

## **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).

**6,000,000 European Style Cash Settled Long Certificates relating to  
the ordinary shares of par value HK\$0.02 each 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**

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**Issue Price: S\$0.40 per Certificate**

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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 21 June 2018 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”), as supplemented by an addendum to the Base Listing Document dated 5 November 2018 (the “**Addendum**”), 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).

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<sup>1</sup> and Specified Investment Products (SIPs)<sup>2</sup>, 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 and of no other person, and the guarantee dated 21 June 2018 (the "**Guarantee**") and entered into by the Guarantor constitutes general unsecured 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 26 February 2019.

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.

25 February 2019

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<sup>1</sup> As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

<sup>2</sup> 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, the Base Listing Document and the Addendum 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, the Base Listing Document and the Addendum 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. Accordingly, Certificates, or interests thereon, 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 or maintain a position in the Certificates. 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. 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 Addendum. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

## Table of Contents

	<i>Page</i>
<b>Risk Factors</b>	<b>6</b>
<b>Terms and Conditions of the Certificates</b>	<b>15</b>
<b>Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities</b>	<b>24</b>
<b>Summary of the Issue</b>	<b>37</b>
<b>Information relating to the European Style Cash Settled Long Certificates on Single Equities</b>	<b>39</b>
<b>Information relating to the Company</b>	<b>54</b>
<b>Information relating to the Designated Market Maker</b>	<b>55</b>
<b>Supplemental Information relating to the Guarantor</b>	<b>57</b>
<b>Supplemental General Information</b>	<b>58</b>
<b>Placing and Sale</b>	<b>60</b>
<b>Appendix I</b>	
<b>Appendix II</b>	

## 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 and of no other person, and the Guarantee constitutes general unsecured 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 on the Expiry Date;
- (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 will 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 28 to 32 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 sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (o) investors should note that the Air Bag Mechanism (as defined below) 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;
- (p) 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 (comparative to the previous closing price of the Underlying Stock or the

previous observed price in case of an air bag previously on the same day) during the Observation Period. Investors may refer to pages 47 to 48 of this document for more information;

- (q) 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 34 to 36 of this document for more information;
- (r) 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;
- (s) 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;
- (t) 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;

- (u) 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;

- (v) 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;

- (w) 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;

- (x) 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;

- (y) 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;

- (z) 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;

- (aa) 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 is subject to FATCA and, as a result, is 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 us with such certification, the Issuer and the Guarantor 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 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;

- (bb) U.S. withholding tax

U.S. Treasury regulations issued under Section 871(m) of the U.S. Internal Revenue Code of 1986 ("**Section 871(m) Regulations**") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to Section 871(m) Regulations (a "**Non-U.S. Holder**") with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities ("**U.S. Underlying Equities**"). The 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the United States Internal Revenue Service ("**IRS**") in a timely manner, but the Issuer makes no assessment as to whether any such tax credits will be available to Non-U.S. Holders.

Specifically, Section 871(m) Regulations will generally apply to Certificates the pricing date of which occurs from 1 January 2017 and that substantially replicate the economic performance of one or more U.S. Underlying Equity(ies) as determined by the Issuer on the date for such Certificates as of which the expected delta of the product is determined by the Issuer (such date being the "pricing date") based on tests in accordance with the applicable Section 871(m) Regulations (for the purposes of the Notice, such Certificates are deemed "delta-one" instruments) ("Specified Certificates"). If one or more of the U.S. Underlying Equities are expected to pay dividends during the term of the Specified Certificates, withholding generally will still be required even if the Specified Certificate does not provide for payments explicitly linked to dividends. Even where a Certificate is a Specified Certificate, no tax should be imposed under Section 871(m) as long as either (1) no dividend is paid with respect to any U.S. Underlying Equity during the term of the Certificates or (2) both (x) no additional amount is paid to the holder of a Certificate in respect of any such dividend and (y) as estimated by the Issuer (with the meaning of Treas. Reg. § 1.871-15(i)(2)(iii)) at the time of issuance the amount of all such dividends will be zero (Zero Estimated Dividends Certificates). In such case, the Issuer will estimate the amount of dividends to be paid with respect to U.S. Underlying Equities for all periods during the term of the Certificates to be zero and will not make any adjustments for dividends, including extraordinary dividends, that are taxable as

dividend for U.S. federal income tax purposes, and thus there should be no tax imposed under section 871(m) on the Certificates even if one or more dividends are paid with respect to a U.S. Underlying Equity.

Certificates linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Certificate will not be subject to withholding tax under Section 871(m) Regulations. In withholding this tax, the Issuer will regularly apply the general tax rate of 30% to the payments subject to U.S. provisions (or amounts deemed payments) without regard to any applicable treaty rate. Therefore, in such cases, an investor's individual tax situation will not be taken into account.

The Issuer has determined that generally Certificates should not be "delta-one" transactions within the meaning of the relevant notices and, therefore, should not be Specified Certificates subject to withholding tax under Section 871(m) Regulations. Investors are advised that the Issuer's determination is binding on all Non-U.S. Holders of the Certificates, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer's determination.

The rules of Section 871(m) Regulations require complex calculations in respect of the instruments that include U.S. Underlying Equities and application of these rules to a specific issue of Certificates may be uncertain. **Consequently the IRS may determine they are to be applied even if the Issuer initially assumed the rules would not apply. There is a risk in such case that holders of the Certificates are subject to withholding tax ex post.**

As neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Certificate, holders will receive smaller payments in such case than they would have received without withholding tax being imposed.

**Investors should consult their tax adviser regarding the potential application of Section 871(m) Regulations to their investment in the Certificates; and**

(cc) risk factors relating to the BRRD

*French 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. As a Directive, the BRRD is not directly applicable in France and had to be transposed into national legislation. The French ordonnance No. 2015-1024 of 20 August 2015 transposed the BRRD into French law and amended the French Code monétaire et financier for this purpose. The French ordonnance has been ratified by law no. 2016-1691 dated 9 December 2016 (Loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique) which also incorporates provisions which clarify the implementation of the BRRD.

The stated aim of the BRRD and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the "**SRM Regulation**") is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity). The regime provided for by the BRRD is, among other things, stated to be needed to provide the 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 relevant entity so as to ensure the continuity of the relevant entity's critical financial and economic functions while minimising the impact of a relevant entity'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 Single Resolution Board (the "**SRB**") and to the national resolution authorities.

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 relevant entity under resolution in accordance with a set order of priority (the "**Bail-in Tool**").

