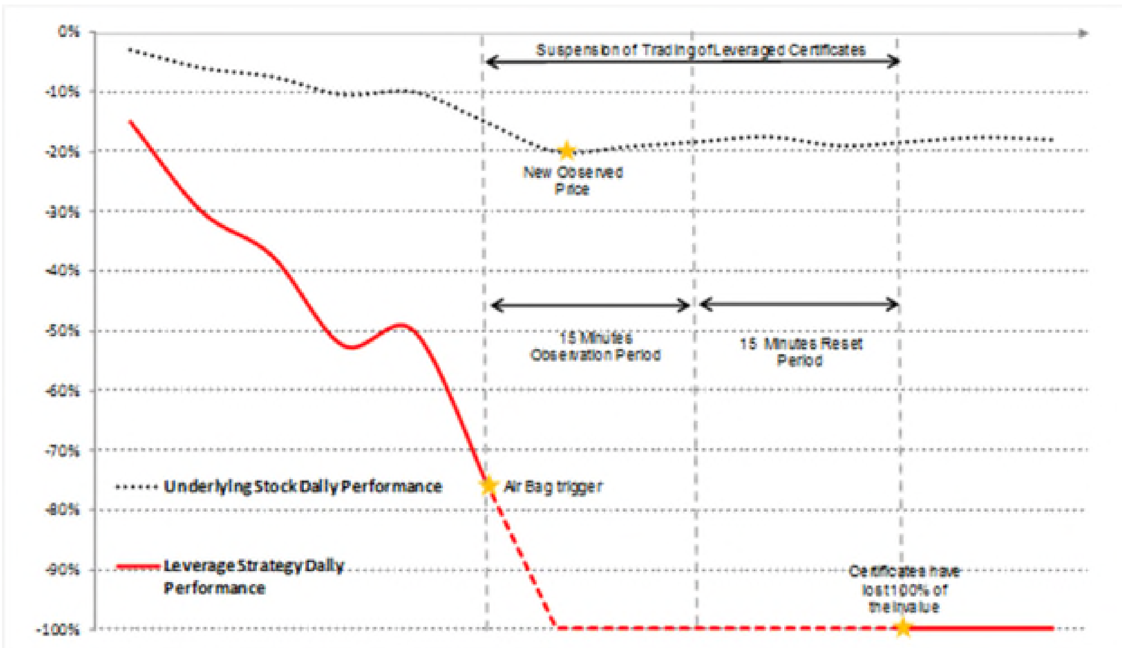
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{\mathrm{t-1}}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.32	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

S_{t-1} = $100

S_t = $202

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.26	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

S_{t-1} = $100

S_t = $84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.50	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$Div_t = \$0$

$DivExc_t = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.32	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$Div_t = \$0$

$DivExc_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.50	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at http://www.geelyauto.com.hk. The Issuer has not independently verified any of such information.*

Geely Automobile Holdings Limited (the "**Company**" and its subsidiaries, collectively the "**Group**") (SEHK stock code: 175) is an automobile manufacturer, focusing on development, manufacturing and sales of passenger vehicles. The Company sells most of its products in the China market and has also expanded its sales through export to other developing countries in the past few years.

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited ("**SEHK**"); the controlling shareholder of the Company is Zhejiang Geely Holding Group Company Limited, a private company incorporated in the People's Republic of China (the "**PRC**") which is wholly owned by Mr. Li Shu Fu, the Company's substantial shareholder and chairman of its board of directors, and his associate.

With its headquarter established in Hangzhou, the PRC and 9 manufacturing plants in Luqiao, Linhai, Ningbo/Cixi, Chunxiao, Baoji, Jinzhong, Xiangtan, Jinan and Chengdu in the PRC, the Group has a total annual production capacity of 1,710,000 units of vehicle per double shift as at 31 December 2018. The Group sells its 17 major vehicle models (including the "Lynk&Co" vehicle models sold by the Group's 50%-owned joint venture, namely "Lynk&Co JV") developed under 4 platforms & 2 modular architectures. By the end of 2018, the Group had more than 978 dealers in the PRC, marketing "Geely" brand vehicles. The Lynk&Co JV adopted a different marketing and distribution system and served its customers via 222 Lynk&Co Centres and 17 Lynk&Co Spaces in the PRC. The Group also exported its products through 24 sales agents and 336 sales and service outlets in 24 oversea countries, mainly to developing countries in the Eastern Europe, Middle East and Africa in 2018. In November 2015, the Company announced its new energy vehicle strategy named 'Blue Geely Initiatives' displaying its dedication to transformation into industry leader in new energy vehicle technologies. The initiatives' target is to ensure that up to 90% of the Group's total sales volume would be in the form of new energy and electrified vehicles (NEEVs).

With a total workforce of 52,400 staff at the end of 2018 dedicated to fostering the Group's core strength in powertrain technologies, product quality, customer satisfaction and supply chains, the Group generated the revenue of about US$15.5 billion in 2018. Total market capitalization was about US$20.3 billion as at 10 Apr 2019.

The information set out in the Appendix to this document relates to the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020 and has been extracted and reproduced from an announcement by the Company dated 13 April 2021 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

(iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX are not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020 or the Guarantor since 31 March 2021, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

(e) the Base Listing Document;

(f) this document; and

(g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates 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 any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC (the "**CFTC Rules**"), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX

REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 OF GEELY AUTOMOBILE HOLDINGS LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020 and has been extracted and reproduced from an announcement by the Company dated 13 April 2021 in relation to the same.

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INDEPENDENT AUDITOR'S REPORT

Grant Thornton
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To the members of Geely Automobile Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Geely Automobile Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 102 to 238, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of intangible assets

Refer to note 15 to the consolidated financial statements and the accounting policies as set out in notes 4(e) and 4(k) to the consolidated financial statements.

The key audit matter

We identified the impairment of intangible assets as a key audit matter due to the judgement being made about future results of the business in assessing the recoverable amount of intangible assets. As at 31 December 2020, intangible assets of RMB18,610,115,000 consisted of capitalised product development costs related to a single cash-generating unit ("CGU").

Management assessed whether there were any indicators that the intangible assets may be impaired. Intangible assets with impairment indicators were tested for impairment. Management calculated the recoverable amount of the CGU based on value-in-use calculations using future cash flow projections. Based on the results of the impairment assessment which involved significant management's judgement and key assumptions, including growth rate and discount rate applied to the value-in-use calculations, the Company's management has concluded that there was no impairment of intangible assets for the year ended 31 December 2020.

How the matter was addressed in our audit

Our audit procedures to assess the impairment testing of the Group's intangible assets by the Company's management included the following:

– Obtained an understanding of the Group's internal controls and processes of impairment assessment;

– Assessed the valuation methodology adopted by management;

– Compared the current year actual cash flows with the prior year cash flow projections to consider if the projections included any assumptions that were overly optimistic;

– Assessed the reasonableness of key assumptions, including growth rate and discount rate, based on our knowledge of the business and industry; and

– Reconciled input data to supporting evidence, such as approved budgets and considered the reasonableness of these budgets.

Key audit matters (Continued)

Revenue recognition on sales of automobiles and automobile parts and components

Refer to note 6 to the consolidated financial statements and the accounting policies as set out in note 4(m) to the consolidated financial statements.

The key audit matter

Revenue recognition on sales of automobiles and automobile parts and components is identified as a key audit matter because of its financial significance to the consolidated financial statements and is one of key performance indicators of the Group. Accordingly, there may be risks of material misstatements related to revenue recognition.

How the matter was addressed in our audit

Our audit procedures in relation to revenue recognition on sales of automobiles and automobile parts and components included the following:

- Understood and evaluated the internal controls and processes of revenue recognition on sales of automobiles and automobile parts and components and tested its operating effectiveness;

- Reviewed sales agreements, on a sample basis, to understand the terms of the sales transactions to assess whether the Group's accounting policies in relation to revenue recognition were applied appropriately and consistently throughout the year;

- Performed analytical review on revenue and gross margin by automobile products categories to identify significant or unusual fluctuation on revenue;

- Assessed, on a sample basis, whether specific revenue transactions around the reporting date had been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including customers' receipts, goods delivery notes and the terms of sales as set out in the distributor agreements; and

- Obtained external confirmation to verify the outstanding trade receivables balances at the reporting date directly from customers, on a sample basis.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the 2020 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

23 March 2021

Ng Ka Kong
Practising Certificate No.: P06919

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	**2020 RMB'000**	2019 RMB'000
Revenue	6	**92,113,878**	97,401,248
Cost of sales		**(77,376,859)**	(80,484,620)
Gross profit		**14,737,019**	16,916,628
Other income	8	**1,039,382**	1,224,666
Distribution and selling expenses		**(5,053,491)**	(4,332,267)
Administrative expenses, excluding share-based payments		**(5,745,019)**	(5,084,146)
Impairment loss on trade and other receivables	9(c)	**(8,594)**	(38,242)
Share-based payments	33	**(4,095)**	(5,459)
Finance income, net	9(a)	**208,322**	108,021
Share of results of associates	18	**50,604**	38,122
Share of results of joint ventures	19	**824,810**	625,878
Gain on disposal of subsidiaries	36	**392,040**	183,067
Profit before taxation	9	**6,440,978**	9,636,268
Taxation	10	**(866,348)**	(1,374,910)
Profit for the year		**5,574,630**	8,261,358
Attributable to:			
Equity holders of the Company		**5,533,790**	8,189,638
Non-controlling interests		**40,840**	71,720
Profit for the year		**5,574,630**	8,261,358
Earnings per share			
Basic	12	**RMB0.56**	RMB0.90
Diluted	12	**RMB0.56**	RMB0.89

The notes on pages 111 to 238 are an integral part of these consolidated financial statements. Details of dividends payable to ordinary equity holders of the Company attributable to the profit for the year are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
Profit for the year	**5,574,630**	8,261,358
Other comprehensive (expense)/income:		
Items that may be reclassified subsequently to profit or loss:		
– Notes receivable at fair value through other comprehensive income		
Change in fair value	**(193,361)**	–
Income tax effect	**42,935**	–
– Exchange differences on translation of financial statements of foreign operations	**(87,533)**	50,275
– Realisation of translation reserve upon deregistration of a subsidiary	**17,611**	–
Other comprehensive (expense)/income for the year, net of tax	**(220,348)**	50,275
Total comprehensive income for the year	**5,354,282**	8,311,633
Attributable to:		
Equity holders of the Company	**5,314,681**	8,239,395
Non-controlling interests	**39,601**	72,238
Total comprehensive income for the year	**5,354,282**	8,311,633

The notes on pages 111 to 238 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	14	**26,574,279**	27,070,318
Intangible assets	15	**18,610,115**	17,597,628
Land lease prepayments	16	**3,042,911**	3,230,845
Goodwill	17	**42,806**	42,806
Interests in associates	18	**494,498**	462,387
Interests in joint ventures	19	**9,194,017**	8,375,076
Trade and other receivables	21	**952,356**	268,899
Deferred tax assets	30	**970,011**	865,606
		59,880,993	57,913,565
Current assets			
Inventories	20	**3,690,631**	4,820,776
Trade and other receivables	21	**27,868,232**	25,844,914
Income tax recoverable		**224,608**	26,714
Pledged bank deposits		**174,422**	40,393
Bank balances and cash		**18,976,843**	19,281,216
		50,934,736	50,014,013
Current liabilities			
Trade and other payables	22	**41,516,307**	47,873,315
Lease liabilities	23	**30,380**	37,223
Income tax payable		**340,190**	615,894
		41,886,877	48,526,432
Net current assets		**9,047,859**	1,487,581
Total assets less current liabilities		**68,928,852**	59,401,146

	Note	2020 RMB'000	2019 RMB'000
CAPITAL AND RESERVES			
Share capital	25	**179,672**	167,733
Perpetual capital securities	26	**3,413,102**	3,413,102
Reserves	27	**60,038,340**	50,854,791
Equity attributable to equity holders of the Company		**63,631,114**	54,435,626
Non-controlling interests		**582,152**	488,840
Total equity		**64,213,266**	54,924,466
Non-current liabilities			
Trade and other payables	22	**385,557**	–
Lease liabilities	23	**11,915**	26,366
Bank borrowings	24	**1,959,750**	2,089,110
Bonds payable	28	**1,949,735**	2,060,085
Deferred tax liabilities	30	**408,629**	301,119
		4,715,586	4,476,680
		68,928,852	59,401,146

Approved and authorised for issue by the Board of Directors on 23 March 2021.

Li Shu Fu
Director

Gui Sheng Yue
Director

The notes on pages 111 to 238 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity holders of the Company										
	Share capital RMB'000 (note 25)	Perpetual capital securities RMB'000 (note 26)	Share premium RMB'000 (note 27(a))	Capital reserve RMB'000 (note 27(b))	Statutory reserve RMB'000 (note 27(c))	Translation reserve RMB'000 (note 27(e))	Share option reserve RMB'000 (note 27(f))	Retained profits RMB'000 (note 27(g))	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2019	164,470	–	6,692,297	164,790	310,398	(32,117)	378,096	37,266,043	44,943,977	430,741	45,374,718
Profit for the year	–	–	–	–	–	–	–	8,189,638	8,189,638	71,720	8,261,358
Other comprehensive income:											
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	49,757	–	–	49,757	518	50,275
Total comprehensive income for the year	–	–	–	–	–	49,757	–	8,189,638	8,239,395	72,238	8,311,633
Transactions with owners:											
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	1,555	1,555
Transfer of reserves	–	–	–	–	45,240	–	–	(45,240)	–	–	–
Issuance of perpetual capital securities (note 26)	–	3,413,102	–	–	–	–	–	–	3,413,102	–	3,413,102
Shares issued under share option scheme (note 25(a))	3,263	–	899,295	–	–	–	(263,105)	–	639,453	–	639,453
Equity settled share-based payments (note 33)	–	–	–	–	–	–	5,459	–	5,459	–	5,459
Transfer upon forfeiture of share options	–	–	–	–	–	–	(20,149)	20,149	–	–	–
Final dividend approved and paid in respect of the previous year (note 11)	–	–	–	–	–	–	–	(2,805,760)	(2,805,760)	–	(2,805,760)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(15,694)	(15,694)
Total transactions with owners	3,263	3,413,102	899,295	–	45,240	–	(277,795)	(2,830,851)	1,252,254	(14,139)	1,238,115
Balance at 31 December 2019	167,733	3,413,102	7,591,592	164,790	355,638	17,640	100,301	42,624,830	54,435,626	488,840	54,924,466

	Attributable to equity holders of the Company											
	Share capital RMB'000 (note 25)	Perpetual capital securities RMB'000 (note 26)	Share premium RMB'000 (note 27(a))	Capital reserve RMB'000 (note 27(b))	Statutory reserve RMB'000 (note 27(c))	Fair value reserve (recycling) RMB'000 (note 27(d))	Translation reserve RMB'000 (note 27(e))	Share option reserve RMB'000 (note 27(f))	Retained profits RMB'000 (note 27(g))	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2020	167,733	3,413,102	7,591,592	164,790	355,638	-	17,640	100,301	42,624,830	54,435,626	488,840	54,924,466
Profit for the year	-	137,217	-	-	-	-	-	-	5,396,573	5,533,790	40,840	5,574,630
Other comprehensive (expense)/income:												
Change in fair value of notes receivable at fair value through other comprehensive income	-	-	-	-	-	(148,955)	-	-	-	(148,955)	(1,471)	(150,426)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	(87,765)	-	-	(87,765)	232	(87,533)
Realisation of translation reserve upon deregistration of a subsidiary	-	-	-	-	-	-	17,611	-	-	17,611	-	17,611
Total comprehensive income for the year	-	137,217	-	-	-	(148,955)	(70,154)	-	5,396,573	5,314,681	39,601	5,354,282
Transactions with owners:												
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	53,711	53,711
Transfer of reserves	-	-	-	-	352,000	-	-	-	(352,044)	(44)	-	(44)
Shares issued under share option scheme (note 25(a))	888	-	262,648	-	-	-	-	(65,722)	-	197,814	-	197,814
Shares issued upon placement (note 25(b))	11,051	-	5,926,085	-	-	-	-	-	-	5,937,136	-	5,937,136
Equity settled share-based payments (note 33)	-	-	-	-	-	-	-	4,095	-	4,095	-	4,095
Transfer upon forfeiture of share options	-	-	-	-	-	-	-	(15,065)	15,065	-	-	-
Distribution paid on perpetual capital securities (note 11(c))	-	(137,217)	-	-	-	-	-	-	-	(137,217)	-	(137,217)
Final dividend approved and paid in respect of the previous year (note 11)	-	-	-	-	-	-	-	-	(2,120,977)	(2,120,977)	-	(2,120,977)
Total transactions with owners	11,939	(137,217)	6,188,733	-	352,000	-	-	(76,692)	(2,457,956)	3,880,807	53,711	3,934,518
Balance at 31 December 2020	179,672	3,413,102	13,780,325	164,790	707,638	(148,955)	(52,514)	23,609	45,563,447	63,631,114	582,152	64,213,266

The notes on pages 111 to 238 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Profit before taxation		**6,440,978**	9,636,268
Adjustments for:			
Bad debts written off	9(c)	**–**	5,542
Depreciation and amortisation		**5,491,209**	3,733,212
Equity settled share-based payments	33	**4,095**	5,459
Finance costs	9(a)	**166,979**	127,580
Gain on disposal of an associate	8	**–**	(636)
Gain on disposal of subsidiaries	36	**(392,040)**	(183,067)
Impairment loss on trade and other receivables	9(c)	**8,594**	38,242
Interest income	9(a)	**(375,301)**	(235,601)
Loss on deregistration of a subsidiary	9(c)	**18,811**	–
Net foreign exchange loss/(gain)		**63,281**	(8,729)
Net (gain)/loss on disposal of property, plant and equipment	9(c)	**(7,513)**	55,929
Share of results of associates	18	**(50,604)**	(38,122)
Share of results of joint ventures	19	**(824,810)**	(625,878)
Operating profit before working capital changes		**10,543,679**	12,510,199
Inventories		**1,104,127**	(699,388)
Trade and other receivables		**(4,029,743)**	(3,769,692)
Trade and other payables		**(4,650,266)**	6,446,007
Cash generated from operations		**2,967,797**	14,487,126
Income taxes paid		**(1,371,205)**	(1,949,422)
Net cash generated from operating activities		**1,596,592**	12,537,704

	Note	2020 RMB'000	2019 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,806,586)**	(2,872,645)
Proceeds from disposal of property, plant and equipment		**101,216**	8,216
Additions of land lease prepayments	16	**(44,475)**	(95,980)
Additions of intangible assets	15	**(4,191,189)**	(4,606,090)
Initial/additional capital injection in an associate	18	**(49,490)**	(20,493)
Additional capital injection in joint ventures	19	**–**	(1,831,580)
Dividend received from an associate	18	**40,361**	–
Proceeds from disposal of intangible assets		**28,594**	–
Change in pledged bank deposits		**(134,029)**	(21,001)
Net cash outflows on acquisition of subsidiaries	35	**–**	(320,689)
Net cash inflows/(outflows) on disposal of subsidiaries	36	**819,094**	(2,699)
Settlement of payables for acquisition of subsidiaries in previous year		**–**	(1,265,277)
Proceeds from disposal of subsidiaries in previous year	36	**507,135**	–
Proceeds from disposal of interests in an associate		**–**	1,533
Interest received		**299,132**	235,601
Net cash used in investing activities		**(5,430,237)**	(10,791,104)
Cash flows from financing activities			
Dividends paid	11(b)	**(2,120,977)**	(2,805,760)
Dividends paid to non-controlling interests		**–**	(15,694)
Distribution paid on perpetual capital securities	11(c)	**(137,217)**	–
Capital contribution from non-controlling interests		**53,711**	1,555
Proceeds from issuance of shares upon exercise of share options	25(a)	**197,814**	639,453
Proceeds from issuance of shares upon placement, net of transaction costs	25(b)	**5,937,136**	–
Proceeds from issuance of perpetual capital securities, net of transaction costs	26	**–**	3,413,102
Proceeds from bank borrowings	29	**–**	2,060,760
Repayments of bank borrowings	29	**–**	(1,373,120)
Payment of lease liabilities	29	**(35,320)**	(33,399)
Interest paid	29	**(133,995)**	(123,537)
Net cash generated from financing activities		**3,761,152**	1,763,360

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CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 RMB'000	2019 RMB'000
Net (decrease)/increase in cash and cash equivalents	**(72,493)**	3,509,960
Cash and cash equivalents at the beginning of the year	**19,281,216**	15,737,196
Effect of foreign exchange rate changes	**(231,880)**	34,060
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**18,976,843**	19,281,216

The notes on pages 111 to 238 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

Geely Automobile Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section to the annual report. As at 31 December 2020, the directors consider the immediate holding company of the Company is Proper Glory Holding Inc., which is incorporated in British Virgin Islands (the "BVI"). The ultimate holding company of the Company is Zhejiang Geely Holding Group Company Limited[#] 浙江吉利控股集團有限公司, which is incorporated in the People's Republic of China (the "PRC") and is beneficially owned by Mr. Li Shu Fu and his associates.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 41 to the consolidated financial statements.