The conditions for resolution under the French Code monétaire et financier implementing the BRRD are deemed to be met when: (i) the Resolution Authority or the relevant supervisory authority determines that the relevant entity 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 minimising reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the relevant entity 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 where the conditions for resolution are met, write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the relevant entity or its group will no longer be viable unless such write down or conversion power is exercised or when the relevant entity requires extraordinary public financial support (except when extraordinary public financial support is provided in the form defined in Article L. 613-48 III, 3° of the French Code monétaire et financier).

The Bail-in Tool or the exercise of write-down/conversion powers by the Resolution Authority with respect to capital instruments (including subordinated debt instruments) 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 resolutions measures, including the Bail-in Tool. In addition, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Tool could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such power.

In addition to the Bail-in Tool, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to relevant entities that meet the conditions for resolution, which may include (without limitation) the sale of the relevant entity'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 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.

Since 1 January 2016, French credit institutions (such as the Issuer and the Guarantor) have to meet, at all times, a minimum requirement for own funds and eligible liabilities (“**MREL**”) pursuant to Article L. 613-44 of the French Code monétaire et financier. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at avoiding institutions to structure their liabilities in a manner that impedes the effectiveness of the Bail-in Tool. From January 2019, G-SIBs (global systemically important banks) such as the Issuer and the Guarantor will also have to comply with the total loss absorbing capacity (TLAC) requirements.

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 banks’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The application of any resolution measure under the French BRRD implementing provisions 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 the 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 Tool or the exercise of write-down/conversion powers by the Resolution Authority independently of a resolution measure with respect to capital instruments (including subordinated debt instruments) or in combination with a resolution measure when it determines that the institution or its 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.

#### *Implementation of BRRD in Luxembourg*

The BRRD was implemented by the Luxembourg act dated 18 December 2015 (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the CSSF and the resolution authority is the CSSF acting as Resolution Council (le Conseil de *résolution*).

The BRR Act 2015 provides for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the CSSF, result in the partial or complete suspension of the performance of agreements entered into by a Luxembourg incorporated credit institution or investment firm. The BRR Act 2015 also grants the power to the Resolution Council to take a number of resolution measures including (i) a forced sale of a Luxembourg incorporated credit institution or investment firm (sale of business), (ii) the establishment of a bridge institution or, (iii) the forced transfer of all or part of the assets, rights or obligations of a Luxembourg incorporated credit institution or investment firm (asset separation) and (iv) the application of the general bail-in tool. The powers set out in the BRR Act 2015 will impact how credit

institutions, investment firms or relevant financial institutions (such as SG Issuer) established in Luxembourg, are managed as well as, in certain circumstances, the rights of creditors.

If the general bail-in tool and the statutory write-down and conversion power become applicable to SG Issuer, the Certificates may be subject to write-down or conversion into equity (ordinary shares or other instrument of ownership) on any application of the bail-in tool, which may result in such Certificates' holders losing some or all of their investment (notably, the amount of the outstanding may be reduced, including to zero). Subject to certain conditions, the terms of the obligations owed under the Certificates may also be varied by the Resolution Council (e.g. as to maturity, interest and interest payment dates). The exercise of any power under the BRR Act 2015 or any suggestion of such exercise could materially adversely affect the rights of the holders of the Certificates, the price or value of their investment in any Certificates and/or the ability of SG Issuer to satisfy its obligations under any Certificate.

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 significant credit institutions and financial groups, in the framework of a Single Resolution Mechanism and a Single Resolution Fund, established a centralised power of resolution and entrusted to a Single Resolution Board and to the national resolution authorities of participating EU Member States (including Luxembourg and the CSSF through the Resolution Council). Since 1 January 2015, the Single Resolution Board works in close cooperation with the Resolution Council, in particular in relation to the elaboration of resolution planning, and has assumed full resolution powers since 1 January 2016.

## 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, the Base Listing Document and the Addendum.*

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 Addendum. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	6,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of par value HK\$0.02 each of Geely Automobile Holdings Limited (the “ <b>Underlying Stock</b> ”)
Company:	Geely Automobile Holdings Limited (RIC: 0175.HK)
Underlying Price <sup>3</sup> and Source:	HK\$15.88 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.40
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	6.90%, is a hedging cost against extreme market movements overnight.
Funding Cost <sup>6</sup> :	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	19 February 2019
Closing Date:	25 February 2019
Expected Listing Date:	26 February 2019

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 25 February 2019. 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 25 February 2019.

<sup>4</sup> 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.

<sup>5</sup> Please note that the Gap Premium is calculated on a 360-day basis.

<sup>6</sup> These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 18 February 2022
Expiry Date:	25 February 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:	24 February 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	<p>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.</p>
Cash Settlement Amount:	<p>In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 39 to 53 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for t from 1 to Valuation Date) of <math>(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))</math>, where:</p> <p>“t” refers to “<b>Observation Date</b>” which means each Underlying Stock Business Day from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and</p>



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).

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 39 to 53 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 19 to 23 below.

Initial Exchange Rate<sup>3</sup>: 0.1721

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 21 to 23 below and the “Description of Air Bag Mechanism” section on pages 45 to 46 of this document for further information of the Air Bag Mechanism.

Underlying Stock Currency:	Hong Kong Dollar (“ <b>HKD</b> ”)
Settlement Currency:	Singapore Dollar (“ <b>SGD</b> ”)
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 (“ <b>SGX-ST</b> ”)
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	<p>A “<b>Business Day</b>” is 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.</p> <p>An “<b>Exchange Business Day</b>” 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.</p>
Warrant Agent:	The Central Depository (Pte) Limited (“ <b>CDP</b> ”)
Clearing System:	CDP
Fees and Charges:	<p>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.</p>

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](http://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**

**LSL<sub>t</sub>** 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):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

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

**LR<sub>t-1,t</sub>** means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

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

**FC<sub>t-1,t</sub>** means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t-1, t)}{\text{DayCountBasisRate}}$$

<b>RC<sub>t-1,t</sub></b>	<p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right  \right) \times TC$
<b>TC</b>	<p>means the Transaction Costs applicable (including Stamp Duty) that are equal to :</p> <p>0.10%</p>
<b>Leverage</b>	5
<b>S<sub>t</sub></b>	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.
<b>Rate<sub>t</sub></b>	<p>means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:</p> $\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$
<b>Rfactor<sub>t</sub></b>	<p>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 :</p> $Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$ <p>where</p> <p><i>Div<sub>t</sub></i> 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.</p>
<b>CashRate<sub>t</sub></b>	means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page.
<b>%SpreadLevel<sub>t</sub></b>	<p>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 H1HKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page.</p> <p>Provided that if such difference is negative, %SpreadLevel<sub>t</sub> should be 0%.</p>
<b>ACT(t-1,t)</b>	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).
<b>DayCountBasisRate</b>	365

**Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)**

**Extraordinary Strategy Adjustment for Performance Reasons** If the Calculation Agent determines that an Intraday Restrike Event has 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 :

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

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

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

**$ILSL_{IR(k)}$**

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

(1) for  $k = 1$  :

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

(2) for  $k > 1$  :

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

**$ILR_{IR(k-1),IR(k)}$**

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

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

**$IRC_{IR(k-1),IR(k)}$**

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

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

**$IS_{IR(k)}$**

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

(1) for  $k=0$

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

(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  $IR(C)$

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

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<sup>th</sup> 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  $IS_{IR(0)}$  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  $IS_{IR(k)}$  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 Addendum 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 21 June 2018, 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) or the Regulator (as defined below), 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 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 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

- (ii) that the 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.

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

**“Bail-In Power”** means any power existing from time to time under any laws, regulations, rules or requirements in effect in France, relating to the transposition of 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, the **“BRRD”**), including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time, the **“20 August 2015 Decree Law”**), 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 and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the **“Single Resolution Mechanism Regulation”**), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

**“Regulated Entity”** means any entity referred to in Section I of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

**“Relevant Resolution Authority”** means the *Autorité de contrôle prudentiel et de résolution* (the ACPR), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

**“Regulator”** means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer 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 under the laws and regulations in effect in France and the European Union applicable to the Issuer or other members of its group.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Certificates, the Issuer will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Bail-in Power. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power 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 another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator 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.

If the Relevant Resolution Authority or the Regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless otherwise instructed by the Issuer or the Relevant Resolution Authority or the Regulator, any cancellation, write-off or conversion made in respect of the Certificates pursuant to the Bail-in Power will be made on a pro-rata basis.

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 and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer, shall be borne by any Certificate Holder.

## 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 a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

- (i) that fifth Exchange Business Day shall be deemed to be the Valuation Date

notwithstanding the Market Disruption Event; and

- (ii) the Issuer shall determine the Final Reference Level on the basis of its good faith estimate of the Final Reference Level that would have prevailed on that fifth Exchange Business Day but for the Market Disruption Event.

**"Market Disruption Event"** means the occurrence or existence on the Valuation Date 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.

## **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(c).

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 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(c) 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.
- (c) *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 or impracticability 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. 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.

**15. 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.

**16. 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, the Base Listing Document and the Addendum. 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:	6,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 21 June 2018 (the “ <b>Master Instrument</b> ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ <b>Master Warrant Agent Agreement</b> ”) 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 26 February 2019.
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 qualified in its entirety by reference to the detailed information appearing elsewhere in this document, the Base Listing Document and the Addendum.

## 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	=	<b>Daily Management Fee Adjustment</b>	
		1 – Management Fee x ACT (t-1;t) / 360	
		x	
		<b>Daily Gap Premium Adjustment</b>	
		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)

Value of Certificates	=	<table border="1"> <tr><td>t=0</td></tr> <tr><td>Notional Amount</td></tr> </table>	t=0	Notional Amount	x	<table border="1"> <tr><td>t=1</td></tr> <tr> <td>Leverage Strategy daily performance<sup>8</sup></td> <td>x</td> <td>Daily Fees</td> </tr> </table>	t=1	Leverage Strategy daily performance <sup>8</sup>	x	Daily Fees	x	<table border="1"> <tr><td>t=2</td></tr> <tr> <td>Leverage Strategy daily performance</td> <td>x</td> <td>Daily Fees</td> </tr> </table>	t=2	Leverage Strategy daily performance	x	Daily Fees	x ...	<table border="1"> <tr><td>t=i</td></tr> <tr> <td>Leverage Strategy Daily performance</td> <td>x</td> <td>Daily Fees</td> </tr> </table>	t=i	Leverage Strategy Daily performance	x	Daily Fees
			t=0																			
Notional Amount																						
t=1																						
Leverage Strategy daily performance <sup>8</sup>	x	Daily Fees																				
t=2																						
Leverage Strategy daily performance	x	Daily Fees																				
t=i																						
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Value of Certificates	=	<table border="1"> <tr><td>t=0</td></tr> <tr><td>Notional Amount</td></tr> </table>	t=0	Notional Amount	x	<table border="1"> <tr><td colspan="2"><b>Product of the daily Leverage Strategy Performance</b></td></tr> <tr> <td>Leverage Strategy daily performance</td> <td>x</td> <td>Leverage Strategy daily performance</td> </tr> </table>	<b>Product of the daily Leverage Strategy Performance</b>		Leverage Strategy daily performance	x	Leverage Strategy daily performance	x	<table border="1"> <tr><td colspan="2"><b>Product of the Daily Fees (Hedging Fee Factor)</b></td></tr> <tr> <td>Daily Fees</td> <td>x</td> <td>Daily Fees</td> </tr> </table>	<b>Product of the Daily Fees (Hedging Fee Factor)</b>		Daily Fees	x	Daily Fees
			t=0															
Notional Amount																		
<b>Product of the daily Leverage Strategy Performance</b>																		
Leverage Strategy daily performance	x	Leverage Strategy daily performance																
<b>Product of the Daily Fees (Hedging Fee Factor)</b>																		
Daily Fees	x	Daily Fees																

Final Value of Certificates	=	<table border="1"> <tr><td>t=0</td></tr> <tr><td>Notional Amount</td></tr> </table>	t=0	Notional Amount	x	<table border="1"> <tr> <td>Final Reference Level x Final Exchange Rate</td> <td>÷</td> <td>Initial Reference Level x Initial Exchange Rate</td> </tr> </table>	Final Reference Level x Final Exchange Rate	÷	Initial Reference Level x Initial Exchange Rate	x	<table border="1"> <tr><td>Hedging Fee Factor</td></tr> </table>	Hedging Fee Factor
			t=0									
Notional Amount												
Final Reference Level x Final Exchange Rate	÷	Initial Reference Level x Initial Exchange Rate										
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.