The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements on pages 111 to 238 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"). Significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out in note 4 below. These policies have been consistently applied to all the years presented unless otherwise stated.

The HKICPA has issued certain new and amended HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning or after 1 January 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[6]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[5]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] Effective date not yet determined
[5] Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022
[6] Effective for annual periods beginning on or after 1 June 2020

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

3.2 Issued but not yet effective HKFRSs (Continued)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

These amendments address the accounting issues that arise when existing interbank offered rates included in financial instruments are replaced with alternative benchmark risk-free rates.

The amendments mainly affect the following areas:

- Financial instruments (measured at amortised costs) where the basis for determining the contractual cash flows changes as a result of the interest rate benchmark reform – providing a practical expedient that an entity will not have to derecognise the carrying amount of financial instruments and recognise an immediate gain or loss for changes solely arose from the interest rate benchmark reform, but will instead revise the effective interest rate of the financial instruments;

- Modifications of lease liabilities as a result of the interest rate benchmark reform – providing a similar practical expedient that lessee will remeasure the lease liability by discounting the revised lease payments using a discount rate that reflects the change in the interest rate, instead of applying the original lease modification guidance in HKFRS 16;

- Hedge accounting requirements — permitting changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. In addition, it also provides a temporary relief to entities from having to meet the separately identifiable requirement when an alternative benchmark risk-free rate is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expect the alternative benchmark risk-free rate risk component to become separately identifiable within the next 24 months; and

- Additional disclosures — an entity will be required to disclose information about new risks arising from the interest rate benchmark reform and how it manages those risks as well as additional disclosure requirements for transitioning from interbank offered rates to alternative benchmark risk-free rates.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

3.2 Issued but not yet effective HKFRSs (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 are effective for the annual period beginning on or after 1 January 2021 and are applied retrospectively. Earlier application is permitted.

As at 31 December 2020, the Group has several London Interbank Offered Rates bank borrowings which may be subject to interest rate benchmark reform. The directors expect that the amendments have no material impact on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements for the year ended 31 December 2020 comprise the Group and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis except for certain financial assets are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 5.

The consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), which is also the functional currency of the Company.

(b) Basis of consolidation

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

A subsidiary is an entity, directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee). When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the date the Group gains control or up to the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets. The Group elects to measure any non-controlling interest in the subsidiary at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets for all business combinations.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and equity holders of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interests in that subsidiary. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss (see note 4(k)) unless the investments are held for sale or included in a disposal group. Cost also includes direct attributable costs of investments.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

(c) Goodwill

Goodwill arising from a business combination is recognised as an asset at the date that control is acquired (i.e. the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Goodwill (Continued)

Goodwill is stated at cost less accumulated impairment losses (see note 4(k)). Goodwill arising from a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested at least annually for impairment. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the interests in associates and joint ventures.

On disposal of a cash-generating unit, an associate or a joint venture, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(d) Interests in associates and joint ventures

An associate is an entity over which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in these consolidated financial statements using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interests in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities measured and contingent liabilities assumed of an associate or a joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities measured over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Interests in associates and joint ventures (Continued)

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interests in the relevant associate and joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective.

Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with those used by the Group.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates or joint ventures. At each reporting date, the Group determines whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value-in-use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value-in-use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of the interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as they would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

In the Company's statement of financial position, interest in a joint venture is stated at cost less impairment losses (see note 4(k)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill) and research and development activities

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 4(k)). Amortisation for intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over their estimated useful lives. Amortisation begins when the asset is available for use (i.e. when it is in the location and condition necessary for it to be capable of operation).

Research and development costs

Costs associated with research activities are recognised as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is an intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

The costs capitalised include employee costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated product developments are recognised as intangible assets. They are subject to the same subsequent measurement method as externally acquired intangible assets.

Capitalised product development costs are amortised from 3 to 10 years. All other development costs are recognised as expenses in the period in which they are incurred.

Both the period and method of amortisation are reviewed annually.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(g) Foreign currency translation

In preparing the financial statements of each individual entity, foreign currency transactions are translated into the functional currency of the individual entity at exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rate ruling at the transaction dates and not retranslated (i.e. only translated using the exchange rates at the transaction date).

Exchange differences arising from the settlement of monetary assets and liabilities, and on the translation of monetary assets and liabilities, are recognised in profit or loss in the period in which they arise, except for exchange differences arising from monetary assets and liabilities that forms part of the Company's net investment in a foreign operation, in which case such exchange differences are recognised in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Renminbi ("RMB")) at the exchange rates prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising from translation of functional currency to presentation currency, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (i.e. the translation reserve). Such exchange differences are reclassified from equity to profit or loss as a reclassification adjustment in the period in which the foreign operation is disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, in case of financial assets or liabilities not at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 4(m)).

– fair value through other comprehensive income ("FVOCI") (recycling), if the contractual cash flows of the debt investments comprise solely payments of principal and interest and the debt investments are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECLs"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income and fair value reserve (recycling) is recycled from equity to profit or loss.

Credit losses

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost (including bank balances and cash, pledged bank deposits and trade and other receivables (excluding notes receivable)) and debt instruments measured at FVOCI (recycling) (including notes receivable).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls on bank balances and cash, pledged bank deposits and trade and other receivables (excluding notes receivable) are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

Credit losses (Continued)

Measurement of ECLs (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs by using a simplified approach. The Group determines the ECLs on these financial assets collectively using a provision matrix with appropriate groupings and/or individually assessed for debtors with significant balances. Both provision matrix and individual assessment are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

Credit losses (Continued)

Significant increases in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or reversal of impairment loss in profit or loss. The Group recognises an impairment loss or reversal of impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

Credit losses (Continued)

Significant increases in credit risk (Continued)

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 39.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial liabilities

The Group's financial liabilities include bank borrowings, bonds payable, lease liabilities and trade and other payables.

All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 4(s)).

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Accounting policies of lease liabilities are set out in note 4(q).

Trade and other payables

Trade and other payables are initially recognised at their fair values, and are subsequently measured at amortised cost, using the effective interest method.

Interest bearing borrowings

Interest bearing borrowings, including bank borrowings and bonds payable, are classified as financial liabilities and recognised initially at fair value, less transaction costs incurred. Interest bearing borrowings are subsequently stated at amortised cost, using the effective interest method.

Interest bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expired or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity, if any, is recognised in profit or loss.

For financial liabilities, they are derecognised from the Group's consolidated statement of financial position when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment loss (see note 4(k)). Cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Cost of right-of-use assets are stated in note 4(q).

Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction in progress) over their estimated useful lives less their estimated residual values, if any, using the straight-line method as follows (excluding right-of-use assets):

Buildings	30 years
Plant and machinery	7 to 10 years
Leasehold improvements	Over the shorter of the unexpired lease terms and 3 years
Furniture and fixtures, office equipment and motor vehicles	5 to 10 years

Accounting policy for depreciation of right-of-use asset is set out in note 4(q).

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Construction in progress is stated at cost less accumulated impairment losses (see note 4(k)). Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Land lease prepayments

Land lease prepayments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses (see note 4(k)). Depreciation is calculated on a straight line basis over the term of the right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

(k) Impairment of non-current assets

Internal and external sources of information are reviewed at the reporting date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (including right-of-use assets);

– land lease prepayments;

– intangible assets;

– interests in associates and joint ventures;

– goodwill; and

– investments in subsidiaries and interest in a joint venture in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). As a result, some assets, are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of non-current assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value-in-use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 "Interim Financial Reporting", in respect of the first six months of the financial year. At the interim reporting date, the Group applies the same impairment testing, recognition, and reversal criteria as it would be at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill, are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 4(h).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition

Sales of automobiles and automobile parts and components and scrap materials

Revenue is generally recognised at a point in time when the customers obtain possession of and control of the promised goods in the contract. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. A receivable is recognised when the goods are delivered as this is the point in time that the consideration becomes unconditional because only the passage of time is required before the payment is due. Revenue excludes value added tax ("VAT") or related sales taxes and net of discounts.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities under "Trade and other payables" as receipts in advance from customers in the consolidated statement of financial position.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Sales-related warranties associated with automobiles cannot be purchased separately and are served as an assurance that the products sold comply with agreed-upon specifications (i.e. assurance-type warranties). Accordingly, the Group accounts for warranties in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Services income related to sales of automobiles is recognised over time in the period in which the relevant services have been delivered to customers.

Research and development and related technological support services

Revenue from research and development and related technological support services is recognised over time using the output method, which is to recognise revenue on the basis of direct measurements of the value to the customer of the services transferred to date ("value to the customer"), provided that the value to the customer is established by reference to the completion status report confirmed by customers.

Licensing of intellectual properties

Revenue is generally recognised at a point in time when the customers obtain the right to use of the intellectual properties in the contract.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition (Continued)

Rental income

Accounting policies for rental income are set out in note 4(q).

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

(n) Taxation

Income tax expense comprises current tax and deferred tax.

Current tax and movement in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures including existing taxable temporary differences, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxation (Continued)

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of a deferred tax asset is reviewed at the reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and current tax liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and deferred tax liabilities, if they relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(o) Equity settled share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Equity settled share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share premium for the shares issued) or the option expires (when it is released directly to retained profits).

If the share options granted are cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the cancellation or settlement is accounted for as an acceleration of vesting, and the amount that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately in profit or loss.

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Retirement benefit costs

Payments to the Group's Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong, the state-managed retirement benefit scheme in the PRC and defined contribution superannuation funds in other overseas countries are charged as expenses as they fall due.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Leases

(i) Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

– the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

– the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

– the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of office and factory premises and plant and machinery in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Leases (Continued)

(i) Definition of a lease and the Group as a lessee (Continued)

<u>*Measurement and recognition of leases as a lessee (Continued)*</u>

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statement of financial position, right-of-use assets have been included in “Property, plant and equipment”, the same line as it presents the underlying assets of the same nature that it owns. The prepaid lease payments for leasehold land are presented as “Land lease prepayments” under non-current assets.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(ii) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also derives rental income from operating leases of certain portion of its building and plant and machinery. Rental income is recognised on a straight-line basis over the term of lease.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The government grants relating to the purchase of land lease prepayments, intangible assets and property, plant and equipment for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the assets by way of reduced depreciation and amortisation expenses.

Government grants relating to income is presented in gross under “Other income” in the consolidated income statement.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

(v) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventories (see note 4(f)), property, plant and equipment (see note 4(i)) or intangible assets (see note 4(e)).

Incremental costs of obtaining a contract are those costs (e.g. an incremental sales commission) that the Group incur to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventories, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 4(m).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party, is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any members of a group of which it is a part, provides key management personnel services to the Group or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's executive directors, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of long-lived assets

If circumstances indicate that the net book value of a long-lived asset, including property, plant and equipment, intangible assets and land lease prepayments (notes 14, 15 and 16), may not be recoverable, the asset may be considered "impaired" and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of Assets" ("HKAS 36"). The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value-in-use. It is difficult to precisely estimate selling prices because quoted market prices for the Group's assets are not readily available. In determining the value-in-use, expected cash flows generated by the asset are discounted to their present value, which requires significant estimation relating to the growth rate and discount rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of growth rate and discount rate. No impairment was provided for long-lived assets during the year (2019: RMBNil).

Estimation of impairment of trade and other receivables

The Group makes allowances on items subjects to ECL (including trade and other receivables) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 4(h). When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

As at 31 December 2020 and 2019, the carrying amounts of trade and other receivables are set out in note 21. During the year ended 31 December 2020, impairment loss of RMB8,594,000 (2019: RMB38,242,000) are recognised on trade and other receivables.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Depreciation and amortisation

Property, plant and equipment and intangible assets (notes 14 and 15) with finite useful lives are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Group reviews the condition of property, plant and equipment and intangible assets (i.e. whether it is available for use) as well as the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during the financial year. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

Impairment of investments

The Group assesses annually and at each interim reporting date if interests in associates and joint ventures (notes 18 and 19) have suffered any impairment in accordance with HKAS 36. Details of the approach are stated in the accounting policy as set out in note 4(d). The assessment of value-in-use requires an estimation of future cash flows, including expected dividends, from the investments and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause adjustments to their carrying amounts. No impairment loss was provided for interests in associates and joint ventures during the year (2019: RMBNil).

Income taxes

Subsidiaries of the Group are subject to income taxes according to different tax rates of different regions in the PRC. As certain tax affairs are pending from the confirmation of relevant tax authorities, the Group shall make reliable estimates and judgements for the expected tax adjustments and amounts resulting from such affairs based on the current tax laws and relevant policies. Subsequently, if differences exist between the initial estimates of such affairs and the actual amount of tax payable due to certain objective reasons, such difference will affect the taxes for the current period and tax payables of the Group. Details of income tax are set out in note 10.

Deferred tax

As at 31 December 2020, deferred tax assets of RMB114,483,000 (2019: RMB190,095,000) in relation to unused tax losses have been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB1,786,814,000 (2019: RMB1,715,741,000) as well as the deductible temporary differences of RMB600,766,000 (2019: RMB1,554,322,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal or further recognition takes place. Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Deferred tax (Continued)

As at 31 December 2020, deferred tax liabilities of RMB388,418,000 (2019: RMB301,119,000) relating to the distributable profits not yet paid out as dividends that are generated by the PRC subsidiaries have been recognised in the Group's consolidated statement of financial position. Deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 undistributed profits of the PRC subsidiaries of RMB15,130,460,000 (2019: RMB13,752,541,000) as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future. Further details are disclosed in note 30.

Write-down of inventories

The Company's management reviews the condition of inventories, as stated in note 20 to the consolidated financial statements, at each reporting date, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions. No inventories were written down during the year (2019: RMBNil).

Critical accounting judgements

Interests in joint ventures

As disclosed in note 19, the Group invested in Genius Auto Finance Company Limited# ("Genius AFC") 吉致汽車金融有限公司 as at 31 December 2020 and 2019. Unanimous consent from the Group and the other investor, BNP Paribas Personal Finance or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC for certain key corporate matters is needed. Therefore, Genius AFC is under the joint control of the Group and BNP Paribas Personal Finance, despite the Group has an equity interest of 80%. Also, the Group and BNP Paribas Personal Finance have rights to the net assets of Genius AFC. Accordingly, the investment in Genius AFC is classified as a joint venture of the Group and accounted for using equity method.

Meanwhile, the Group invested in LYNK & CO Investment Co., Ltd.# ("LYNK & CO Investment") 領克投資有限公司 as at 31 December 2020 and 2019. Unanimous consent from the Group and the two remaining shareholders of LYNK & CO Investment (the "JV Parties") or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of LYNK & CO Investment for certain key corporate matters is needed. Therefore, LYNK & CO Investment is under the joint control of the Group and the JV Parties. Accordingly, the investment in LYNK & CO Investment is classified as a joint venture of the Group and accounted for using equity method.

Also, the Group invested in Zhejiang Geely AISIN Automatic Transmission Company Limited# ("Zhejiang AISIN") 浙江吉利愛信自動變速器有限公司 as at 31 December 2020 and 2019. Unanimous resolution of all directors of Zhejiang AISIN for certain key corporate matters is needed. Therefore, Zhejiang AISIN is a joint venture company of the Group and its financial results were accounted for using the equity method.

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

6. REVENUE

Revenue represents sales of automobiles and automobile parts and components, provision of research and development and related technological support services and licensing of intellectual properties, net of VAT or related sales taxes and net of discounts.

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products/services		
– Sales of automobiles and related services	**83,814,362**	91,842,836
– Sales of automobile parts and components	**6,988,524**	5,130,185
– Research and development and related technological support services	**745,071**	–
– Licensing of intellectual properties	**565,921**	428,227
	92,113,878	97,401,248
Disaggregated by timing of revenue recognition		
– At a point in time	**91,250,884**	97,401,248
– Over time	**862,994**	–
	92,113,878	97,401,248

The Group's customer base is diversified and no customer with whom the transactions has exceeded 10% of the Group's revenue.

7. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company collectively, who determine the operating segments of the Group and review the Group's internal reporting in order to assess performance and allocate resources. All of the Group's business operations relate to the production and sales of automobiles, automobile parts and related automobile components, provision of research and development and related technological support services and licensing of related intellectual properties with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment (including right-of-use assets), intangible assets, interests in associates and joint ventures, goodwill and land lease prepayments ("specified non-current assets"). The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property, plant and equipment (including right-of-use assets) and land lease prepayments, the location of the operations to which they are allocated in the case of intangible assets and goodwill, and the location of operations of associates and joint ventures in the case of interests in associates and joint ventures.