<sup>7</sup> “t” refers to “**Observation Date**” which means each Underlying Stock Business Day from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

<sup>8</sup> 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 par value HK\$0.02 each of Geely Automobile Holdings Limited
Expected Listing Date:	<b>03/07/2018</b>
Expiry Date:	<b>18/07/2018</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>0.40 SGD</b>
Notional Amount per Certificate:	<b>0.40 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>6.90%</b>
Strike Level:	<b>Zero</b>

## Hedging Fee Factor

Hedging Fee Factor on the  $n^{\text{th}}$  Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

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

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

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

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

Assuming 2<sup>nd</sup> Underlying Stock Business Day falls 3 Calendar Days after 1<sup>st</sup> 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 99.6963% 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	99.6963%

### 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

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.6963\%$$

$$= 119.64\%$$

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

$$= 119.64\% \times 0.40 \text{ SGD}$$

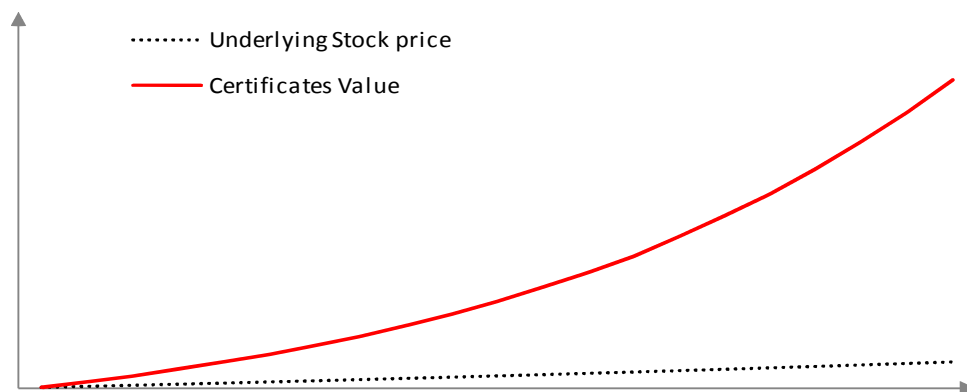
$$= \mathbf{0.479 \text{ SGD}}$$

## Illustration on how returns and losses can occur under different scenarios

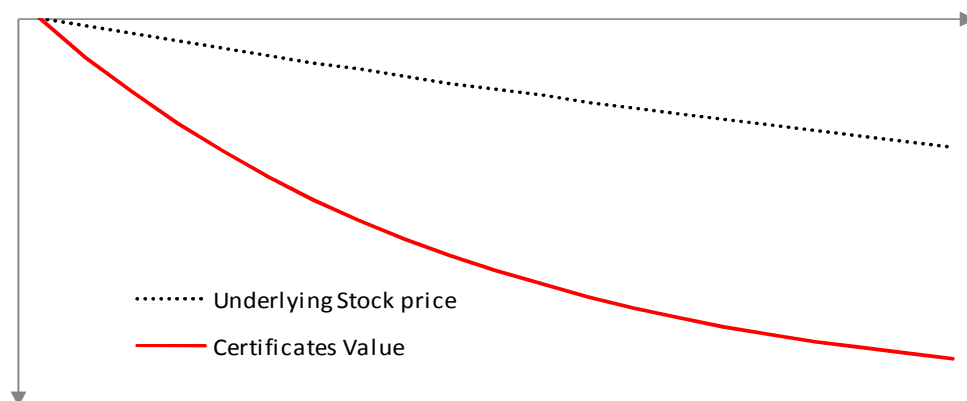
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

### 1. Illustrative examples

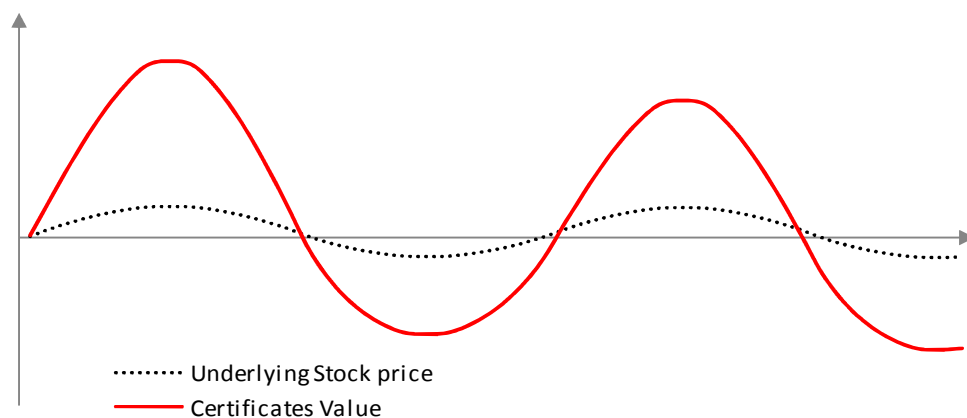
#### Scenario 1 – Upward Trend



#### 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	0.40	0.44	0.48	0.53	0.59	0.64
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	0.40	0.36	0.32	0.29	0.26	0.24
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	0.40	0.44	0.40	0.44	0.39	0.43
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

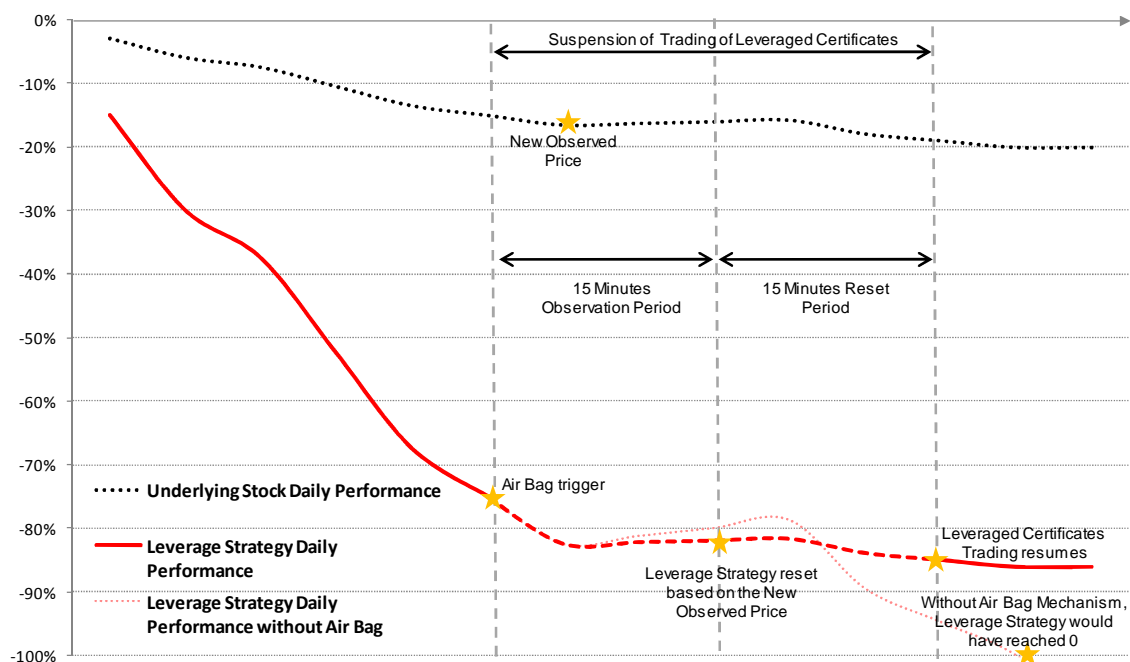
Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
45 minutes before Market Close		Next trading day at Market Open
30 to 45 minutes before Market Close		
30 minutes before Market Close		
15 to 30 minutes before Market Close		
15 minutes before Market Close	From Air Bag Trigger to Market Close	
Less than 15 minutes before Market Close		

With **Market Close** defined as:

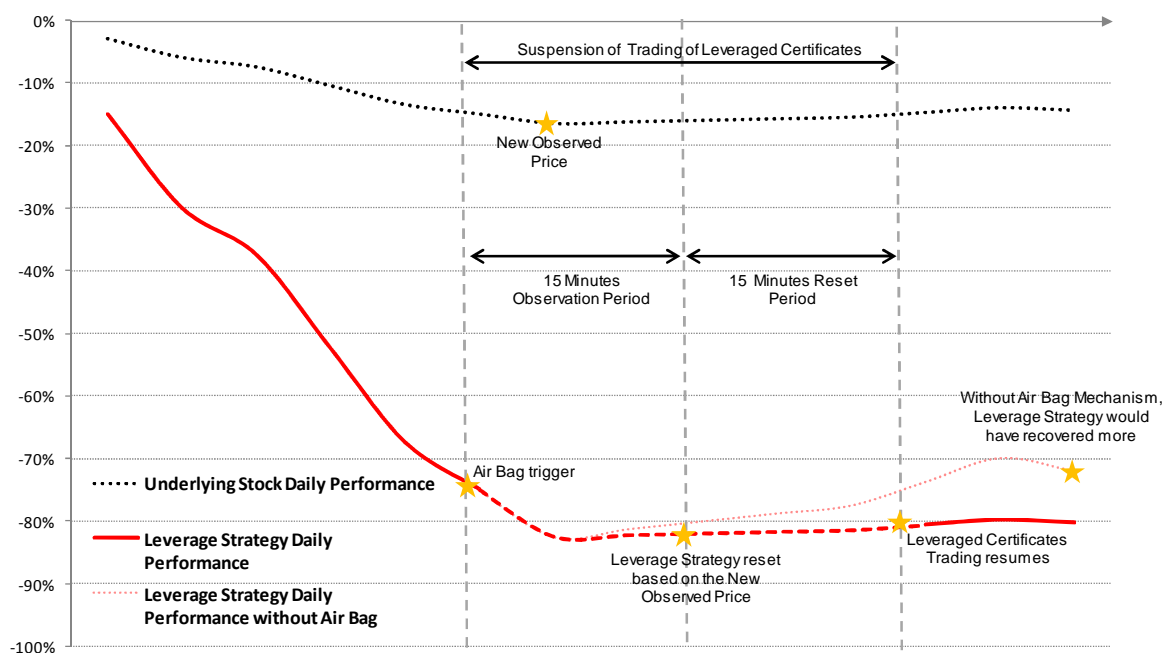
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