	2020 **RMB'000**	2019 RMB'000
Revenue from external customers		
PRC	**85,597,084**	92,640,882
Malaysia	**2,421,314**	2,722,776
Eastern Europe	**2,203,083**	1,593,038
Middle East	**851,405**	219,825
Sweden	**600,305**	–
Philippines	**284,490**	43,021
Central and South America	**83,088**	115,001
Africa	**49,913**	66,705
Other countries	**23,196**	–
	92,113,878	97,401,248
Specified non-current assets		
Hong Kong, place of domicile	**744**	4,421
PRC	**57,762,107**	56,585,615
Other countries	**195,775**	189,024
	57,958,626	56,779,060

8. OTHER INCOME

	2020	2019
	RMB'000	RMB'000
Rental income	**24,569**	22,364
Gain on disposal of an associate	**–**	636
Gain on disposal of scrap materials	**72,006**	46,810
Net foreign exchange gain	**–**	67,554
Net gain on disposal of property, plant and equipment	**7,513**	–
Government grants and subsidies (note)	**771,502**	845,449
Sundry income	**163,792**	241,853
	1,039,382	1,224,666

Note: Government grants and subsidies mainly related to cash subsidies from government in respect of operating and research and development activities which are either unconditional grants or grants with conditions having been satisfied.

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2020 RMB'000	2019 RMB'000
(a) Finance income and costs		
Finance costs		
Effective interest expenses on bonds payable (note 28)	**3,564**	3,574
Coupon expense on bonds payable	**74,913**	75,271
Interest on discounted notes receivable	**30,854**	–
Interest on lease liabilities	**2,852**	3,557
Interest on bank borrowings wholly repayable within five years	**54,796**	45,178
	166,979	127,580
Finance income		
Bank and other interest income	**(375,301)**	(235,601)
Net finance income	**(208,322)**	(108,021)
(b) Staff costs (including directors' emoluments (note 13)) (note (a))		
Salaries, wages and other benefits	**5,547,019**	5,638,075
Retirement benefit scheme contributions (note (b))	**299,469**	394,121
Equity settled share-based payments (note 33)	**4,095**	5,459
	5,850,583	6,037,655

9. PROFIT BEFORE TAXATION (Continued)

Profit before taxation is arrived at after charging/(crediting) (Continued):

	2020 RMB'000	2019 RMB'000
(c) Other items		
Depreciation (note (a)):		
– Owned assets	**2,189,872**	1,403,730
– Right-of-use assets (including land lease prepayments)	**151,229**	112,797
Total depreciation	**2,341,101**	1,516,527
Amortisation of intangible assets (related to capitalised product development costs)	**3,150,108**	2,216,685
Research and development costs	**588,100**	850,468
Auditor's remuneration:		
– Audit services	**5,944**	7,498
– Non-audit services	**7,005**	1,118
Bad debts written off	**–**	5,542
Cost of inventories (note (a))	**76,685,864**	80,484,620
Impairment loss on trade and other receivables	**8,594**	38,242
Lease charges on short term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16 on 1 January 2019	**33,993**	18,683
Loss on deregistration of a subsidiary	**18,811**	–
Net (gain)/loss on disposal of property, plant and equipment	**(7,513)**	55,929
Net foreign exchange loss/(gain)	**43,135**	(67,554)
Net claims paid on defective materials purchased	**136,937**	64,195

Notes:

(a) Cost of inventories included RMB5,823,152,000 (2019: RMB4,979,329,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately for each of these types of expenses.

(b) Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which resulted in the relief of certain contributions to defined contribution scheme during the year ended 31 December 2020.

10. TAXATION

	2020	2019
	RMB'000	RMB'000
Current tax:		
– PRC enterprise income tax	**891,023**	1,590,840
– (Over)/Under-provision in prior years	**(36,351)**	2,978
	854,672	1,593,818
Deferred tax (note 30)	**11,676**	(218,908)
	866,348	1,374,910

Hong Kong profits tax has not been provided as the Hong Kong incorporated companies within the Group had no estimated assessable profits in Hong Kong for the years ended 31 December 2020 and 2019.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practises in respect thereof. The PRC enterprise income tax rate is 25% (2019: 25%).

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification. Accordingly, they enjoyed a preferential income tax rate of 15% for the years ended 31 December 2020 and 2019.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2018, enterprises engaging in research and development activities were entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group made its best estimate for the Super Deduction to be claimed for the Group's PRC subsidiaries in ascertaining their assessable profits for the years ended 31 December 2020 and 2019.

The share of results of associates and joint ventures in the consolidated income statement is after income taxes accrued in the appropriate income tax jurisdictions.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. TAXATION (Continued)

The tax charge for the year can be reconciled from the profit before taxation per consolidated income statement as follows:

	2020 RMB'000	2019 RMB'000
Profit before taxation	**6,440,978**	9,636,268
Tax at the PRC enterprise income tax rate of 25% (2019: 25%)	**1,610,245**	2,409,067
Tax effect of expenses not deductible	**56,913**	155,487
Tax effect of non-taxable income	**(188,839)**	(112,523)
Tax effect of unrecognised tax losses	**75,429**	26,777
Utilisation of previously unrecognised tax losses	**(67,218)**	(46,527)
Tax effect of different tax rates of entities operating in other jurisdictions	**(55,151)**	12,686
Deferred tax charge on distributable profits withholding tax (note 30)	**87,299**	23,080
Effect of tax concessions and lower tax rates for certain PRC subsidiaries	**(397,901)**	(884,788)
Super Deduction for research and development costs	**(218,078)**	(211,327)
(Over)/Under-provision in prior years	**(36,351)**	2,978
Tax expense for the year	**866,348**	1,374,910

The Group is also liable to withholding tax on dividends to be distributed from the Group's subsidiaries in the PRC in respect of their profits generated from 1 January 2008. Deferred tax liabilities of RMB87,299,000 (2019: RMB23,080,000) were recognised for the distributable profits not yet paid out as dividends that are generated by the PRC subsidiaries of the Company during the year.

11. DIVIDENDS

(a) Dividends payable to ordinary equity holders of the Company attributable to the year:

	2020 RMB'000	2019 RMB'000
Final dividend proposed after the reporting date of Hong Kong dollars ("HK$") 0.20 (2019: HK$0.25) per ordinary share	**1,637,367**	2,057,746

The final dividend proposed after the reporting date has not been recognised as a liability as at 31 December 2020.

11. DIVIDENDS (Continued)

(b) Dividends payable to ordinary equity holders of the Company attributable to the previous financial year, approved and paid during the year:

	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.25 (2019: HK$0.35) per ordinary share	**2,120,977**	2,805,760

(c) Distribution on perpetual capital securities

The Company made a distribution on perpetual capital securities of RMB137,217,000 (2019: RMBNil) to the securities holders during the year ended 31 December 2020.

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on profit for the year attributable to ordinary equity holders of the Company of RMB5,396,573,000 (2019: RMB8,189,638,000) and weighted average number of ordinary shares of 9,552,290,892 shares (2019: 9,080,734,422 shares), calculated as follows:

Profit attributable to ordinary equity holders of the Company

	2020 RMB'000	2019 RMB'000
Profit for the year attributable to equity holders of the Company	**5,533,790**	8,189,638
Distribution paid on perpetual capital securities	**(137,217)**	–
Profit for the year attributable to ordinary equity holders of the Company	**5,396,573**	8,189,638

12. EARNINGS PER SHARE (Continued)

(a) Basic earnings per share (Continued)

Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares as at 1 January (note 25)	**9,166,997,540**	8,981,612,540
Effect of share options exercised	**42,670,401**	99,121,882
Effect of shares issued upon placement	**342,622,951**	–
Weighted average number of ordinary shares as at 31 December	**9,552,290,892**	9,080,734,422

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on profit for the year attributable to ordinary equity holders of the Company of RMB5,396,573,000 (2019: RMB8,189,638,000) and the weighted average number of ordinary shares (diluted) of 9,561,259,972 shares (2019: 9,180,124,256 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2020	2019
Weighted average number of ordinary shares (basic) as at 31 December	**9,552,290,892**	9,080,734,422
Effect of deemed issue of shares under the Company's share option scheme	**8,969,080**	99,389,834
Weighted average number of ordinary shares (diluted) as at 31 December	**9,561,259,972**	9,180,124,256

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's remuneration

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules and section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

2020

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Rental allowance RMB'000	Retirement scheme contribution RMB'000	Sub-total RMB'000	Equity settled share-based payments RMB'000 (note (i))	Total RMB'000
Executive directors								
Mr. An Cong Hui	9	–	–	–	–	9	–	9
Mr. Ang Siu Lun, Lawrence	–	3,538	843	–	32	4,413	–	4,413
Mr. Gui Sheng Yue (Chief Executive Officer)	–	3,815	909	605	32	5,361	–	5,361
Mr. Li Dong Hui, Daniel (Vice Chairman)	9	–	–	–	–	9	36	45
Mr. Li Shu Fu (Chairman)	–	347	–	–	16	363	–	363
Ms. Wei Mei	9	–	–	–	–	9	26	35
Mr. Yang Jian (Vice Chairman)	9	–	–	–	–	9	–	9
Independent non-executive directors								
Mr. An Qing Heng	161	–	–	–	–	161	–	161
Mr. Lee Cheuk Yin, Dannis	161	–	–	–	–	161	–	161
Mr. Wang Yang	161	–	–	–	–	161	–	161
Mr. Yeung Sau Hung, Alex	161	–	–	–	–	161	–	161
	680	7,700	1,752	605	80	10,817	62	10,879

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's remuneration (Continued)

2019

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Rental allowance RMB'000	Retirement scheme contribution RMB'000	Sub-total RMB'000	Equity settled share-based payments RMB'000 (note (i))	Total RMB'000
Executive directors								
Mr. An Cong Hui	9	–	–	–	–	9	–	9
Mr. Ang Siu Lun, Lawrence	–	3,093	680	–	32	3,805	–	3,805
Mr. Gui Sheng Yue (Chief Executive Officer)	–	3,336	733	588	32	4,689	–	4,689
Mr. Li Dong Hui, Daniel (Vice Chairman)	9	–	–	–	–	9	67	76
Mr. Li Shu Fu (Chairman)	–	343	–	–	16	359	–	359
Ms. Wei Mei	9	–	–	–	–	9	48	57
Mr. Yang Jian (Vice Chairman)	9	–	–	–	–	9	–	9
Non-executive director								
Mr. Carl Peter Edmund Moriz Forster (note (ii))	–	–	–	–	–	–	–	–
Independent non-executive directors								
Mr. An Qing Heng	158	–	–	–	–	158	–	158
Mr. Lee Cheuk Yin, Dannis	158	–	–	–	–	158	–	158
Mr. Wang Yang	158	–	–	–	–	158	–	158
Mr. Yeung Sau Hung, Alex	158	–	–	–	–	158	–	158
	668	6,772	1,413	588	80	9,521	115	9,636

Mr. Carl Peter Edmund Moriz Forster waived his director fee during the year ended 31 December 2019. No other director waived any emoluments during the years ended 31 December 2020 and 2019.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's remuneration (Continued)

Notes:

(i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policy for equity settled share-based payments as set out in note 4(o) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share Options" in the Directors' Report and in note 33 to the consolidated financial statements.

(ii) Mr. Carl Peter Edmund Moriz Forster resigned as a non-executive director of the Company on 21 August 2019.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments, two (2019: two) were directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The aggregate of the emoluments in respect of the other three (2019: three) individuals are as follows:

	2020 **RMB'000**	2019 RMB'000
Basic salaries and allowances	**4,379**	4,221
Retirement scheme contributions	**37**	63
Equity settled share-based payments	**–**	2
	4,416	4,286

The emoluments of the three (2019: three) individuals with the highest emoluments are within the following bands:

	2020 **Number of** **individuals**	2019 Number of individuals
HK$1,000,001 – HK$1,500,000	**2**	2
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,500,001 – HK$3,000,000	**1**	–
	3	3

14. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture and fixtures, office equipment and motor vehicles RMB'000	Total RMB'000
COST						
At 1 January 2019	5,874,583	8,111,206	12,732,596	16,909	1,492,710	28,228,004
Additions	3,502,399	138,014	–	1,384	194,617	3,836,414
Transfer	(8,910,197)	2,034,325	6,345,185	–	530,687	–
Disposals	–	(1,458)	(103,152)	–	(44,493)	(149,103)
Acquisition through business combination (note 35)	1,711,180	–	–	–	2,128	1,713,308
Disposed of through disposal of subsidiaries (note 36)	(8,389)	(381,694)	(186,282)	–	(16,288)	(592,653)
At 31 December 2019 and 1 January 2020	2,169,576	9,900,393	18,788,347	18,293	2,159,361	33,035,970
Additions	2,464,983	95,137	67,386	3,109	272,432	2,903,047
Transfer	(2,223,810)	801,033	1,298,664	–	124,113	–
Disposals	–	(4,338)	(165,707)	–	(40,941)	(210,986)
Disposed of through disposal of subsidiaries (note 36)	(15,521)	(904,658)	(866,002)	–	(90,377)	(1,876,558)
At 31 December 2020	**2,395,228**	**9,887,567**	**19,122,688**	**21,402**	**2,424,588**	**33,851,473**
DEPRECIATION						
At 1 January 2019	–	947,725	3,168,175	7,396	613,370	4,736,666
Charge for the year	–	232,964	961,038	3,566	240,882	1,438,450
Written back on disposals	–	(43)	(53,303)	–	(31,612)	(84,958)
Disposed of through disposal of subsidiaries (note 36)	–	(103,057)	(12,424)	–	(9,025)	(124,506)
At 31 December 2019 and 1 January 2020	–	1,077,589	4,063,486	10,962	813,615	5,965,652
Charge for the year	–	384,250	1,559,422	3,908	311,244	2,258,824
Written back on disposals	–	–	(89,076)	–	(28,207)	(117,283)
Disposed of through disposal of subsidiaries (note 36)	–	(276,287)	(501,134)	–	(52,578)	(829,999)
At 31 December 2020	**–**	**1,185,552**	**5,032,698**	**14,870**	**1,044,074**	**7,277,194**
NET BOOK VALUE						
At 31 December 2020	**2,395,228**	**8,702,015**	**14,089,990**	**6,532**	**1,380,514**	**26,574,279**
At 31 December 2019	2,169,576	8,822,804	14,724,861	7,331	1,345,746	27,070,318

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2020 and 2019, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Buildings	**43,727**	66,930	**45,979**	34,720
Plant and machinery	**24,977**	–	**22,973**	–
	68,704	66,930	**68,952**	34,720

The Group has obtained the right to use office and factory premises and plant and machinery through the tenancy agreements. The leases typically run on an initial period of one to three years. The Group makes fixed payments during the contract period. During the year ended 31 December 2020, the total additions to right-of-use assets related to buildings, plant and machinery were RMB22,776,000 (2019: RMB32,929,000) and RMB47,950,000 (2019: RMBNil), respectively, which included in property, plant and equipment.

The title certificates of certain buildings with an aggregate carrying value of RMB966,055,000 (2019: RMB3,304,026,000) are yet to be obtained as at 31 December 2020. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group's financial positions as at 31 December 2020 and 2019.

15. INTANGIBLE ASSETS

	Capitalised product development costs RMB'000
COST	
At 1 January 2019	19,100,643
Additions	4,606,090
Acquisition through business combination (note 35)	356,393
Disposed of through disposal of subsidiaries (note 36)	(471,582)
Written off	(79,176)
At 31 December 2019 and 1 January 2020	23,512,368
Additions	4,191,189
Disposals	(35,978)
Disposed of through disposal of a subsidiary (note 36)	(485,715)
At 31 December 2020	**27,181,864**
AMORTISATION	
At 1 January 2019	4,107,455
Charge for the year	2,216,685
Disposed of through disposal of subsidiaries (note 36)	(330,224)
Written off	(79,176)
At 31 December 2019 and 1 January 2020	5,914,740
Charge for the year	3,150,108
Disposals	(7,384)
Disposed of through disposal of a subsidiary (note 36)	(485,715)
At 31 December 2020	**8,571,749**
NET BOOK VALUE	
At 31 December 2020	**18,610,115**
At 31 December 2019	17,597,628

The amortisation charge for the year is included in "Administrative expenses" in the consolidated income statement.

16. LAND LEASE PREPAYMENTS

	2020 RMB'000	2019 RMB'000
The Group's land lease prepayments comprise:		
Outside Hong Kong, held on:		
– Leases of between 10 to 50 years	**3,042,911**	3,230,845
Opening net carrying amount	**3,230,845**	3,334,573
Additions	**44,475**	95,980
Acquisition through business combination (note 35)	**–**	48,707
Disposed of through disposal of subsidiaries (note 36)	**(150,132)**	(170,338)
Annual depreciation charges of land lease prepayments	**(82,277)**	(78,077)
Closing net carrying amount	**3,042,911**	3,230,845

The land lease prepayments fall into the scope of HKFRS 16 "Leases" ("HKFRS 16") as they meet the definition of right-of-use assets.

The land use right certificates of certain lands with an aggregate carrying value of RMB403,225,000 (2019: RMB1,231,679,000) are yet to be obtained as at 31 December 2020. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the lands, and therefore the aforesaid matter did not have any significant impact on the Group's financial positions as at 31 December 2020 and 2019.

17. GOODWILL

	2020	2019
	RMB'000	RMB'000
Carrying amount		
At 1 January	**42,806**	26,414
Arising from business combination (note 35)	**–**	16,392
At 31 December	**42,806**	42,806

The carrying amount of goodwill is allocated to the cash-generating units of manufacturing of (a) complete knock down kits and (b) vehicle engines. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant segments. The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. During the year ended 31 December 2020, the directors of the Company conducted a review of goodwill and no impairment loss in respect of goodwill has been recognised (2019: RMBNil).