## Illustrative examples of the Air Bag Mechanism

### Scenario 1 – Downward Trend after Air Bag trigger



### Scenario 2 – Upward Trend after Air Bag trigger

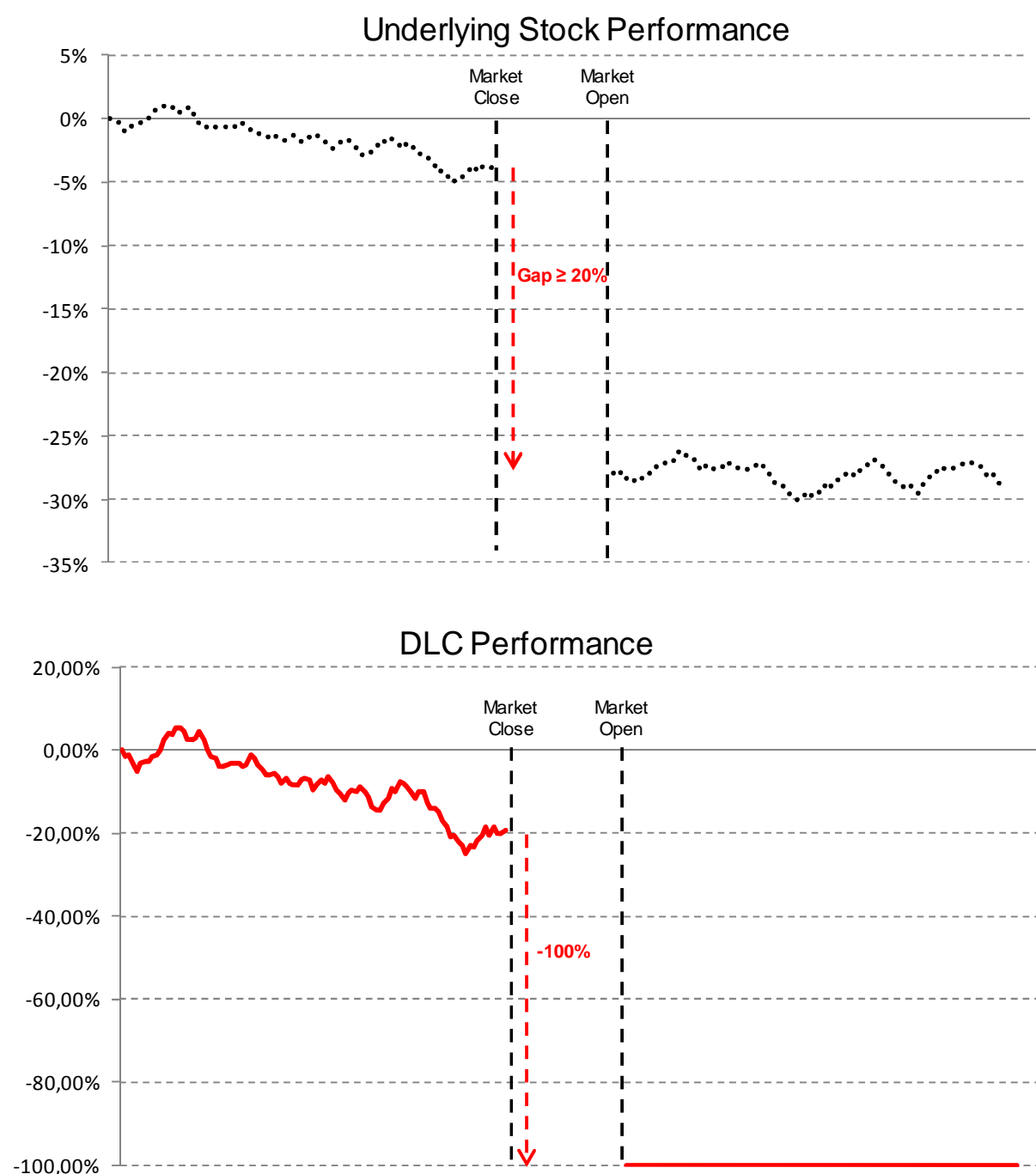


## Scenarios where the investor may lose the entire value of the investment

*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.*

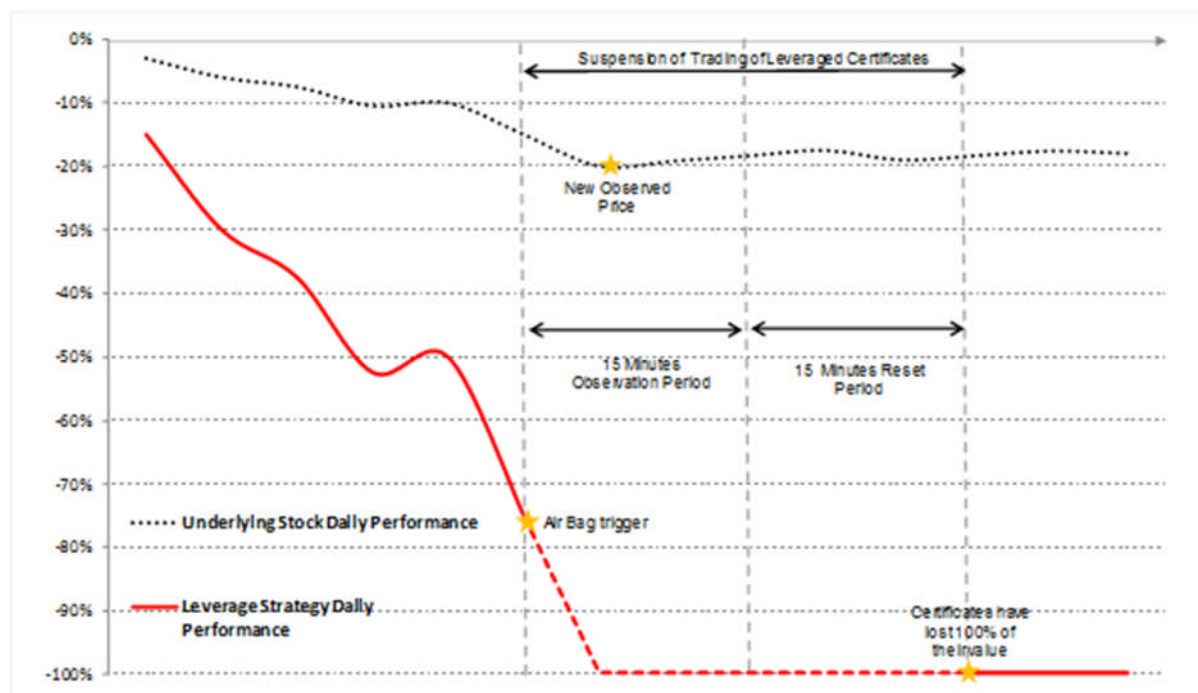
### Scenario 1 – Overnight fall of the Underlying Stock

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 compared to the previous closing price of the Underlying Stock or the previous observed price in case of an air bag previously on the same day within the 15 minute Observation Period. 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 :

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

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:

$DivExc_t$  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):

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

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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:

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

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	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)
0.40	0.44	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. Share Consolidation

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

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

$$S_t = \$202$$

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

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

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:

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

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	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)
0.40	0.42	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. Rights Issues

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.

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

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

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

As a consequence:

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

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	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)
0.40	0.5	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:

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

$$S_t = \$85$$

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

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

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

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

As a consequence:

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

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	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)
0.40	0.44	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.

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

$$S_t = \$84$$

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

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

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

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)
0.40	0.5	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>. The Issuer has not independently verified any of such information.*

Geely Automobile Holdings Limited (the “**Company**”) (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 Company has a total annual production capacity of 1,500,000 units of vehicle per double shift as at 31 December 2017. The Company sells its 14 major vehicle models (including the “Lynk&Co” vehicle model), which are mostly powered by its own high-performance turbocharged engines and developed from 5 product platforms of its own in “GEELY” brand, which are retailed through more than 880 dealers in the PRC. The Company also exports its products through 20 sales agents and 231 sales and service outlets in 20 oversea countries, mainly to developing countries in the Middle East, Europe and Africa. In November 2015, the Company announced its new energy vehicle strategy named ‘Blue Geely Initiative’ displaying its dedication to transformation into industry leader in new energy vehicle technologies amid the launch of its first new energy vehicle model on the back of the growth momentum of sales of new energy vehicles in China being expected to continue in the years ahead.

With a total workforce of 41,600 staff at the end of 2017 dedicated to fostering the Company’s core strength in powertrain technologies, product quality, customer satisfaction and supply chains, the Company generated the revenue of about RMB92.76 billion in 2017. Total market capitalization was about HKD204.36 billion as at 16 Apr 2018.

The information set out in Appendix I of this document relates to the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2018 and has been extracted and reproduced from an announcement by the Company dated 29 August 2018 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 : 10 ticks or S\$0.20 whichever is greater
- (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), the DMM will not provide the bid price. In such an instance, the DMM will provide the offer price only;
- (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 INFORMATION RELATING TO THE GUARANTOR**

The information set out in Appendix II of this document is a reproduction of the press release dated 7 February 2019 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2018.

## SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 86 of the Base Listing Document, and the Addendum.

1. Save as disclosed in this document and the Base Listing Document (as amended and supplemented by the Addendum), 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 third 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, the Addendum and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 30 June 2018 or the Guarantor since 31 December 2018, 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) the Addendum;
  - (g) this document; and
  - (h) 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 be 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 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 Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance.

### 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 the 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 2002/92/EC (as amended, the Insurance Mediation 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 Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the Prospectus Directive); 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 the Certificates.