18. INTERESTS IN ASSOCIATES

	2020	2019
	RMB'000	RMB'000
Share of net assets	**497,847**	465,736
Goodwill	**–**	663
Impairment loss recognised	**(3,349)**	(4,012)
	494,498	462,387
Represented by:		
Cost of unlisted investments	**459,935**	411,708
Share of post-acquisition results and other comprehensive income	**82,098**	71,255
Impairment loss recognised	**(3,349)**	(4,012)
Exchange realignment	**(44,186)**	(16,564)
	494,498	462,387

18. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's interests in associates, which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method in the consolidated financial statements as at 31 December 2020 and 2019, are as follows:

Name of associates	Place of establishments and operations	Form of business structure	Particulars of issued and paid up registered capital	Attributable equity interest held by the Group 2020	2019	Principal activities
Mando (Ningbo) Automotive Parts Co., Limited# ("Mando (Ningbo)") 萬都(寧波)汽車零部件有限公司	PRC	Incorporated	United States dollars ("US$") 85,000,000	**35%**	35%	Manufacturing of automobile parts and components
Closed Joint Stock Company BELGEE ("BELGEE")	Republic of Belarus ("Belarus")	Incorporated	Belarusian Ruble ("BYN") 182,079,000	**36.3%**	36.3%	Production, marketing and sales of vehicles
PT Geely Mobil Indonesia	Republic of Indonesia	Incorporated	US$3,260,200	**30%**	30%	Production, marketing and sales of vehicles
Times Geely Power Battery Company Limited# ("Times Geely") 時代吉利動力電池有限公司	PRC	Incorporated	RMB101,000,000	**49%**	–	Research and development, manufacture and sales of battery cells, battery modules and battery packs

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

All associates are indirectly held by the Company.

18. INTERESTS IN ASSOCIATES (Continued)

On 20 December 2018, Zhejiang Jirun Automobile Company Limited# 浙江吉潤汽車有限公司 ("Jirun Automobile"), an indirect 99% owned subsidiary of the Company, entered into an investment agreement (the "Investment Agreement 1") with Contemporary Amperex Technology Company Limited# 寧德時代新能源科技股份有限公司 ("CATL Battery"), an independent third party, pursuant to which the parties agreed to establish, Times Geely, to principally engage in the research and development, manufacture and sales of battery cells, battery modules and battery packs. Pursuant to the terms of the Investment Agreement 1, Times Geely will be owned as to 49% by Jirun Automobile and as to 51% by CATL Battery. The registered capital of Times Geely will be RMB1,000,000,000, and will be contributed as to 49% (equivalent to RMB490,000,000) in cash by Jirun Automobile and as to 51% (equivalent to RMB510,000,000) in cash by CATL Battery, respectively.

During the year ended 31 December 2020, the Group and CATL Battery contributed RMB49,490,000 and RMB51,510,000, respectively, to Times Geely. Details of the capital commitments as at 31 December 2020 and 2019 are set out in note 31.

During the year ended 31 December 2019, BELGEE effected an increase in registered capital whereby the Group and other investors injected additional capital to BELGEE amounting to BYN6,071,000 (equivalent to approximately RMB20,493,000) and BYN9,783,000 (equivalent to approximately RMB33,024,000), respectively. Upon the completion of the capital increase, the registered capital of BELGEE was changed from BYN166,225,000 (equivalent to approximately RMB619,446,000) to BYN182,079,000 (equivalent to approximately RMB672,963,000).

The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

18. INTERESTS IN ASSOCIATES (Continued)

The Group invests in Mando (Ningbo) as its strategic supplier of automobile parts and components.

Summarised financial information of Mando (Ningbo), the Group's material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	2020 RMB'000	2019 RMB'000
Non-current assets	**308,143**	348,492
Current assets	**2,161,009**	2,442,285
Current liabilities	**(1,736,332)**	(1,988,427)
Non-current liabilities	**(6,088)**	(7,855)
Net assets	**726,732**	794,495
Revenue	**2,091,339**	2,432,324
Profit for the year	**47,555**	13,821
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**47,555**	13,821
Dividend received from the associate	**40,361**	–

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in Mando (Ningbo) recognised in the consolidated financial statements:

	2020 RMB'000	2019 RMB'000
Net assets of Mando (Ningbo)	**726,732**	794,495
The Group's effective interests in Mando (Ningbo)	**35%**	35%
Carrying amount in the consolidated financial statements, represented by the Group's share of net assets of Mando (Ningbo)	**254,356**	278,073

18. INTERESTS IN ASSOCIATES (Continued)

Aggregate financial information of associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Aggregate amounts of the Group's share of profit for the year	**33,960**	33,285
Aggregate amounts of the Group's share of other comprehensive expense for the year	**(27,622)**	–
Aggregate carrying amount of the Group's interests in these associates	**240,142**	184,314

19. INTERESTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Share of net assets	**9,194,017**	8,375,076
Represented by:		
Cost of unlisted investments	**7,279,102**	7,279,102
Unrealised gain on disposal of a subsidiary to a joint venture	**(14,943)**	(14,943)
Share of post-acquisition results and other comprehensive income	**1,929,858**	1,110,917
	9,194,017	8,375,076

19. INTERESTS IN JOINT VENTURES (Continued)

Details of the Group's joint ventures which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method in the consolidated financial statements as at 31 December 2020 and 2019, are as follows:

Name of joint ventures	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group		Principal activities
				2020	2019	
Genius Auto Finance Company Limited[#*] ("Genius AFC") 吉致汽車金融有限公司	PRC	Incorporated	RMB4,000,000,000	**80%**	80%	Vehicles financing business
LYNK & CO Investment Co., Ltd.[#] ("LYNK & CO Investment") 領克投資有限公司	PRC	Incorporated	RMB7,500,000,000	**50%**	50%	Manufacturing and sales of vehicles under the "Lynk & Co" brand
Zhejiang Geely AISIN Automatic Transmission Company Limited[#] ("Zhejiang AISIN") 浙江吉利愛信自動變速器有限公司	PRC	Incorporated	US$117,000,000	**40%**	40%	Manufacturing and sale of front-wheel drive 6-speed automatic transmissions and related parts and components

The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

* Genius AFC is directly held by the Company.

Zhejiang AISIN

On 24 April 2018, the Group entered into a joint venture agreement with AISIN AW Co., Ltd. ("AISIN AW"), an independent third party and a subsidiary of AISIN SEIKI Company Limited, pursuant to which the parties agreed to establish a joint venture company, Zhejiang AISIN. Pursuant to the joint venture agreement, the Group and AISIN AW will contribute to the capital of Zhejiang AISIN by cash as to 40% (equivalent to US$46,800,000) and 60% (equivalent to US$70,200,000), respectively. The board of directors of Zhejiang AISIN was setup according to the shareholding ratio by the shareholders. Pursuant to the joint venture agreement, unanimous resolution of all directors for certain key corporate matters is required. Therefore, Zhejiang AISIN is a joint venture company of the Group and its financial results were accounted for in the consolidated financial statements of the Group using the equity method.

During the year ended 31 December 2019, the Group and the joint venture partner contributed US$32,800,000 (equivalent to approximately RMB231,580,000) and US$49,200,000 (equivalent to approximately RMB347,370,000), respectively, to Zhejiang AISIN.

19. INTERESTS IN JOINT VENTURES (Continued)

LYNK & CO Investment

On 4 August 2017, the Group entered into a joint venture agreement with Zhejiang Haoqing Automobile Manufacturing Company Limited# ("Zhejiang Haoqing") 浙江豪情汽車製造有限公司 and Volvo Car (China) Investment Company Limited# ("VCI") 沃爾沃汽車(中國)投資有限公司, fellow subsidiaries owned by the Company's ultimate holding company, for the establishment of a joint venture, LYNK & CO Investment, to engage in the manufacturing and sales of vehicles under the "Lynk & Co" brand. LYNK & CO Investment was held as to 50% by the Group, as to 20% by Zhejiang Haoqing and as to 30% by VCI. Pursuant to the joint venture agreement, the board of directors of LYNK & CO Investment consists of four directors, of whom two are nominated by the Group, one is nominated by Zhejiang Haoqing, and one is nominated by VCI. Pursuant to the joint venture agreement, unanimous consent from the three shareholders is needed as certain key corporate matters of LYNK & CO Investment require an unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of LYNK & CO Investment. Therefore, LYNK & CO Investment is under the joint control of the three shareholders. The three shareholders have the rights to the net assets of LYNK & CO Investment. Accordingly, the investment in LYNK & CO Investment was recognised as a joint venture of the Group and accounted for using the equity method.

Genius AFC

Genius AFC was established in August 2015, and was held as to 80% by the Company and as to 20% by BNP Paribas Personal Finance ("BNPP PF") which engages in the vehicle financing business in the PRC. Pursuant to the joint venture agreement, the board of directors was setup according to the respective shareholding ratio, unanimous consent from the Company and BNPP PF is required as either certain key corporate matters of Genius AFC require a positive vote from BNPP PF or unanimous resolution of all directors of Genius AFC. Therefore, Genius AFC is under the joint control of the Company and BNPP PF. Both of the Group and BNPP PF have the rights to the net assets of Genius AFC. Accordingly, the investment in Genius AFC was recognised as a joint venture of the Group and accounted for using the equity method.

On 11 August 2020, BNPP PF served a written notice to the Company on the exercise of the call option associated with the joint venture agreement (the "Call Option") pursuant to which, subject to the agreement on the exercise price and other terms, BNPP PF will acquire from the Company such additional equity interest in Genius AFC to increase its equity interest in Genius AFC up to 50%.

As at 31 December 2020, the exercise price of the Call Option and the exact percentage of equity interest in Genius AFC to be acquired by BNPP PF have not been determined and are subject to agreement by the parties. Please refer to the Company's announcement dated 12 August 2020 for further details.

During the year ended 31 December 2019, the registered capital of Genius AFC had been increased by RMB2,000,000,000 from RMB2,000,000,000 as at 31 December 2018 to RMB4,000,000,000 as at 31 December 2019 whereby the Company and BNPP PF injected additional capital in proportional to their existing shareholding to Genius AFC amounted to RMB1,600,000,000 and RMB400,000,000, respectively.

As at 31 December 2020, the aggregate bank balances deposited by the Group with Genius AFC amounted to approximately RMB5,303,717,000 (2019: RMB5,134,810,000).

The English translation of the names of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

19. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of the Zhejiang AISIN, LYNK & CO Investment and its subsidiaries ("LYNK & CO Group") and Genius AFC adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated statement of financial position, are disclosed below:

	Zhejiang AISIN		LYNK & CO Group		Genius AFC	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current assets	**1,292,789**	210,524	**11,472,910**	9,808,742	**1,377,922**	977,093
Current assets	**346,304**	570,611	**12,615,050**	8,443,630	**44,753,614**	34,403,287
Current liabilities	**(74,922)**	(25,597)	**(11,399,157)**	(7,193,560)	**(26,308,969)**	(23,826,322)
Non-current liabilities	**(850,000)**	–	**(3,605,660)**	(2,475,687)	**(14,345,417)**	(6,808,757)
Net assets	**714,171**	755,538	**9,083,143**	8,583,125	**5,477,150**	4,745,301
The above amounts of assets and liabilities include the following:						
Cash and cash equivalents	**281,310**	544,347	**660,772**	1,595,023	**3,866,230**	3,225,994
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**(1,059,166)**	(6,313)	**(22,288,975)**	(20,869,696)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(650,000)**	–	**(952,551)**	(3,205)	**(14,345,417)**	(6,808,757)
Revenue	**131**	–	**23,781,859**	17,325,408	**3,268,936**	2,223,598
(Loss)/Profit for the year	**(41,367)**	(60,813)	**511,756**	485,868	**731,849**	509,086
Other comprehensive expense for the year	**–**	–	**(11,738)**	–	**–**	–
Total comprehensive (expense)/income for the year	**(41,367)**	(60,813)	**500,018**	485,868	**731,849**	509,086
Dividend received from the joint ventures	**–**	–	**–**	–	**–**	–
The above (loss)/profit for the year includes the following:						
Depreciation and amortisation	**(1,108)**	(930)	**(1,744,342)**	(924,427)	**(32,521)**	(22,142)
Interest income	**7,566**	3,458	**28,225**	10,240	**3,210,495**	2,162,143
Interest expense	**(12,833)**	–	**(59,586)**	(644)	**(1,313,160)**	(963,653)
Income tax expense	**–**	–	**(126,969)**	(193,257)	**(265,194)**	(173,680)

19. INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in joint ventures recognised in the consolidated statement of financial position:

	Zhejiang AISIN		LYNK & CO Group		Genius AFC	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Net assets of the joint ventures	**714,171**	755,538	**9,083,143**	8,583,125	**5,477,150**	4,745,301
The Group's effective interests in the joint ventures	**40%**	40%	**50%**	50%	**80%**	80%
The Group's share of the net assets of the joint ventures	**285,668**	302,215	**4,541,572**	4,291,563	**4,381,720**	3,796,241
Unrealised gain on disposal of a subsidiary to a joint venture	**–**	–	**(14,943)**	(14,943)	**–**	–
Carrying amount of the Group's interests in joint ventures	**285,668**	302,215	**4,526,629**	4,276,620	**4,381,720**	3,796,241

20. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2020 RMB'000	2019 RMB'000
Raw materials	**1,551,512**	2,840,999
Work in progress	**388,113**	422,734
Finished goods	**1,751,006**	1,557,043
	3,690,631	4,820,776

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2020 RMB'000	2019 RMB'000
Carrying amount of inventories sold	**76,685,864**	80,484,620

21. TRADE AND OTHER RECEIVABLES

	Note	2020 RMB'000	2019 RMB'000
Trade and notes receivables			
Trade receivables, net of loss allowance			
– Third parties		**429,220**	622,228
– Joint ventures		**339,094**	261,436
– Associates		**976,738**	489,970
– Related companies controlled by the substantial shareholder of the Company		**2,185,944**	1,179,681
	(a)	**3,930,996**	2,553,315
Notes receivable	(b)	**20,625,550**	17,210,523
		24,556,546	19,763,838
Deposit, prepayment and other receivables			
Prepayment to suppliers			
– Third parties		**194,981**	277,245
– Related companies controlled by the substantial shareholder of the Company		**401,883**	–
		596,864	277,245
Deposits paid for acquisition of property, plant and equipment		**164,359**	457,691
Other contract costs	(c)	**359,283**	–
Utility deposits and other receivables		**675,949**	1,270,529
VAT and other taxes receivables		**2,207,356**	4,304,742
		4,003,811	6,310,207
Amounts due from related companies controlled by the substantial shareholder of the Company	(d)	**260,231**	39,768
		4,264,042	6,349,975
		28,820,588	26,113,813
Representing:			
– Current		**27,868,232**	25,844,914
– Non-current		**952,356**	268,899
		28,820,588	26,113,813

21. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

The Group allows average credit periods ranged from 30 days to 90 days to its PRC customers from sales of automobiles and automobile parts and components and provision of research and development and related technological support services. In respect of the trade receivables from related companies arising from the licensing of intellectual properties, it will be settled within five years in accordance with the contract terms. Ageing analysis of the trade receivables of the PRC customers, based on invoice date and net of loss allowance, at the reporting date was as follows:

	2020 **RMB'000**	2019 RMB'000
0 – 60 days	**2,024,533**	1,128,532
61 – 90 days	**10,291**	117,568
91 – 365 days	**363,989**	262,680
Over 365 days	**330,687**	323,616
	2,729,500	1,832,396

For overseas customers, the Group allows credit periods ranged from 30 days to 720 days. Ageing analysis of the trade receivables of the overseas customers, based on invoice date and net of loss allowance, at the reporting date was as follows:

	2020 **RMB'000**	2019 RMB'000
0 – 60 days	**478,452**	119,792
61 – 90 days	**212,027**	90,208
91 – 365 days	**416,796**	410,858
Over 365 days	**94,221**	100,061
	1,201,496	720,919

21. TRADE AND OTHER RECEIVABLES (Continued)

(b) Notes receivable

All notes receivable are denominated in RMB. As at 31 December 2020, all notes receivable were guaranteed by established banks in the PRC and have maturities of less than one year (2019: less than six months) from the reporting date.

The Group manages its notes receivable using the business model whose objective is achieved by both collecting contractual cash flows and selling of these assets. Accordingly, notes receivable are classified as financial assets at FVOCI (recycling) in accordance with HKFRS 9 and are stated at fair value. The fair value is based on the net present value as at 31 December 2020 and 2019 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable. The fair value is within level 2 of the fair value hierarchy.

As at 31 December 2020, the Group endorsed certain notes receivable accepted by banks in the PRC (the "Endorsed Notes") with a carrying amount of RMB646,804,000 (2019: RMB296,644,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. As at 31 December 2020, the aggregate carrying amount of the trade payables settled by the Endorsed Notes during the year to which the suppliers have recourse was RMB646,804,000 (2019: RMB296,644,000).

As at 31 December 2020, the Group discounted and endorsed certain notes receivable accepted by banks in the PRC (the "Derecognised Notes") to certain banks in order to obtain additional financing or to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB24,756,861,000 (2019: RMB27,551,871,000). The Derecognised Notes had a maturity of less than one year (2019: less than six months) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated liabilities. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts.

21. TRADE AND OTHER RECEIVABLES (Continued)

(c) Other contract costs

Other contract costs capitalised as at 31 December 2020 related to the costs incurred in providing internet connectivity services that are used to satisfy the performance obligations for providing such services to customers in the respective sales of automobile contracts at the reporting date. Contract costs are amortised in line with the recognition of the respective revenue in accordance with the terms of the contracts. There was no impairment in relation to the contract costs capitalised during the year.

(d) Amounts due from related companies

The amounts due are unsecured, interest-free and repayable on demand.

Further details on the Group's credit policy and credit risk arising from trade receivables, other financial assets measured at amortised cost and debt instruments at FVOCI (recycling) are set out in note 39.

22. TRADE AND OTHER PAYABLES

	Note	2020 RMB'000	2019 RMB'000
Trade and notes payables			
Trade payables			
– Third parties		**27,315,141**	30,544,446
– Associates		**1,334,777**	726,376
– Joint ventures		**2,711**	–
– Related companies controlled by the substantial shareholder of the Company		**1,265,467**	253,879
	(a)	**29,918,096**	31,524,701
Notes payable	(b)	**311,273**	2,233,280
		30,229,369	33,757,981
Other payables			
Receipts in advance from customers	(c)		
– Third parties		**2,589,346**	4,940,701
– Associates		**5,004**	–
– Joint ventures		**965**	–
– Related companies controlled by the substantial shareholder of the Company		**195,696**	–
		2,791,011	4,940,701
Deferred government grants which conditions have not been satisfied		**900,000**	1,459,964
Payables for acquisition of property, plant and equipment		**2,528,125**	2,795,722
Accrued staff salaries and benefits		**1,282,871**	1,253,715
VAT and other taxes payables		**711,812**	145,941
Other accrued charges and payables	(d)	**3,130,626**	3,519,291
		11,344,445	14,115,334
Amounts due to related companies controlled by the substantial shareholder of the Company	(e)	**328,050**	–
		11,672,495	14,115,334
		41,901,864	47,873,315
Representing:			
– Current		**41,516,307**	47,873,315
– Non-current		**385,557**	–
		41,901,864	47,873,315

22. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables

Ageing analysis of trade payables, based on invoice date, at the reporting date was as follows:

	2020	2019
	RMB'000	RMB'000
0 – 60 days	**26,609,028**	28,851,143
61 – 90 days	**2,580,039**	1,389,265
91 – 365 days	**498,567**	1,224,451
Over 365 days	**230,462**	59,842
	29,918,096	31,524,701

Trade payables are non-interest bearing. The average credit period on the settlement of purchase invoice is 60 days.

(b) Notes payable

All notes payable are denominated in RMB and are notes paid and/or payable to third parties for settlement of trade payables. As at 31 December 2020 and 2019, all notes payable had maturities of less than six months from the reporting date.

As at 31 December 2020 and 2019, the Group has no pledged bank deposits to secure the notes payable.

22. TRADE AND OTHER PAYABLES (Continued)

(c) Receipts in advance from customers

The following amounts represent (i) the advance payments from customers for the sales of automobiles, automobile parts and components, and (ii) the obligation for service agreed to be part of the sales of automobiles, that the respective revenue will be recognised when the performance obligation is satisfied after the automobiles, automobile parts and components and services were delivered to the customers.

	2020 **RMB'000**	2019 RMB'000
Relating to the sales of automobiles, automobile parts and components	**2,333,435**	4,940,701
Relating to the obligation for service agreed to be part of the sales of automobiles	**457,576**	–
	2,791,011	4,940,701

Receipts in advance from customers outstanding at the beginning of the year amounting to RMB4,940,701,000 (2019: RMB1,890,772,000) have been recognised as revenue during the year.

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at the reporting date was as follows:

	2020 **RMB'000**	2019 RMB'000
Within one year	**72,019**	–
More than one year	**385,557**	–
	457,576	–

As permitted under HKFRS 15, the above transaction price allocated to the unsatisfied contracts does not include performance obligation from the Group's contracts with customers for the sales of automobiles, automobile parts and components that have an original expected duration of one year or less.

22. TRADE AND OTHER PAYABLES (Continued)

(d) Other accrued charges and payables

The amounts mainly comprised (i) deposits provided by automobile dealers and (ii) payables for warranty, advertising and promotion, transportation and general operations.

(e) Amounts due to related companies

The amounts due are unsecured, interest-free and repayable on demand.

23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2020 RMB'000	2019 RMB'000
Total minimum lease payments:		
Due within one year	**30,952**	39,706
Due in the second to fifth years	**12,054**	26,963
	43,006	66,669
Future finance charges on lease liabilities	**(711)**	(3,080)
Present value of lease liabilities	**42,295**	63,589
Present value of minimum lease payments:		
Due within one year	**30,380**	37,223
Due in the second to fifth years	**11,915**	26,366
	42,295	63,589
Less: Portion due within one year included under current liabilities	**(30,380)**	(37,223)
Portion due after one year included under non-current liabilities	**11,915**	26,366

During the year ended 31 December 2020, the total cash outflows for the leases are RMB72,165,000 (2019: RMB55,639,000).

23. LEASE LIABILITIES (Continued)

Details of the lease activities

As at 31 December 2020, the Group has entered into leases for office and factory premises and plant and machinery (2019: office and factory premises).

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Office and factory premises	Buildings in "Property, plant and equipment"	10 (2019: 13)	1 to 2 years (2019: 1 to 3 years)	• Not contain any renewal and termination options • Fixed payments during the contract period
Plant and machinery	Plant and machinery in "Property, plant and equipment"	1 (2019: Nil)	1 year (2019: Nil)	• All lease payments are prepaid upon entering the contract (note 36) • Not contain any renewal and termination options

24. BANK BORROWINGS

	2020	2019
	RMB'000	RMB'000
Bank loans, unsecured	**1,959,750**	2,089,110

As at 31 December 2020 and 2019, the Group's bank borrowings were carried at amortised cost, repayable in July 2022 and interest-bearing at the London Interbank Offered Rates plus 0.95% per annum. Pursuant to the facility agreement, it will be an event of default if Mr. Li Shu Fu is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 25% of the issued share capital of the Company. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.

As at 31 December 2020 and 2019, none of the covenants relating to drawn down facilities had been breached.

Further details of the Group's management of liquidity risk were set out in note 39.

25. SHARE CAPITAL

	2020		2019	
	Number of shares	**Nominal value RMB'000**	Number of shares	Nominal value RMB'000
Authorised:				
Ordinary shares of HK$0.02 each				
At 31 December	**12,000,000,000**	**246,720**	12,000,000,000	246,720
Issued and fully paid:				
Ordinary shares of HK$0.02 each				
At 1 January	**9,166,997,540**	**167,733**	8,981,612,540	164,470
Shares issued under share option scheme (note (a))	**49,629,000**	**888**	185,385,000	3,263
Shares issued upon placement (note (b))	**600,000,000**	**11,051**	–	–
At 31 December	**9,816,626,540**	**179,672**	9,166,997,540	167,733

Notes:

(a) During the year ended 31 December 2020, share options were exercised to subscribe for 49,629,000 ordinary shares (2019: 185,385,000 ordinary shares) of the Company at a consideration of approximately RMB197,814,000 (2019: RMB639,453,000) of which approximately RMB888,000 (2019: RMB3,263,000) was credited to share capital and approximately RMB196,926,000 (2019: RMB636,190,000) was credited to the share premium account. As a result of the exercise of share options, share option reserve of RMB65,722,000 (2019: RMB263,105,000) has been transferred to the share premium account in accordance with the accounting policy set out in note 4(o).

(b) On 29 May 2020, the Company entered into a placing agreement (the "Placing Agreement") with placing agents, to procure not less than six placees who are independent third parties to the Company to subscribe for 600,000,000 placing shares at the placing price of HK$10.8 per placing share (the "Placing"). All conditions of the Placing Agreement were fulfilled. The Placing was completed and fully subscribed on 5 June 2020. The gross proceeds from the Placing amounted to approximately HK$6,480,000,000 (equivalent to approximately RMB5,967,432,000) and the related directly attributable expenses were approximately HK$32,899,000 (equivalent to approximately RMB30,296,000).

26. PERPETUAL CAPITAL SECURITIES

On 9 December 2019, the Company (the "Issuer") issued 4% senior perpetual capital securities with an aggregate principal amount of US$500,000,000 (equivalent to approximately RMB3,425,857,000) (the "Securities") which are listed on Singapore Exchange Securities Trading Limited at an issue price of 99.641%. Transaction costs relating to the issue of the Securities amounted to approximately RMB12,755,000. Distribution is payable semi-annually in arrears in equal instalments on 9 June and 9 December of each year based on the distribution rate as defined in the subscription agreement. Distribution by the Issuer may be deferred at its sole discretion. The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer's option on 9 December 2024, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower rank.

As the Securities do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32 "Financial Instruments: Presentation", they are classified as equity for accounting purpose. Any distributions made by the Issuer to the holders of the Securties will be deducted directly to equity in the consolidated financial statements.

27. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value.

(b) Capital reserve

Capital reserve represents differences between the consideration paid/received and the fair value of net assets acquired/disposed of by the Group from/to Zhejiang Geely Holding Group Company Limited, the ultimate holding company of the Company in prior years.

(c) Statutory reserve

As stipulated by the relevant laws and regulations for foreign-invested enterprises in the PRC, the Company's subsidiaries incorporated in the PRC are required to maintain certain statutory reserves.

(d) Fair value reserve (recycling)

Fair value reserve (recycling) comprises the cumulative net change in the fair value of financial assets at FVOCI (less related deferred tax charge) held at the end of the reporting period.

(e) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(g).

27. RESERVES (Continued)

(f) Share option reserve

Share option reserve represents the fair value of share options granted to employees recognised and is dealt with in accordance with the accounting policy set out in note 4(o).

(g) Retained profits

Retained profits represent accumulated net profit or losses less dividends paid plus other transfers to or from other reserves.

28. BONDS PAYABLE

On 25 January 2018, the Company issued the bonds with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB1,944,690,000) (the “Bonds”). The Bonds carried interest at 3.625% per annum, payable semi-annually in arrears on 25 January and 25 July of each year, and the maturity date is 25 January 2023.

The Bonds are listed on Singapore Exchange Securities Trading Limited. They constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to the terms and conditions of the Bonds, at all times rank pari passu with all its other present and future unsecured and unsubordinated obligations.

The carrying amount of the Bonds at initial recognition net of transaction costs amounted to US$297,296,000 (equivalent to approximately RMB1,927,161,000) and the effective interest rate was 3.825% per annum. The Bonds were measured at amortised cost at the reporting date.

The movements of the Bonds during the year are set out below:

	2020 **RMB’000**	2019 RMB’000
Carrying amount		
At 1 January	**2,060,085**	2,047,822
Exchange differences	**(113,914)**	8,689
Interest expenses	**3,564**	3,574
At 31 December	**1,949,735**	2,060,085

29. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable RMB'000	**Lease liabilities RMB'000** (note 23)	**Bank borrowings RMB'000** (note 24)	**Bonds payable RMB'000** (note 28)	**Total RMB'000**
At 1 January 2019	–	64,059	1,375,280	2,047,822	3,487,161
Changes from financing cash flows:					
Proceeds from bank borrowings	–	–	2,060,760	–	2,060,760
Repayments of bank borrowings	–	–	(1,373,120)	–	(1,373,120)
Capital element of lease rentals paid	–	(33,399)	–	–	(33,399)
Other borrowing costs paid	–	(3,557)	(45,178)	(74,802)	(123,537)
Dividends paid	(2,805,760)	–	–	–	(2,805,760)
Total changes from financing cash flows	(2,805,760)	(36,956)	642,462	(74,802)	(2,275,056)
Exchange adjustments	–	–	26,190	8,689	34,879
Other changes (note):					
Entering into new leases	–	32,929	–	–	32,929
Interest expenses	–	3,557	45,178	78,845	127,580
Dividends declared	2,805,760	–	–	–	2,805,760
Others	–	–	–	(469)	(469)
Total other changes	2,805,760	36,486	45,178	78,376	2,965,800
At 31 December 2019	**–**	**63,589**	**2,089,110**	**2,060,085**	**4,212,784**

29. CASH FLOW INFORMATION (Continued)

Reconciliation of liabilities arising from financing activities (Continued)

	Dividends payable RMB'000	Lease liabilities RMB'000 (note 23)	Bank borrowings RMB'000 (note 24)	Bonds payable RMB'000 (note 28)	Total RMB'000
At 1 January 2020	**–**	**63,589**	**2,089,110**	**2,060,085**	**4,212,784**
Changes from financing cash flows:					
Capital element of lease rentals paid	–	(35,320)	–	–	(35,320)
Other borrowing costs paid	–	(2,852)	(54,796)	(76,347)	(133,995)
Dividends paid	(2,120,977)	–	–	–	(2,120,977)
Total changes from financing cash flows	(2,120,977)	(38,172)	(54,796)	(76,347)	(2,290,292)
Exchange adjustments	–	–	(129,360)	(113,914)	(243,274)
Other changes (note):					
Entering into new leases	–	14,026	–	–	14,026
Interest expenses	–	2,852	54,796	78,477	136,125
Dividends declared	2,120,977	–	–	–	2,120,977
Others	–	–	–	1,434	1,434
Total other changes	2,120,977	16,878	54,796	79,911	2,272,562
At 31 December 2020	**–**	**42,295**	**1,959,750**	**1,949,735**	**3,951,780**

Note:

Other changes include interest accruals.

30. DEFERRED TAX ASSETS AND LIABILITIES

The following is the deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements thereon during the year:

	2020 RMB'000	2019 RMB'000
At 1 January	**(564,487)**	(364,920)
Acquisition through business combination (note 35)	**–**	(2,314)
Disposed of through disposal of subsidiaries (note 36)	**34,364**	21,655
Recognised in other comprehensive income	**(42,935)**	–
Recognised in profit or loss (note 10)	**11,676**	(218,908)
At 31 December	**(561,382)**	(564,487)

Deferred tax assets

	Unused tax losses RMB'000	Amortisation of intangible assets RMB'000	Change in fair value of notes receivable RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	114,846	305,215	–	222,898	642,959
Recognised in profit or loss	76,945	143,994	–	21,049	241,988
Acquisition through business combination (note 35)	2,314	–	–	–	2,314
Disposed of through disposal of subsidiaries (note 36)	(4,010)	(17,645)	–	–	(21,655)
At 31 December 2019 and 1 January 2020	190,095	431,564	–	243,947	865,606
Recognised in profit or loss	(75,612)	295,760	–	(124,314)	95,834
Recognised in other comprehensive income	–	–	42,935	–	42,935
Disposed of through disposal of subsidiaries (note 36)	–	(34,364)	–	–	(34,364)
At 31 December 2020	**114,483**	**692,960**	**42,935**	**119,633**	**970,011**

30. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax liabilities

	Withholding tax on undistributed profits from the PRC subsidiaries RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	278,039	–	278,039
Recognised in profit or loss	23,080	–	23,080
At 31 December 2019 and 1 January 2020	301,119	–	301,119
Recognised in profit or loss	87,299	20,211	107,510
At 31 December 2020	**388,418**	**20,211**	**408,629**

The deferred tax assets have been offset against certain deferred tax liabilities in the consolidated statement of financial position as they are related to the same entity and related to tax levied by the same tax authority. The amounts recognised in the consolidated statement of financial position are as follows:

	2020 RMB'000	2019 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**(970,011)**	(865,606)
Deferred tax liabilities recognised in the consolidated statement of financial position	**408,629**	301,119
Net deferred tax assets	**(561,382)**	(564,487)

Withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax liabilities have been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries based on the expected dividends payout ratio of these PRC subsidiaries. Deferred tax liabilities have not been recognised in respect of temporary differences relating to the post-2007 profits earned by the PRC subsidiaries amounting to approximately RMB15,130,460,000 (2019: RMB13,752,541,000).

30. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

As at the reporting date, the Group has not recognised deferred tax assets in respect of tax losses and deductible temporary differences of approximately RMB1,786,814,000 (2019: RMB1,715,741,000) and RMB600,766,000 (2019: RMB1,554,322,000), respectively. Of the total unrecognised tax losses, approximately RMB248,784,000 (2019: RMB10,990,000) may be carried forward for five years from the year of incurring the loss, and the remaining unrecognised tax losses have no expiry dates. No deferred tax asset has been recognised in respect of those tax losses and deductible temporary differences due to the unpredictability of future profit streams.

31. COMMITMENTS

Capital commitments

As at the reporting date, the capital commitments not provided for in the consolidated financial statements were as follows:

	2020	2019
	RMB'000	RMB'000
Contracted but not provided for, net of deposits paid		
– purchase of property, plant and equipment	**1,065,835**	2,239,904
– investment in an associate (note 18)	**440,510**	490,000
– investment in a joint venture (note)	**613,341**	654,588
	2,119,686	3,384,492

Note:

On 12 June 2019, Shanghai Maple Guorun Automobile Company Limited# 上海華普國潤汽車有限公司 ("Shanghai Maple Guorun"), an indirect 99% owned subsidiary of the Company, entered into an investment agreement (the "Investment Agreement 2") with LG Chem Ltd. ("LG Chem"), an independent third party, pursuant to which the parties agreed to establish a joint venture company (the "JV") to principally engage in the production and sales of batteries for electric vehicles. Pursuant to the terms of the Investment Agreement 2, the JV will be owned as to 50% by Shanghai Maple Guorun and as to 50% by LG Chem. The registered capital of the JV will be US$188,000,000, and will be contributed as to 50% (equivalent to US$94,000,000) and 50% (equivalent to US$94,000,000) by Shanghai Maple Guorun and LG Chem, respectively. As at 31 December 2020, the formation of the JV was not yet completed. Please refer to the Company's announcement dated 12 June 2019 for further details.

The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

31. COMMITMENTS (Continued)

As lessee

As at the reporting date, the lease commitments for short-term leases are as follows:

	2020 **RMB'000**	2019 RMB'000
Office and factory premises		
– Within one year	**322**	826

As at 31 December 2020 and 2019, the Group leases a number of office and factory premises which are qualified to be accounted for under short-term lease exemption under HKFRS 16. Details of the leases are set out in note 23.

As lessor

As at the reporting date, the total future minimum lease receipts in respect of certain portion of buildings and plant and machinery under non-cancellable operating leases are receivable as follows:

	2020 **RMB'000**	2019 RMB'000
Buildings		
– Within one year	**5,557**	3,026
– After one year but within two years	**284**	1,518
– After two years but within three years	**–**	10
– After three years but within four years	**–**	10
– After four years but within five years	**–**	10
– After five years	**–**	15
	5,841	4,589
Plant and machinery		
– Within one year	**–**	3,109
– After one year but within two years	**–**	3,109
	–	6,218
	5,841	10,807

Leases are negotiated and rental are fixed for an initial period of one to five years (2019: two to ten years).

32. RETIREMENT BENEFITS SCHEME

The Group participates in MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of the employees' relevant income to the MPF Scheme. Both the employer's and the employees' contributions are subject to a maximum of monthly relevant income of HK$30,000 (equivalent to RMB25,000) per employee. Contributions to the plan vest immediately.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a fixed percentage of the employees' basic salary to the retirement benefit scheme to fund the benefit. The only obligation of the Group in respect of the retirement benefit scheme is to make the specified contributions.

Contributions are made by the Company's subsidiaries in other overseas countries to defined contribution superannuation funds in accordance with the relevant laws and regulations in those countries.

During the year, the aggregate employer's contributions made by the Group amounted to RMB299,469,000 (2019: RMB394,121,000).

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 31 May 2002, a share option scheme was adopted by the Company and is valid and effective for a period of ten years from 31 May 2002 (the "Old Share Option Scheme"). Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 May 2012, a new share option scheme (the "New Share Option Scheme") was adopted to replace the Old Share Option Scheme with the same terms. The Old Share Option Scheme and the New Share Option Scheme are collectively referred to as the "Scheme". After adoption of the New Share Option Scheme, the Old Share Option Scheme was terminated.

The Scheme was adopted for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All directors, full-time employees and any other persons who, in the sole discretion of the Board of Directors, have contributed or will contribute to the Group are eligible to participate in the Scheme.

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option schemes adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption.

Unless approved by the shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the Scheme or any other share option schemes adopted by the Company in any twelve-month period must not exceed 1% of the issued share capital of the Company.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within five business days from the date of offer, the offer is delivered to that participant and the amount payable on acceptance of each share option is HK$1.

For those share options granted after 1 January 2010 and prior to 1 January 2015, one-tenth of share options granted will vest in every year from the grant date with one-tenth of options being vested immediately at the date of grant. For those share options granted after 1 January 2015, none of the share options will be vested in the first year, one-fourth of share options granted will vest in every year after the first year of the grant date.

The subscription price for the shares under the Scheme is a price determined by the directors, but not less than the highest of (i) the closing price of shares as stated on the SEHK on the date of the offer of grant; (ii) the average closing price of the shares as stated on the SEHK's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

No options may be granted under the Scheme after the date of the tenth anniversary of its adoption.