## United Kingdom

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates will be required to 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 Financial Services and Markets Act, as amended (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**”). Accordingly, Certificates, or interests thereon, 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 or maintain a position in the Certificates. 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. 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, (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person and (iii) it will not make offers, sales, re-sales, trades, pledges, redemptions, transfers or deliveries of any Certificates (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

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

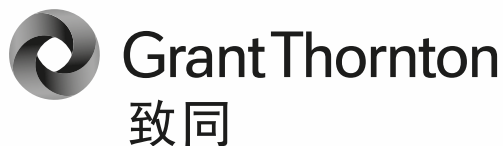
As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, ten per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the Securities Act or the regulations adopted under the Commodity Exchange Act.

## **APPENDIX I**

### **REPRODUCTION OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 OF GEELY AUTOMOBILE HOLDINGS LIMITED AND ITS SUBSIDIARIES**

The information set out below is a reproduction of the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2018 and has been extracted and reproduced from an announcement by the Company dated 29 August 2018 in relation to the same.

# INDEPENDENT REVIEW REPORT



**To the Board of Directors of Geely Automobile Holdings Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the interim financial report of Geely Automobile Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 4 to 38 which comprises the condensed consolidated statement of financial position as at 30 June 2018 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2018 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

Level 12

28 Hennessy Road

Wanchai

Hong Kong

22 August 2018

### **Chiu Wing Ning**

Practising Certificate No.: P04920



# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2018

		Six months ended 30 June	
	Note	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited) (Note)
<b>Revenue</b>	3	<b>53,708,605</b>	39,423,646
Cost of sales		<b>(42,871,336)</b>	(31,869,514)
<b>Gross profit</b>		<b>10,837,269</b>	7,554,132
Other income	4	<b>768,588</b>	661,410
Distribution and selling expenses		<b>(2,269,447)</b>	(1,737,487)
Administrative expenses, excluding share-based payments		<b>(1,608,650)</b>	(1,180,592)
Share-based payments	21	<b>(8,046)</b>	(14,023)
Finance income/(cost), net	5(a)	<b>17,393</b>	(9,266)
Share of results of associates		<b>(5,295)</b>	13,986
Share of results of joint ventures	12	<b>243,532</b>	21,598
<b>Profit before taxation</b>	5	<b>7,975,344</b>	5,309,758
Taxation	6	<b>(1,239,446)</b>	(923,370)
<b>Profit for the period</b>		<b>6,735,898</b>	4,386,388
<b>Attributable to:</b>			
Equity holders of the Company		<b>6,670,023</b>	4,343,563
Non-controlling interests		<b>65,875</b>	42,825
<b>Profit for the period</b>		<b>6,735,898</b>	4,386,388
<b>Earnings per share</b>			
Basic	8	<b>RMB74.33 cents</b>	RMB48.77 cents
Diluted	8	<b>RMB72.65 cents</b>	RMB47.68 cents

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 10 to 38 are integral parts of this interim financial report. Details of dividends payable to equity holders of the Company are set out in note 7.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
		(Note)
<b>Profit for the period</b>	<b>6,735,898</b>	4,386,388
<b>Other comprehensive income (after tax of RMBNil) for the period:</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	<b>46,304</b>	7,118
<b>Total comprehensive income for the period</b>	<b>6,782,202</b>	4,393,506
<b>Attributable to:</b>		
Equity holders of the Company	<b>6,715,853</b>	4,350,626
Non-controlling interests	<b>66,349</b>	42,880
<b>Total comprehensive income for the period</b>	<b>6,782,202</b>	4,393,506

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 10 to 38 are integral parts of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited) (Note)
<b>Non-current assets</b>			
Property, plant and equipment	9	16,557,951	14,052,943
Intangible assets	10	12,079,748	10,551,773
Land lease prepayments		2,145,612	2,123,909
Goodwill		16,079	16,079
Interests in associates	11	415,142	369,360
Interests in joint ventures	12	5,559,062	4,435,530
Available-for-sale financial assets		–	21,650
Financial assets at fair value through profit or loss		10,800	–
Deferred tax assets		603,654	401,325
		<b>37,388,048</b>	<b>31,972,569</b>
<b>Current assets</b>			
Land lease prepayments		46,796	47,810
Inventories	13	6,505,599	6,027,312
Trade and other receivables	14	29,160,089	33,478,308
Income tax recoverable		709	4,072
Pledged bank deposits		2,033	36,043
Bank balances and cash		16,171,425	13,414,638
		<b>51,886,651</b>	<b>53,008,183</b>
<b>Current liabilities</b>			
Trade and other payables	16	45,196,713	47,532,529
Bank borrowings	17	1,323,686	1,296,460
Income tax payable		1,040,353	1,072,958
		<b>47,560,752</b>	<b>49,901,947</b>
<b>Net current assets</b>		<b>4,325,899</b>	<b>3,106,236</b>
<b>Total assets less current liabilities</b>		<b>41,713,947</b>	<b>35,078,805</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited) (Note)
<b>CAPITAL AND RESERVES</b>			
Share capital	18	164,402	164,286
Reserves		38,853,910	34,302,761
<b>Equity attributable to equity holders of the Company</b>		<b>39,018,312</b>	<b>34,467,047</b>
<b>Non-controlling interests</b>		<b>409,939</b>	<b>343,787</b>
<b>Total equity</b>		<b>39,428,251</b>	<b>34,810,834</b>
<b>Non-current liabilities</b>			
Bonds payables	15	1,969,522	–
Deferred tax liabilities		316,174	267,971
		<b>2,285,696</b>	<b>267,971</b>
		<b>41,713,947</b>	<b>35,078,805</b>