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

The following table discloses details of the Company's share options under the Scheme held by directors, eligible employees and other persons:

2020

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December
Directors							
Mr. Li Dong Hui, Daniel	23 March 2012 to 22 March 2022	4.07	1,400,000	–	–	–	1,400,000
Ms. Wei Mei	23 March 2012 to 22 March 2022	4.07	1,000,000	–	–	–	1,000,000
			2,400,000	–	–	–	2,400,000
Employees	18 January 2010 to 17 January 2020	4.07	34,132,000	–	(33,132,000)	(1,000,000)	–
	21 April 2010 to 20 April 2020	4.07	4,060,000	–	(4,000,000)	(60,000)	–
	23 March 2012 to 22 March 2022	4.07	5,200,000	–	(1,600,000)	–	3,600,000
	2 June 2016 to 1 June 2020	4.08	300,000	–	(300,000)	–	–
	7 September 2019 to 6 September 2023	15.96	600,000	–	–	–	600,000
			44,292,000	–	(39,032,000)	(1,060,000)	4,200,000
Other eligible participants	2 June 2016 to 1 June 2020	4.08	8,197,000	–	(8,197,000)	–	–
	31 March 2018 to 30 March 2022	12.22	5,500,000	–	(2,400,000)	–	3,100,000
	14 January 2021 to 13 January 2025	16.04	–	800,000	–	–	800.000
			13,697,000	800,000	(10,597,000)	–	3,900,000
			60,389,000	800,000	(49,629,000)	(1,060,000)	10,500,000

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

The following table discloses details of the Company's share options under the Scheme held by directors, eligible employees and other persons (Continued):

2020 (Continued)

	Outstanding at 1 January HK$	Granted during the year HK$	Exercised during the year HK$	Forfeited during the year HK$	Outstanding at 31 December HK$
Weighted average exercise price per share	**4.93**	**16.04**	**4.47**	**4.07**	**8.07**
Weighted average remaining contractual life of options outstanding as at 31 December 2020					**1.53 years**
Number of options exercisable as at 31 December 2020					**8,025,000**
Weighted average exercise price per share of options exercisable as at 31 December 2020					**HK$6.88**

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

The following table discloses details of the Company's share options under the Scheme held by directors, eligible employees and other persons (Continued):

2019

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Exercised during the year	Forfeited during the year	Transfer upon appointment or resignation	Outstanding at 31 December
Directors							
Mr. Ang Siu Lun, Lawrence	18 January 2010 to 17 January 2020	4.07	11,000,000	(11,000,000)	–	–	–
	9 January 2016 to 8 January 2020	2.79	5,000,000	(5,000,000)	–	–	–
Mr. An Cong Hui	18 January 2010 to 17 January 2020	4.07	4,700,000	(4,700,000)	–	–	–
Mr. An Qing Heng	9 January 2016 to 8 January 2020	2.79	630,000	(630,000)	–	–	–
Mr. Gui Sheng Yue	18 January 2010 to 17 January 2020	4.07	11,500,000	(11,500,000)	–	–	–
	9 January 2016 to 8 January 2020	2.79	6,000,000	(6,000,000)	–	–	–
Mr. Li Dong Hui, Daniel	23 March 2012 to 22 March 2022	4.07	3,500,000	(2,100,000)	–	–	1,400,000
Ms. Wei Mei	18 January 2010 to 17 January 2020	4.07	900,000	(900,000)	–	–	–
	23 March 2012 to 22 March 2022	4.07	5,000,000	(4,000,000)	–	–	1,000,000
Mr. Yang Jian	18 January 2010 to 17 January 2020	4.07	9,000,000	(9,000,000)	–	–	–
Mr. Lee Cheuk Yin, Dannis	18 January 2010 to 17 January 2020	4.07	100,000	(100,000)	–	–	–
	9 January 2016 to 8 January 2020	2.79	250,000	(250,000)	–	–	–
Mr. Yeung Sau Hung, Alex	18 January 2010 to 17 January 2020	4.07	100,000	(100,000)	–	–	–
	9 January 2016 to 8 January 2020	2.79	250,000	(250,000)	–	–	–
Mr. Carl Peter Edmund Moriz Forster	9 January 2016 to 8 January 2020	2.79	1,000,000	(400,000)	–	(600,000)	–
Mr. Wang Yang	9 January 2016 to 8 January 2020	2.79	1,000,000	(1,000,000)	–	–	–
			59,930,000	(56,930,000)	–	(600,000)	2,400,000

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

The following table discloses details of the Company's share options under the Scheme held by directors, eligible employees and other persons (Continued):

2019 (Continued)

	Exercisable period	Exercise price per share HK$	Outstanding at 1 January	Exercised during the year	Forfeited during the year	Transfer upon appointment or resignation	Outstanding at 31 December
Employees	18 January 2010 to 17 January 2020	4.07	150,134,000	(115,632,000)	(370,000)	–	34,132,000
	21 April 2010 to 20 April 2020	4.07	4,210,000	(150,000)	–	–	4,060,000
	23 March 2012 to 22 March 2022	4.07	5,850,000	(650,000)	–	–	5,200,000
	9 January 2016 to 8 January 2020	2.79	7,670,000	(7,670,000)	–	–	–
	2 June 2016 to 1 June 2020	4.08	800,000	(500,000)	–	–	300,000
	7 September 2019 to 6 September 2023	15.96	600,000	–	–	–	600,000
			169,264,000	(124,602,000)	(370,000)	–	44,292,000
Other eligible participants	9 January 2016 to 8 January 2020	2.79	–	(600,000)	–	600,000	–
	2 June 2016 to 1 June 2020	4.08	11,450,000	(3,253,000)	–	–	8,197,000
	31 March 2018 to 30 March 2022	12.22	5,500,000	–	–	–	5,500,000
			16,950,000	(3,853,000)	–	600,000	13,697,000
			246,144,000	(185,385,000)	(370,000)	–	60,389,000

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

The following table discloses details of the Company's share options under the Scheme held by directors, eligible employees and other persons (Continued):

2019 (Continued)

	Outstanding at 1 January HK$	Exercised during the year HK$	Forfeited during the year HK$	Outstanding at 31 December HK$
Weighted average exercise price per share	4.17	3.92	4.07	4.93
Weighted average remaining contractual life of options outstanding as at 31 December 2019				0.63 years
Number of options exercisable as at 31 December 2019				53,619,750
Weighted average exercise price per share of options exercisable as at 31 December 2019				HK$4.52

33. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS (Continued)

During the year ended 31 December 2020, 800,000 options were granted on 14 January 2020 with total estimated fair values of approximately RMB3,731,000. The closing price of the Company's shares on the date on which the options were granted was HK$16.04. The exercise price of the share options granted was HK$16.04 per share.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair values were measured based on Binomial Option Pricing Model. The inputs into the model are as follows:

Share price	HK$16.04
Exercise price	HK$16.04
Expected volatility	48.08%
Expected life (expressed as weighted average life used in the modelling under Binomial Option Pricing Model)	5 years
Risk-free interest rate	1.48%
Expected dividend yield	1.40%

Expected volatility was determined by using historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group recognised a total expense of RMB4,095,000 (2019: RMB5,459,000) for the year ended 31 December 2020 in relation to share options granted by the Company and the share-based payments were shown as a separate line item on the consolidated income statement.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share options granted.

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following material transactions with connected and related parties:

(a) Transactions

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Zhejiang Geely Automobile Company Limited# 浙江吉利汽車有限公司	Sales of complete knock down kits and vehicle tool kits (note d)	**32,324,576**	30,448,662
	Sales of complete buildup units, complete knock down kits and related after-sales parts (Proton Sales Agreement) (note d)	**1,134,549**	2,654,787
	Purchase of complete buildup units (note d)	**33,878,372**	31,504,052
	Claims income on defective materials purchased	**203,181**	283,222
	Claims paid on defective materials sold	**157,485**	219,976
	Sales of automobile parts and components (note d)	**13,525**	–
Shanghai Maple Automobile Company Limited# 上海華普汽車有限公司	Sales of powertrain and related components (note d)	**5,890**	12,665
Zhejiang Haoqing Automobile Manufacturing Company Limited# 浙江豪情汽車製造有限公司	Sales of complete knock down kits and vehicle tool kits (note d)	**36,487,866**	50,199,036
	Purchase of complete buildup units (note d)	**37,847,042**	49,725,051
	Claims income on defective materials purchased	**259,276**	382,986
	Claims paid on defective materials sold	**247,856**	382,525
	Sales of complete buildup units, complete knock down kits and related after-sales parts (Proton Sales Agreement) (note d)	**879,963**	–
	Sales of automobile parts and components (note d)	**6,105**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Geely Automobile Group Company Limited (formerly known as Zhejiang Geely Automobile Industry Company Limited)# 吉利汽車集團有限公司 (前稱浙江吉利汽車實業有限公司)	Disposal of subsidiaries (note d) (note 36)	**729,387**	507,135
	Operational service fee (note d)	**62,601**	30,653
	Operational service income (note d)	**19,368**	–
Zhejiang Geely Automobile Parts and Components Company Limited# 浙江吉利汽車零部件採購有限公司	Purchase of automobile parts and components (note d)	**268,117**	2,190,782
	Claim income on defective materials purchased	**–**	12,987
Linyi Lingji Chunhua Automobile Sales Service Company Limited# 臨沂領吉春華汽車銷售服務有限公司	Sale of complete build-up units and related after-sales parts, components and accessories (note d)	**149,966**	–
Shanghai LTI Automobile Company Limited# 上海英倫帝華汽車有限公司	Purchase of automobile parts and components (note d)	**–**	8,097

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Ningbo Geely Automobile R&D Company Limited# 寧波吉利汽車研究開發有限公司	Sales of powertrain and related components (note d)	**30,072**	20,812
	Purchase of automobile parts and components (note d)	**11,440**	8,259
	License fee income receivable (note d)	**470,000**	480,000
	Research, development and technology support service income (note d)	**427,795**	44,693
	Research, development and technology support service fee (note d)	**76,172**	26,025
	Operational service income (note d)	**58,539**	48,652
	Sales of automobile parts and components (note d)	**4,977**	–
	Purchase of complete buildup units (note d)	**2,336**	–
	Research, development and technology licensing service income (note d)	**394,982**	–
	Research, development and technology licensing service fee (note d)	**242,380**	–
	Acquisition of property, plant and equipment (note i)	**334,087**	–
	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**–**	8,953
	Sales of complete knock down kits and vehicle tool kits (note d)	**–**	3,027

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Hangzhou Geely New Energy Automobile Sales Company Limited# 杭州吉利新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**–**	175,785
Xiamen Geely Automobile Sales Company Limited# 廈門吉利汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**4,677**	82,400
Yiwu Geely Engine Company Limited# 義烏吉利發動機有限公司	Sales of powertrain and related components (note d)	**–**	2,938
	Purchase of automobile parts and components (note d)	**–**	3,484
	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**–**	235
	Acquisition of a subsidiary (note d) (note 35)	**–**	322,206
Hangzhou Youhang Technology Company Limited# 杭州優行科技有限公司	Sales of complete buildup units (electric vehicles) (note d)	**300,708**	1,102,047
Hangzhou Zhongyue Mobility Technology Co., Ltd.# 杭州眾悦出行科技有限公司	Sales of complete buildup units (electric vehicles) (note d)	**–**	65,154

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Hubei Ecarx Company Limited# 湖北億咖通科技有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**846,059**	1,158,939
Zhejiang Ecarx Company Limited# 浙江億咖通科技有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**37,311**	59,860
Shenzhen Geely Automobile Sales Company Limited# 深圳吉利汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**49,614**	460,311
Shanxi New Energy Automobile Industrial Company Limited# 山西新能源汽車工業有限公司	Sales of complete knock down kits and vehicle tool kits (note d)	**1,810,793**	2,462,823
	Purchase of complete buildup units (note d)	**1,570,447**	2,115,574
Hangzhou Geely Yiyun Technology Company Limited# 杭州吉利易雲科技有限公司	IT services expenses	**8,379**	34,982
Zhejiang Geely Business Services Company Limited# 浙江吉利商務服務有限公司	Business travel services expenses (note d)	**53,310**	103,087

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Fengsheng Automobile (Jiangsu) Company Limited (formerly known as Kandi Electric Vehicles Jiangsu Co., Ltd.)# 楓盛汽車(江蘇)有限公司 (前稱康迪電動汽車江蘇有限公司)	Sales of automobile parts and components (note d)	**29,756**	546
Viridi E-Mobility Technology (Suzhou) Co., Ltd.# 威睿電動汽車技術(蘇州)有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**104,473**	360,953
	Sales of complete knock down kits (note d)	**–**	1,730
Viridi E-Mobility Technology (Ningbo) Co., Ltd# 威睿電動汽車技術(寧波)有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**169,281**	708,840
	Operational service income (note d)	**1,120**	–
Yaou Automobile Manufacturing (Taizhou) Company Limited# 亞歐汽車製造(台州)有限公司	Sales of powertrain and related components (note d)	**187,578**	353,843
	Sales of automobile parts and components (Automobile Parts Supply Agreement) (note d)	**15,088**	26,489
	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**–**	750

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Shanghai Meihuan Trade Company Limited# 上海美寰貿易有限公司	Sales of complete buildup units, complete knock down kits and related after-sales parts (Proton Sales Agreement) (note d)	**406,802**	67,989
	Sales of powertrain and related components (note d)	**3,563**	–
	Operational service income (note d)	**71,420**	–
Yiwu Geely Powertrain Company Limited# ("YW Geely") 義烏吉利動力總成有限公司 (note f)	Sales of powertrain and related components (note d)	**–**	1,349
	Purchase of automobile parts and components (note d)	**–**	6,047
Guangzhou Geely New Energy Automobile Sales Company Limited# 廣州吉利新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**44,736**	447,162
Fuzhou Geely Emgrand New Energy Automobile Sales Company Limited# 福州吉利帝豪新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**11,323**	150,311
Zhejiang Xuan Fu Automatic Transmission Company Limited# 浙江軒孚自動變速器有限公司	Sales of complete knock down kits (note d)	**1,779**	–
	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**–**	15,609

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Xian Geely New Energy Automobile Sales Company Limited# 西安吉利新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**52,387**	188,876
London EV Company Limited	Sales of powertrain and related components (note d)	**15,446**	36,520
Zhejiang Geely New Energy Commercial Vehicle Group Company Limited# 浙江吉利新能源商用車集團有限公司	Sales of powertrain and related components (note d)	**–**	393
	Sales of complete knock down kits (note d)	**–**	365
Zhangjiakou Volvo Automobile Engines Manufacturing Company Limited# 張家口沃爾沃汽車發動機製造有限公司	Purchase of automobile parts and components (note d)	**3,334**	2,244
Taizhou Haoqing Automobile Sales Company Limited# 台州豪情汽車銷售有限公司	Sales of complete knock down kits (note d)	**9,768**	10,441

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	**2020 RMB'000**	2019 RMB'000
Related companies (notes a and b)			
Zhejiang Zhihui Puhua Financial Leasing Company Limited# 浙江智慧普華融資租賃有限公司	Sales of complete buildup units (electric vehicles) (note d)	**–**	45,310
China-Euro Vehicle Technology AB	Sales of powertrain and related components (note d)	**–**	819
SCI Seating (Ningbo) Co., Ltd.# 舒茨曼座椅(寧波)有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**80,911**	45,753
Zhejiang Jichuang Automobile Parts Company Limited# 浙江吉創汽車零部件有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**586,274**	41,755
	Disposal of a subsidiary (note d) (note 36)	**30,495**	–
Zhejiang Jizhi New Energy Automobile Technology Company Limited# 浙江吉智新能源汽車科技有限公司	Sales of automobile parts and components (note d)	**1,744**	–
	Sales of complete knock down kits (note d)	**–**	930
Hangzhou Xuanyu Human Resources Company Limited# 杭州軒宇人力資源有限公司	Operational service fee (note d)	**16,577**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Geely Changxing Automatic Transmission Company Limited# 吉利長興自動變速器有限公司	Sales of powertrain and related components (note d)	**2,258**	937
	Research, development and technology support service income (note d)	**21,117**	–
Volvo Personvagnar AB	Sales of powertrain and related components (note d)	**600,305**	39,598
Microcity Electric Automobile Services (Taizhou) Company Ltd.# 左中右電動汽車服務(台州)有限公司	Sales of complete knock down kits (note d)	**–**	5,769
Geely Sichuan Commercial Vehicle Company Limited# 吉利四川商用車有限公司	Sales of powertrain and related components (note d)	**4,476**	4,190
Sichuan Lingji Automobile Manufacturing Company Limited (formerly known as Sichuan Geely Automobile Parts Company Limited)# 四川領吉汽車製造有限公司(前稱四川吉利汽車部件有限公司)	Sales of powertrain and related components (note d)	**542,758**	2,478
Zhejiang Yinglun Automobile Company Limited# 浙江英倫汽車有限公司	Sales of powertrain and related components (note d)	**3,995**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Guiyang Geely Engines Company Limited# 貴陽吉利發動機有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**132,708**	–
	Acquisition of property, plant and equipment (note e)	**132,709**	–
Feixian Lingji Chunhua Automobile Sales Service Company Limited# 費縣領吉春華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note d)	**48,473**	–
Yishui Lingji Yuantong Automobile Sales Service Company Limited# 沂水領吉遠通汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note d)	**35,907**	–
Dongying Lingji Kaihua Automobile Sales Service Company Limited# 東營領吉凱華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note d)	**37,604**	–
Hefei Geely New Energy Automobile Sales Company Limited# 合肥吉利新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**7,762**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Taizhou Geely Luoyou Engines Company Limited# 台州吉利羅佑發動機有限公司	Acquisition of property, plant and equipment (note e)	**153,152**	–
Changsha Geely New Energy Automobile Sales Company Limited# 長沙吉利新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**268,671**	–
Linyi Lingji Maohua Automobile Sales Service Company Limited# 臨沂領吉茂華汽車銷售服務有限公司	Sales of complete build-up units and related after-sales parts, components and accessories (note d)	**164,993**	–
Putian Geely New Energy Automobile Sales Company Limited# 莆田市吉利新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles) (note d)	**1,178**	–
Hangzhou Fuzhao Langfeng Technology Company Limited# 杭州福兆朗風科技有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**9,060**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Geely Changxing New Energy Automobile Company Limited# 吉利長興新能源汽車有限公司	Operational service income (note d)	**5,320**	–
Xian Geely Automobile Company Limited# 西安吉利汽車有限公司	Purchase of automobile parts and components (note d)	**12,555**	–
	Sales of automobile parts and components (note d)	**3,139**	–
	Sales of powertrain and related components (note d)	**2,152**	–
	Operational service income (note d)	**4,219**	–
Zhejiang Joint Control Technology Company Limited# 浙江聯控技術有限公司	Operational service income (note d)	**19,143**	–
Lingji Automobile Trading Company Limited# 領吉汽車商貿有限公司	Sale of complete build-up units and related after-sales parts, components and accessories (note d)	**40,403**	–
Volvo Automobile Sales (Shanghai) Company Limited# 沃爾沃汽車銷售(上海)有限公司	Sales of powertrain and related components (note d)	**5,852**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Zhejiang Juke Industrial Company Limited# 浙江巨科實業有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**2,016**	–
Hangzhou Fenghua Cultural and Creative Company Limited# 杭州楓華文化創意有限公司	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**1,817**	–
	Sales of automobile parts and components (note d)	**1,360**	–
Ningbo Jihao Automobile Service Company Limited# 寧波吉豪汽車服務有限公司	Sales of automobile parts and components (note d)	**9,694**	–
Ningbo Xianglong Automobile Sales Service Company Limited# 寧波祥龍汽車銷售服務有限公司	Sales of automobile parts and components (note d)	**3,410**	–
Ningbo Haorui Automobile Sales Service Company Limited# 寧波豪瑞汽車銷售服務有限公司	Sales of automobile parts and components (note d)	**4,705**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Ningbo Juntai Automobile Sales Service Company Limited# 寧波駿泰汽車銷售服務有限公司	Sales of automobile parts and components (note d)	**1,473**	–
Ningbo Yongcheng Youxing New Energy Vehicle Sales Service Company Limited# 寧波甬成優行新能源汽車銷售服務有限公司	Sales of automobile parts and components (note d)	**4,022**	–
Shandong Geely New Energy Commercial Vehicle Company Limited# 山東吉利新能源商用車有限公司	Sales of automobile parts and components (note d)	**7,226**	–
	Sales of powertrain and related components (note d)	**11,108**	–
Hangzhou Geely Automobile Research and Development Company Limited# 杭州吉利汽車研究開發有限公司	Research, development and technology licensing service fee (note d)	**2,093**	–
Chengdu Gaoyuan Automobile Industries Company Limited# ("Chengdu Automobile") 成都高原汽車工業有限公司 (note h)	Sales of complete knock down kits (note d)	**3,088,354**	–
	Purchase of complete buildup units (note d)	**2,968,950**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Related companies (notes a and b)			
Jinan Geely Automobile Company Limited# ("Jinan Geely Group") 濟南吉利汽車有限公司 (note g)	Sales of automobile parts and components (note d)	**1,828**	–
Zhejiang Jirun Meishan Automobile Components Company Limited# 浙江吉潤梅山汽車部件有限公司	Research, development and technology licensing services income (note d)	**16,365**	–
Jinan Geely Auto Parts Company Limited# ("Jinan Geely Group") 濟南吉利汽車零部件有限公司 (note g)	Acquisition of property, plant and equipment (note e)	**9,691**	–
Associates			
Mando (Ningbo)# 萬都(寧波)	Purchase of automobile parts and components	**1,819,086**	2,432,324
BELGEE	Sales of automobile parts and components	**719,576**	629,102

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Joint ventures			
LYNK & CO Automobile Sales Company Limited# 領克汽車銷售有限公司	Sales of powertrain and related components (note d)	**2,142**	3,202
	Storage fees for provision of warehouse services (note d)	**10,666**	22,826
	Purchase of complete buildup units (note d)	**12,372**	–
	Operational service income (note d)	**157,535**	–
Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd.# 凱悦汽車大部件製造(張家口)有限公司	Sales of powertrain and related components (note d)	**1,426,344**	1,533,271
	Operational service income (note d)	**118,358**	2,580
	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**1,771**	–
Yuyao LYNK & CO Auto Parts Company Limited# 余姚領克汽車部件有限公司	Sales of powertrain and related components (note d)	**585,725**	22,215
	Purchase of automobile components (Automobile Components Procurement Agreement) (note d)	**1,301**	–
	Research, development and technology licensing services income (note d)	**26,204**	–
	Operational service income (note d)	**11,969**	–
Lynk & Co (Taizhou) Company Limited# 領克汽車(台州)有限公司	Operational service income (note d)	**2,319**	–

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Joint ventures			
Chengdu Lynk & Co Automobile Company Limited# 成都領克汽車有限公司	Operational service income (note d)	**2,487**	–
Lynk & Co (Zhangjiakou) Co., Ltd.# 領克汽車(張家口)有限公司	Operational service income (note d)	**71,983**	–
Genius AFC# 吉致汽車金融	Interest income	**181,746**	38,322
Ultimate holding company			
Zhejiang Geely Holding Group Company Limited# ("Geely Holding") 浙江吉利控股集團有限公司	Sales of automobile parts and components (note d)	**1,127**	–
	Operational service income (note d)	**3,396**	–
	Disposal of a subsidiary (note d) (note 36)	**76,272**	–

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions (Continued)

Notes:

(a) The Group and the related companies are under the common control of the substantial shareholder of the Company's ultimate holding company.

(b) The Group does not have the automobile catalogue issued by the National Development Reform Commission in the PRC which is required to facilitate payment of the PRC consumption tax. The related parties referred to above have the relevant automobile catalogue license and therefore the sales of complete knock down kits and vehicle tool kits to and purchase of complete buildup units from related parties as set out above have been presented on a net basis in the consolidated income statement (to the extent that they are back-to-back transactions) since the said related parties in effect only act as a channel to facilitate the payment of the PRC consumption tax. For the same reason, the related claims income from and claims expenses paid to these related parties have also been presented on a net basis as long as they are back-to-back transactions.

(c) The related party transactions were conducted in the Group's normal course of business and at prices and terms no less than those charged to and contracted with other third parties of the Group.

(d) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are disclosed in "Directors' Report" section to the annual report.

(e) Pursuant to the acquisition agreement dated 5 October 2018, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to acquire and the Geely Holding Group agreed to sell the assets comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software system for a maximum consideration of approximately RMB679,871,000.

(f) YW Geely had been acquired by the Group in July 2019 (note 35). The transactions represented sales and purchases before acquisition.

(g) Jinan Geely Group had been disposed by the Group in December 2019 (note 36). The transactions represented sales and purchases after disposal.

(h) Chengdu Automobile had been disposed by the Group in July 2020 (note 36). The transactions represented sales and purchases after disposal.

(i) Pursuant to the acquisition agreement dated 4 November 2020, the Company entered into a transaction with Geely Holding, pursuant to which the Group agreed to acquire and the Geely Holding Group agreed to sell the assets comprising predominantly imported equipment for use in the Group's production and research and development, as well as a small amount of office equipment and software system for a maximum consideration of approximately RMB743,918,000.

34. MATERIAL CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(b) Remuneration of key management personnel

The remuneration of directors (as disclosed in note 13) and other members of key management personnel during the year are as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	**18,212**	16,967
Retirement scheme contribution	**239**	244
Equity settled share-based payments	**4,095**	5,459
	22,546	22,670

The remuneration of directors and key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends. Total remuneration is included in "staff costs" (see note 9(b)).

Other than the material related party transactions disclosed above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

35. BUSINESS COMBINATION

Yiwu Geely Powertrain Company Limited# 義烏吉利動力總成有限公司 ("YW Geely")

On 29 April 2019, Zhejiang Geely Powertrain Company Limited# 浙江吉利動力總成有限公司 ("Zhejiang Powertrain"), an indirect 99% owned subsidiary of the Company, and a fellow subsidiary owned by the Company's ultimate holding company entered into an acquisition agreement pursuant to which Zhejiang Powertrain has conditionally agreed to acquire, and the fellow subsidiary has conditionally agreed to sell the entire equity interests of YW Geely for a cash consideration of approximately RMB322,206,000. YW Geely is engaged in the technology research and development, technology consultancy services, manufacture and sale of vehicle engines and provision of after-sales services in the PRC. The acquisition of YW Geely was completed in July 2019. Please refer to the Company's circular dated 22 May 2019 for further details.

35. BUSINESS COMBINATION (Continued)

Yiwu Geely Powertrain Company Limited# 義烏吉利動力總成有限公司 ("YW Geely") (Continued)

The assets acquired and liabilities recognised at the acquisition date are as follows:

	Pre-acquisition carrying amounts RMB'000	Fair value adjustments RMB'000	Recognised values on acquisition RMB'000
The net assets acquired:			
Property, plant and equipment (note 14)	1,713,308	–	1,713,308
Intangible assets (note 15)	356,393	–	356,393
Land lease prepayments (note 16)	48,534	173	48,707
Deferred tax assets (note 30)	2,314	–	2,314
Trade and other receivables	13,994	–	13,994
Inventories	32,563	–	32,563
Bank balances and cash	1,517	–	1,517
Trade and other payables	(1,862,982)	–	(1,862,982)
	305,641	173	305,814
Goodwill arising from acquisition (note 17):			
Cash consideration transferred			322,206
Fair value of identifiable net assets acquired			(305,814)
			16,392
Net cash outflow arising from acquisition of a subsidiary:			
Cash consideration paid			(322,206)
Bank balances and cash acquired			1,517
			(320,689)

35. BUSINESS COMBINATION (Continued)

Yiwu Geely Powertrain Company Limited# 義烏吉利動力總成有限公司 ("YW Geely") (Continued)

No acquisition-related costs had been incurred in relation to the acquisition.

As a result of the acquisition, the Group is expected to increase its manufacturing capacity to meet the increasing demand of automobiles in the PRC, as well as enhancing its production capabilities. Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the businesses acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose.

YW Geely has contributed revenue of RMBNil and loss of RMB15,243,000, respectively from the acquisition date to 31 December 2019.

If the acquisition had occurred on 1 January 2019, the consolidated revenue and consolidated profit of the Group for the year ended 31 December 2019 would be RMB97,401,248,000 and RMB8,244,703,000, respectively. The proforma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2019 and could not serve as a basis for the forecast of future operation results.

The English translation of the names of the companies established in the PRC is for reference only. The official name of these companies are in Chinese.

36. DISPOSAL OF SUBSIDIARIES

Disposals of Chengdu Gaoyuan Automobile Industries Company Limited# 成都高原汽車工業有限公司 ("Chengdu Automobile"), Ningbo Beilun Geely Automotive Manufacturing Company Limited# 寧波北侖吉利汽車製造有限公司 ("Ningbo Beilun") and Ningbo Jining Automobile Components Company Limited# 寧波吉寧汽車零部件有限公司 ("Ningbo Jining")

On 8 July 2020, the Group and the companies owned by the Company's ultimate holding company ("Ultimate Holding Companies") entered into certain disposal agreements pursuant to which the Group conditionally agreed to sell, and the Ultimate Holding Companies conditionally agreed to acquire the entire equity interests of Chengdu Automobile, Ningbo Beilun and Ningbo Jining for total net cash considerations of approximately RMB76,272,000, RMB729,387,000 and RMB30,495,000, respectively. The disposals of Chengdu Automobile, Ningbo Beilun and Ningbo Jining were completed in July 2020, September 2020 and August 2020, respectively. Please refer to the Company's announcement dated 9 July 2020 for further details.

36. DISPOSAL OF SUBSIDIARIES (Continued)

Disposals of Chengdu Gaoyuan Automobile Industries Company Limited# 成都高原汽車工業有限公司 ("Chengdu Automobile"), Ningbo Beilun Geely Automotive Manufacturing Company Limited# 寧波北侖吉利汽車製造有限公司 ("Ningbo Beilun") and Ningbo Jining Automobile Components Company Limited# 寧波吉寧汽車零部件有限公司 ("Ningbo Jining") (Continued)

The net assets disposed of at the disposal dates are set out as follows:

	Chengdu Automobile RMB'000	Ningbo Jining RMB'000	Ningbo Beilun RMB'000	Total RMB'000
Net assets disposed of:				
Property, plant and equipment (note 14)	492,587	275,580	278,392	1,046,559
Land lease prepayments (note 16)	70,241	18,421	61,470	150,132
Deferred tax assets (note 30)	34,364	–	–	34,364
Inventories	–	26,018	–	26,018
Trade and other receivables	91,599	65,009	44,256	200,864
Bank balances and cash	12,314	4,718	28	17,060
Trade and other payables	(608,897)	(365,086)	(200)	(974,183)
	92,208	24,660	383,946	500,814
Gain on disposal of subsidiaries:				
Cash consideration received	76,272	30,495	729,387	836,154
Right-of-use assets acquired*	56,700	–	–	56,700
Net assets disposed of	(92,208)	(24,660)	(383,946)	(500,814)
	40,764	5,835	345,441	392,040
Net cash inflow arising from disposals:				
Cash consideration received				836,154
Bank balances and cash disposed of				(17,060)
				819,094

* The consideration of approximately RMB56,700,000 paid by the Group for the grant of right to continue to use the manufacturing facilities of Chengdu Automobile upon completion of the disposal of Chengdu Automobile (the "Chengdu Automobile Disposal") partially offsets the consideration for the Chengdu Automobile Disposal, which results in a net consideration of approximately RMB76,272,000 received by the Group.

36. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of Jinan Geely Automobile Company Limited# 濟南吉利汽車有限公司 and its subsidiary ("Jinan Geely Group")

On 26 November 2019, the Group entered into a disposal agreement with a fellow subsidiary owned by the Company's ultimate holding company for the disposal of the entire interests in Jinan Geely Group, of which members are indirect 99% owned subsidiaries of the Company, at an aggregate cash consideration of approximately RMB507,135,000 ("JN Disposal"). JN Disposal was completed in December 2019. Please refer to the Company's announcement dated 26 November 2019 for further details. The net assets disposed of at the disposal date are set out as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 14)	468,147
Intangible assets (note 15)	141,358
Land lease prepayments (note 16)	170,338
Deferred tax assets (note 30)	21,655
Inventories	8,555
Trade and other receivables	915,660
Bank balances and cash	2,699
Trade and other payables	(1,402,043)
Income tax payable	(2,301)
	324,068
Gain on disposal of subsidiaries:	
Consideration receivable* (included in utility deposits and other receivables in note 21)	507,135
Net assets disposed of	(324,068)
	183,067
Cash outflow arising from disposal:	
Bank balances and cash disposed of	(2,699)

* Consideration receivable of RMB507,135,000 was received in full during the year ended 31 December 2020.

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

37. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 31 December 2020, the Group entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounting to RMB14,026,000 (2019: RMB32,929,000) were recognised at the lease commencement date.

38. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt (which includes bonds payable and bank borrowings) and equity attributable to equity holders of the Company, comprising issued share capital, perpetual capital securities and reserves.

Gearing ratio

The Company's Board of Directors reviews the capital structure on a regular basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. The Group does not have a specific target gearing ratio determined as the proportion of debt to equity but will closely monitor the fluctuations of the gearing ratio.

The gearing ratio as at the reporting date was as follows:

	2020 **RMB'000**	2019 RMB'000
Debt	**3,909,485**	4,149,195
Equity attributable to equity holders of the Company	**63,631,114**	54,435,626
Debt to equity ratio	**6%**	8%

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to market risk (including interest rate risk and currency risk), credit risk and liquidity risk arise in the normal course of the Group's business. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

These risks are limited by the Group's financial management policies and practices described below.

Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2020 **RMB'000**	2019 RMB'000
Financial assets		
Financial assets at FVOCI (recycling)		
– Trade and other receivables	**20,625,550**	17,210,523
Financial assets carried at amortised cost		
– Trade and other receivables	**4,867,176**	4,321,303
– Pledged bank deposits	**174,422**	40,393
– Bank balances and cash	**18,976,843**	19,281,216
	44,643,991	40,853,435
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	**37,499,041**	41,326,709
– Bank borrowings	**1,959,750**	2,089,110
– Bonds payable	**1,949,735**	2,060,085
– Lease liabilities	**42,295**	63,589
	41,450,821	45,539,493

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset, in the consolidated statement of financial position after deducting any loss allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's policy is to deal only with creditworthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers. As at 31 December 2020, 64% (2019: 32%) of the total trade receivables was due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is assessed individually or based on provision matrix, as appropriate. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 December 2020, the Group has adopted average expected loss rate of 5% (2019: 5%) on the gross carrying amounts of the trade receivables amounted to RMB4,025,484,000 (2019: RMB2,639,209,000). The loss allowance as at 31 December 2020 is RMB94,488,000 (2019: RMB85,894,000).

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from COVID-19.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

Trade receivables (Continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2020	2019
	RMB'000	RMB'000
Balance at 1 January	**85,894**	47,652
Impairment losses recognised during the year	**8,594**	38,242
Balance at 31 December	**94,488**	85,894

Debts instruments at FVOCI (recycling) and other financial assets at amortised cost

Other financial assets at amortised cost include utility deposits and other receivables, pledged time deposits and bank balances and cash. In order to minimise the credit risk of utility deposits and other receivables, the management makes periodic collective and individual assessment on their recoverability based on historical settlement records and past experience as well as current external information and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operates. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of utility deposits and other receivables are considered to be low.

Besides, management is of opinion that there is no significant increase in credit risk on these utility deposits and other receivables since initial recognition as the risk of default is low after considering the factors as set out in note 4(h) and, thus ECL recognised is based on 12-month ECLs.

The credit risks on pledged time deposits and bank balances and cash are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

The credit risk on notes receivable is considered to be insignificant because the counterparties are banks with high credit ratings.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

	Weighted average effective interest rate %	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amount as at 31 December RMB'000
2020						
Financial liabilities measured at amortised cost						
Trade and other payables	**N/A**	**37,499,041**	**–**	**–**	**37,499,041**	**37,499,041**
Bank borrowings	**1.09**	**21,361**	**1,970,431**	**–**	**1,991,792**	**1,959,750**
Bonds payable	**3.83**	**71,041**	**71,041**	**1,959,750**	**2,101,832**	**1,949,735**
Lease liabilities	**4.65**	**30,952**	**6,667**	**5,387**	**43,006**	**42,295**
		37,622,395	**2,048,139**	**1,965,137**	**41,635,671**	**41,450,821**

	Weighted average effective interest rate %	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amount as at 31 December RMB'000
2019						
Financial liabilities measured at amortised cost						
Trade and other payables	N/A	41,326,709	–	–	41,326,709	41,326,709
Bank borrowings	2.71	56,615	56,615	2,117,417	2,230,647	2,089,110
Bonds payable	3.83	75,730	75,730	2,164,840	2,316,300	2,060,085
Lease liabilities	4.69	39,706	25,671	1,292	66,669	63,589
		41,498,760	158,016	4,283,549	45,940,325	45,539,493

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Lease liabilities (note 23) and bonds payable (note 28) bearing fixed rates and bank borrowings (note 24) bearing variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively.

The interest rate profile of the Group as at the reporting date has been set out in the liquidity risk section of this note.

As at 31 December 2020, it is estimated that an increase/(decrease) of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately RMB19,598,000 (2019: RMB20,891,000).

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve-month period.

The calculations are based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. The analysis is performed on the same basis as 2019.

Currency risk

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest bearing borrowings and bank balances and cash that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The foreign currencies giving rise to this risk are primarily HK$, US$, Russian Rouble ("RUB") and BYN.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Currency risk (Continued)

The following table details the Group's exposure as at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the group entity to which they relate.

	2020				2019			
	HK$	**US$**	**RUB**	**BYN**	HK$	US$	RUB	BYN
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000	RMB'000
Bank balances and cash	**286,501**	**893,482**	**894,971**	**487**	696,594	1,958,269	237,252	27,737
Trade and other receivables	**656**	**119,047**	**14,329**	**108,003**	652	5,766	794,817	149,885
Bonds payable	**–**	**(1,949,735)**	**–**	**–**	–	(2,060,085)	–	–
Bank borrowings	**–**	**(1,959,750)**	**–**	**–**	–	(2,089,110)	–	–
Trade and other payables	**–**	**(111,360)**	**(98,176)**	**(598,561)**	–	(77,496)	(103,564)	(270,632)
Net exposure arising from recognised assets and liabilities	**287,157**	**(3,008,316)**	**811,124**	**(490,071)**	697,246	(2,262,656)	928,505	(93,010)

As the Group is mainly exposed to the effects of fluctuation in HK$/US$/RUB/BYN, the following table indicates the approximate change in the Group's profit after taxation and retained profits. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% change in foreign currency rate. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2019. Results of the analysis as presented in the below table represent an aggregation of the effects on each of the group entities' profit after taxation and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the reporting date for presentation purposes.

	Impact of HK$		**Impact of US$**		**Impact of RUB**		**Impact of BYN**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Profit after taxation/ Retained profits	**14,358**	34,862	**(157,820)**	(115,724)	**33,911**	44,084	**(18,519)**	(4,651)

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

Fair value of financial assets and liabilities carried at amortised cost

The directors of the Company consider that the carrying amounts of financial instruments of the Group are not materially different from their fair values as at 31 December 2020 and 2019.

Fair value of financial assets and liabilities

	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key inputs
	2020 RMB'000	2019 RMB'000		
Notes receivable measured at FVOCI (recycling)	**20,625,550**	17,210,523	Level 2	Discounted cash flows Future cash flows are estimated based on discount rates which are reference to rates currently available for instruments issued by commercial banks/government with similar terms, credit risk and remaining maturities.

There were no transfer between the different levels of the fair value hierarchy during the years ended 31 December 2020 and 2019.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020	2019
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	**2,445**	4,414
Investments in subsidiaries	**5,021,000**	–*
Interest in a joint venture	**4,381,720**	3,796,241
	9,405,165	3,800,655
Current assets		
Prepayments and other receivables	**10,502**	1,986
Amounts due from subsidiaries	**5,067,904**	5,115,840
Bank balances and cash	**606,474**	2,383,074
	5,684,880	7,500,900
Current liabilities		
Other payables	**123,294**	474,088
Lease liabilities	**1,744**	2,561
	125,038	476,649
Net current assets	**5,559,842**	7,024,251
Total assets less current liabilities	**14,965,007**	10,824,906

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2020	2019
	RMB'000	RMB'000
Capital and reserves		
Share capital	**179,672**	167,733
Perpetual capital securities	**3,413,102**	3,413,102
Reserves (note)	**7,462,748**	3,093,132
Total equity	**11,055,522**	6,673,967
Non-current liabilities		
Lease liabilities	**–**	1,744
Bank borrowings	**1,959,750**	2,089,110
Bonds payable	**1,949,735**	2,060,085
	3,909,485	4,150,939
	14,965,007	10,824,906

* The balance represented an amount less than RMB1,000

Approved and authorised for issue by the Board of Directors on 23 March 2021.

Li Shu Fu
Director

Gui Sheng Yue
Director

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

The movement of reserves represents:

	Share premium# RMB'000	Share option reserve RMB'000	Accumulated losses# RMB'000	Total RMB'000
Balance at 1 January 2019	6,692,297	378,096	(3,354,703)	3,715,690
Profit for the year	–	–	1,541,553	1,541,553
Transaction with owners:				
Equity settled share-based payments (note 33)	–	5,459	–	5,459
Shares issued under share option scheme (note 25(a))	899,295	(263,105)	–	636,190
Transfer upon forfeiture of share options	–	(20,149)	20,149	–
Dividends paid to equity holders of the Company (note 11)	–	–	(2,805,760)	(2,805,760)
Total transactions with owners	899,295	(277,795)	(2,785,611)	(2,164,111)
Balance at 31 December 2019	7,591,592	100,301	(4,598,761)	3,093,132
Balance at 1 January 2020	**7,591,592**	**100,301**	**(4,598,761)**	**3,093,132**
Profit for the year	**–**	**–**	**363,487**	**363,487**
Transaction with owners:				
Equity settled share-based payments (note 33)	**–**	**4,095**	**–**	**4,095**
Shares issued under share option scheme (note 25(a))	**262,648**	**(65,722)**	**–**	**196,926**
Shares issued upon placement (note 25(b))	**5,926,085**	**–**	**–**	**5,926,085**
Transfer upon forfeiture of share options	**–**	**(15,065)**	**15,065**	**–**
Dividends paid to equity holders of the Company (note 11)	**–**	**–**	**(2,120,977)**	**(2,120,977)**
Total transactions with owners	**6,188,733**	**(76,692)**	**(2,105,912)**	**4,006,129**
Balance at 31 December 2020	**13,780,325**	**23,609**	**(6,341,186)**	**7,462,748**

As at 31 December 2020, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB7,439,139,000 (2019: RMB2,992,831,000).

41. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries represent unlisted shares at cost. Particulars of the principal subsidiaries at 31 December 2020 and 2019 are as follows:

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Centurion Industries Limited	BVI	US$2 (2019: US$1)	**100%**	**-**	100%	–	Investment holding
Value Century Group Limited	BVI	US$1	**100%**	**-**	100%	–	Investment holding
Geely International Limited 吉利國際貿易有限公司	Hong Kong	2 shares	**100%**	**-**	100%	–	Investment holding and export of vehicles outside the PRC
Zhejiang Fulin Guorun Automobile Parts & Components Co., Ltd#* 浙江福林國潤汽車零部件有限公司	PRC	US$57,637,742 (2019: US$30,859,200)	**-**	**100%**	–	100%	Research, production, marketing and sales of automobile parts and related components in the PRC
Zhejiang Geely Automobile Sales Company Limited# 浙江吉利汽車銷售有限公司	PRC	RMB15,000,000	**-**	**99%**	–	99%	Sales of automobile parts and components in the PRC
Zhejiang Jirun Automobile Company Limited ("Jirun Automobile")^# 浙江吉潤汽車有限公司	PRC	US$690,000,000 (2019: US$476,636,575)	**-**	**99%**	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Shanghai Maple Guorun Automobile Company Limited^# 上海華普國潤汽車有限公司	PRC	US$121,363,600	**-**	**99%**	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC

41. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Zhejiang Geely Holding Group Automobile Sales Company Limited#^ 浙江吉利控股集團汽車銷售有限公司	PRC	RMB60,559,006	-	99%	–	99%	Marketing and sales of vehicles in the PRC
Geely International Corporation# 上海吉利美嘉峰國際貿易股份有限公司	PRC	RMB100,000,000	-	99%	–	99%	Export of vehicles outside the PRC
Zhejiang Geely Automobile Research Institute Limited# 浙江吉利汽車研究院有限公司	PRC	RMB30,000,000	-	99%	–	99%	Research and development of vehicles and related automobile components in the PRC
Zhejiang Ruhoo Automobile Company Limited^# 浙江陸虎汽車有限公司	PRC	RMB521,676,992	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Shanghai Jicining Mechanical and Electrical Equipment Company Limited# 上海吉茨寧機電設備有限公司	PRC	RMB20,000,000	-	99%	–	99%	Procurement of mechanical and electrical equipment in the PRC
Hunan Geely Automobile Components Company Limited^# 湖南吉利汽車部件有限公司	PRC	US$88,500,000	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Zhejiang Vision Auto-parts Fittings Company Limited# 浙江遠景汽配有限公司	PRC	RMB50,000,000	-	99%	–	99%	Procurement of automobile parts and components in the PRC

41. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Chengdu Gaoyuan Automobile Industries Company Limited# (note 36) 成都高原汽車工業有限公司	PRC	RMB50,000,000	-	-	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Hunan Luoyou Engine Components Company Limited# (note) 湖南羅佑發動機部件有限公司	PRC	RMB150,000,000	-	-	–	99%	Production of automobile components in the PRC
Ningbo Vision Automobile Parts and Components Company Limited# 寧波遠景汽車零部件有限公司	PRC	RMB1,500,000,000 (2019: RMB96,000,000)	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Baoji Geely Engine Company Limited# 寶雞吉利發動機有限公司	PRC	RMB300,000,000	-	99%	–	99%	Research, development, production and sales of vehicle engines and related after-sales parts in the PRC
Ningbo Shangzhongxia Automatic Transmission Company Limited# 寧波上中下自動變速器有限公司	PRC	RMB1,000,000,000	-	99%	–	99%	Research, development, production and sales of vehicle transmissions and related after-sales parts in the PRC
Zhejiang Yili Automobile Components Company Limited# 浙江義利汽車零部件有限公司	PRC	RMB500,000,000	-	99%	–	99%	Research, development, production and sales of vehicle engines and related after-sales parts in the PRC

41. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Limited Liability Company "Borisov Engine Plant <<Geely>>"	Belarus	BYN1,000,000	**-**	**51%**	–	51%	Production, marketing and sales of vehicles in Belarus
Limited Liability Company "Geely Motors"	Russia	RUB10,000	**-**	**99%**	–	99%	Marketing and sales of vehicles in Russia
Zhejiang Fengrui Engine Company Limited# 浙江鋒鋭發動機有限公司	PRC	RMB100,000,000	**-**	**99%**	–	99%	Production of automobile engines in the PRC
Chengdu Geely Automobile Manufacturing Company Limited# 成都吉利汽車製造有限公司	PRC	RMB200,000,000	**-**	**99%**	–	–	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC
Zhejiang Geely Powertrain Company Limited# 浙江吉利動力總成有限公司	PRC	RMB500,000,000	**-**	**99%**	–	99%	Production of automobile engines in the PRC
Ningbo Geely Luoyou Engine Components Company Limited# 寧波吉利羅佑發動機零部件有限公司	PRC	RMB282,800,000	**-**	**99%**	–	99%	Production of automobile components in the PRC
Taizhou Geely International Corporation# 台州吉利汽車銷售有限公司	PRC	RMB10,000,000	**-**	**99%**	–	99%	Marketing and sales of vehicles in the PRC

41. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Zhejiang Jirun Chunxiao Automobile Components Company Limited# 浙江吉潤春曉汽車部件有限公司	PRC	RMB1,500,000,000 (2019: RMB1,100,000,000)	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Shanxi New Energy Automobile Sales Company Limited# 山西新能源汽車銷售有限公司	PRC	RMB5,000,000	-	99%	–	99%	Marketing and sales of vehicles in the PRC
Baoji Geely Automobile Sales Company Limited# 寶雞吉利汽車銷售有限公司	PRC	RMB5,000,000	-	99%	–	99%	Marketing and sales of vehicles in the PRC
Baoji Geely Automobile Components Company Limited# 寶雞吉利汽車部件有限公司	PRC	RMB1,500,000,000 (2019: RMB700,000,000)	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Shanxi Geely Automobile Components Company Limited# 山西吉利汽車部件有限公司	PRC	RMB1,500,000,000 (2019: RMB600,000,000)	-	99%	–	99%	Research, development, production, marketing and sales of vehicles and related automobile components in the PRC
Zhejiang Geely International Limited# 浙江吉利汽車國際貿易有限公司	PRC	RMB10,000,000	-	99%	–	99%	Export of vehicles outside the PRC
Geely Automobile Research Institute (Ningbo) Company Limited# 吉利汽車研究院(寧波)有限公司	PRC	RMB30,000,000	-	99%	–	99%	Research and development of vehicles and related automobile components in the PRC

41. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Ningbo Jirun Automobile Components Company Limited# 寧波吉潤汽車部件有限公司	PRC	RMB1,500,000,000 (2019: RMB1,200,000,000)	-	99%	–	99%	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC
Hangzhou Geely Automobile Company Limited# 杭州吉利汽車有限公司	PRC	RMB1,500,000,000 (2019: RMB890,000,000)	-	99%	–	99%	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC
Guizhou Geely Automobile Manufacturing Company Limited (formerly known as Guizhou Geely Automobile Components Company Limited)# 貴州吉利汽車製造有限公司 (前稱貴州吉利汽車部件有限公司)	PRC	RMB1,500,000,000 (2019: RMB1,030,000,000)	-	99%	–	99%	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC
Guizhou Geely Engine Company Limited# 貴州吉利發動機有限公司	PRC	RMB480,000,000	-	99%	–	99%	Preparation and construction of engine manufactory project in the PRC
Taizhou Binhai Geely Engine Company Limited# 台州濱海吉利發動機有限公司	PRC	RMB770,000,000	-	99%	–	99%	Preparation and construction of engine manufactory project in the PRC
Guiyang Geely Automobile Sales Company Limited# 貴陽吉利汽車銷售有限公司	PRC	RMB5,000,000	-	99%	–	99%	Marketing and sales of vehicles in the PRC

41. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Shanghai Geely Diran Automobile Design Company Limited# 上海吉利翟然汽車設計有限公司	PRC	RMB30,000,000	-	**99%**	–	99%	Provision of vehicles design services in the PRC
Hangzhou Geely Vision Purchasing Company Limited# 杭州吉利遠景采購有限公司	PRC	RMB10,000,000	-	**99%**	–	99%	Procurement of automobile parts and components in the PRC
Yiwu Geely Powertrain Company Limited# (note 35) 義烏吉利動力總成有限公司	PRC	RMB320,000,000	-	**99%**	–	99%	Technology research and development, technology consultancy services, manufacture and sale of vehicle engines and provision of after-sales services in the PRC
Ningbo Hangzhou Bay New District Geely Automobile Sales Company Limited# 寧波杭州灣新區吉利汽車銷售有限公司	PRC	RMB50,000,000	-	**99%**	–	–	Marketing and sales of vehicles in the PRC
Changsha Geely Automobile Components Copmany Limtied# 長沙吉利汽車部件有限公司	PRC	RMB20,000,000	-	**99%**	–	–	Research and development, manufacturing, promotion and sales of vehicles and related automobile components and provision of related after-sales and technical services in the PRC

41. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of companies	Place of incorporation/ registration and operations	Issued and fully paid up/registered capital	Percentage of equity interests held in 2020		Percentage of equity interests held in 2019		Principal activities
			Directly	Indirectly	Directly	Indirectly	
Zhejiang Jisu Logistics Company Limited# 浙江吉速物流有限公司	PRC	RMB50,000,000	-	99%	–	–	General logistic, packing, and storage services in the PRC

* The Company's subsidiary in the PRC is wholly foreign-owned enterprise established for a period of 30 to 50 years.

^ The Company's subsidiary in the PRC is sino-foreign equity joint venture established for a period of 30 to 50 years.

The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

Note: The subsidiary has been deregistered during the year.

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

41. INVESTMENTS IN SUBSIDIARIES (Continued)

The following table lists out the information related to subgroup of Jirun Automobile, the subsidiaries of the Group which has material non-controlling interest. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2020 RMB'000	2019 RMB'000
Non-controlling interest percentage	**1%**	1%
Non-current assets	**49,730,317**	47,396,393
Current assets	**135,822,851**	102,492,141
Current liabilities	**(137,946,751)**	(107,537,024)
Non-current liabilities	**(579,905)**	(3,902,497)
Net assets	**47,026,512**	38,449,013
Carrying amount of non-controlling interest	**473,193**	384,862
Revenue	**115,893,753**	123,977,893
Profit for the year	**3,690,941**	5,481,697
Other comprehensive expense for the year	**(228,919)**	(46,555)
Total comprehensive income for the year	**3,462,022**	5,435,142
Profit allocated to non-controlling interest	**36,909**	54,817
Other comprehensive expense allocated to non-controlling interest	**(2,289)**	(466)
Dividend paid to non-controlling interest	**–**	(15,694)
Cash flows generated from operating activities	**1,066,651**	14,020,366
Cash flows used in investing activities	**(9,346,977)**	(9,110,790)
Cash flows generated from/(used in) financing activities	**7,104,116**	(1,991,623)
Net cash (outflows)/inflows	**(1,176,210)**	2,917,953

42. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been reclassified to conform with the current year's presentation.

43. EVENTS AFTER THE REPORTING DATE

Grant of share options

On 15 January 2021, the Company granted 629,110,000 share options (the "Share Options") to eligible grantees (the "Grantees") under the Scheme which, subject to their acceptance of the Share Options, will entitle them to subscribe for a total of 629,110,000 new shares of HK$0.02 each in the share capital of the Company. The grant of the Share Options to the Grantees is intended to provide them with incentives or rewards for their contribution to the Company.

Exercise of call option by BNP Paribas Personal Finance ("BNPP PF")

As per the Company's announcement dated 16 December 2013, a call option (the "Call Option") associated with the agreement entered into between the Company and BNPP PF for the establishment of Genius AFC, to engage in the vehicles financing business in the PRC. On 11 August 2020, BNPP PF served a written notice to the Company on the exercise of the Call Option pursuant to which, subject to the agreement on the exercise price and other terms, BNPP PF will acquire from the Company such additional equity interest in the Genius AFC to increase its equity interest in Genius AFC up to 50%.

As at 31 December 2020, the exercise price of the Call Option and the exact percentage of equity interest in the Genius AFC to be acquired by BNPP PF have not been determined and are subject to agreement by the parties. Please refer to the Company's announcement dated 12 August 2020 for further details.

Business combination and collaboration with Volvo Car AB (publ) ("Volvo Cars")

On 24 February 2021, the Company announced that it was in discussions with management of Volvo Cars regarding the series of business combination and collaboration between the Company and Volvo Cars. Please refer to the Company's announcement dated 24 February 2021 for further details.

Formation of JV Company with Geely Holding

On 23 March 2021, the Company entered into the framework agreement with Geely Holding, pursuant to which the Company and Geely Holding agreed to form a joint venture company ("JV Company") to engage in the research and development, purchase and sale of the electric mobility related products such as the intelligent electric vehicles under the ZEEKR brand and the provision of service relating thereto in the PRC through an indirect wholly foreign-owned enterprise to be established by the JV Company in the PRC. Please refer to the Company's announcement dated 23 March 2021 for further details.

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