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 10 to 38 are integral parts of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to equity holders of the Company									
	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Statutory reserve RMB'000 (Unaudited)	Translation reserve RMB'000 (Unaudited)	Share option reserve RMB'000 (Unaudited)	Accumulated profits RMB'000 (Unaudited)	Sub-total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Balance at 1 January 2017	162,708	6,212,325	164,790	170,420	(138,153)	478,714	17,386,423	24,437,227	249,022	24,686,249
Profit for the period	-	-	-	-	-	-	4,343,563	4,343,563	42,825	4,386,388
Other comprehensive income:										
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	7,063	-	-	7,063	55	7,118
Total comprehensive income for the period	-	-	-	-	7,063	-	4,343,563	4,350,626	42,880	4,393,506
Transactions with owners:										
Share issued under share option scheme	931	262,933	-	-	-	(76,208)	-	187,656	-	187,656
Equity settled share-based payments	-	-	-	-	-	14,023	-	14,023	-	14,023
Transfer upon forfeiture of share options	-	-	-	-	-	(273)	273	-	-	-
Final dividend declared and approved in respect of the previous year (note 7)	-	-	-	-	-	-	(964,665)	(964,665)	-	(964,665)
Total transactions with owners	931	262,933	-	-	-	(62,458)	(964,392)	(762,986)	-	(762,986)
Balance at 30 June 2017	163,639	6,475,258	164,790	170,420	(131,090)	416,256	20,765,594	28,024,867	291,902	28,316,769
<b>Balance at 31 December 2017</b>	<b>164,286</b>	<b>6,641,202</b>	<b>164,790</b>	<b>179,587</b>	<b>(123,575)</b>	<b>381,898</b>	<b>27,058,859</b>	<b>34,467,047</b>	<b>343,787</b>	<b>34,810,834</b>
Impact on initial application of HKFRS 9 (note 2)	-	-	-	-	-	-	(34,313)	(34,313)	(197)	(34,510)
<b>Adjusted balance at 1 January 2018</b>	<b>164,286</b>	<b>6,641,202</b>	<b>164,790</b>	<b>179,587</b>	<b>(123,575)</b>	<b>381,898</b>	<b>27,024,546</b>	<b>34,432,734</b>	<b>343,590</b>	<b>34,776,324</b>
Profit for the period	-	-	-	-	-	-	6,670,023	6,670,023	65,875	6,735,898
Other comprehensive income:										
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	45,830	-	-	45,830	474	46,304
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,830</b>	<b>-</b>	<b>6,670,023</b>	<b>6,715,853</b>	<b>66,349</b>	<b>6,782,202</b>
Transactions with owners:										
Share issued under share option scheme	116	32,284	-	-	-	(9,893)	-	22,507	-	22,507
Equity settled share-based payments	-	-	-	-	-	8,046	-	8,046	-	8,046
Transfer upon forfeiture of share options	-	-	-	-	-	(1,920)	1,920	-	-	-
Final dividend declared and approved in respect of the previous year (note 7)	-	-	-	-	-	-	(2,160,828)	(2,160,828)	-	(2,160,828)
Total transactions with owners	116	32,284	-	-	-	(3,767)	(2,158,908)	(2,130,275)	-	(2,130,275)
Balance at 30 June 2018	164,402	6,673,486	164,790	179,587	(77,745)	378,131	31,535,661	39,018,312	409,939	39,428,251

The notes on pages 10 to 38 are integral parts of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited) (Note)
<b>Cash flows from operating activities</b>			
Profit before taxation		7,975,344	5,309,758
Adjustments for non-cash items		1,057,219	864,494
Operating profit before working capital changes		9,032,563	6,174,252
Net changes in working capital		(1,936,818)	2,891,954
Cash generated from operations		7,095,745	9,066,206
Income taxes paid		(1,419,331)	(922,224)
<i>Net cash generated from operating activities</i>		<b>5,676,414</b>	8,143,982
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,830,298)	(876,223)
Additions of intangible assets	10	(2,140,824)	(1,511,501)
Additions of land lease prepayments		(44,089)	(6,666)
Proceeds from disposal of property, plant and equipment		1,048	18,533
Proceeds from disposal of intangible assets	10	18,459	6,115
Change in pledged bank deposits		34,010	25,898
Net cash inflow on disposal of an associate		–	13,860
Additional capital injection in a joint venture	12	(880,000)	–
Additional capital injection in an associate		(51,077)	(27,592)
Interest received		68,447	47,546
<i>Net cash used in investing activities</i>		<b>(4,824,324)</b>	(2,310,030)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares upon exercise of share options		22,507	187,656
Proceeds from issuance of bonds, net of transaction costs	15	1,927,161	–
Repayment of bank borrowings		–	(174,375)
Interest paid		(49,413)	(54,830)
<i>Net cash generated from/(used in) financing activities</i>		<b>1,900,255</b>	(41,549)
<b>Net increase in cash and cash equivalents</b>		<b>2,752,345</b>	5,792,403
Cash and cash equivalents at the beginning of the period		13,414,638	15,045,493
Effect of foreign exchange rate changes		4,442	(63,460)
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>		<b>16,171,425</b>	20,774,436

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 10 to 38 are integral parts of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2018

## 1. BASIS OF PREPARATION

The interim financial report (the “Interim Financial Report”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 22 August 2018.

The Interim Financial Report is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2017 except for the adoption of the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) as disclosed in note 2.

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company and its subsidiaries’ (together referred to as the “Group”) annual financial statements for the year ended 31 December 2017.

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

### 2.1 New and amended HKFRSs adopted as at 1 January 2018

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, HKFRS 9 “Financial Instruments” (“HKFRS 9”) and HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) are relevant to the Group’s financial statements.

The Group has early adopted the amendments to HKFRS 9 “Prepayment Features with Negative Compensation” at the same time as the adoption of HKFRS 9 as at 1 January 2018.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. Details of the changes in accounting policies are discussed in note 2.1(a) for HKFRS 9 and note 2.1(b) for HKFRS 15.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 *(Continued)*

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9:

	As at 31 December 2017	Impact on initial application of HKFRS 9 (note 2.1(a))	As at 1 January 2018
	RMB'000	RMB'000	RMB'000
Trade and other receivables	33,478,308	(37,993)	33,440,315
<b>Total current assets</b>	<b>53,008,183</b>	<b>(37,993)</b>	<b>52,970,190</b>
Deferred tax assets	401,325	3,483	404,808
<b>Total non-current assets</b>	<b>31,972,569</b>	<b>3,483</b>	<b>31,976,052</b>
<b>Net assets</b>	<b>34,810,834</b>	<b>(34,510)</b>	<b>34,776,324</b>
Reserves	34,302,761	(34,313)	34,268,448
<b>Equity attributable to equity holders of the Company</b>	<b>34,467,047</b>	<b>(34,313)</b>	<b>34,432,734</b>
Non-controlling interests	343,787	(197)	343,590
<b>Total equity</b>	<b>34,810,834</b>	<b>(34,510)</b>	<b>34,776,324</b>

Further details of these changes are set out in sub-sections (a) and (b) of this note.

#### (a) HKFRS 9, including the amendments to HKFRS 9 "Prepayment Features with Negative Compensation"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39"). It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 (Continued)

(a) *HKFRS 9, including the amendments to HKFRS 9 “Prepayment Features with Negative Compensation” (Continued)*

The following table summarises the impact of transition to HKFRS 9 on accumulated profits, non-controlling interests and the related tax impact as at 1 January 2018.

RMB'000

**Accumulated profits**

Recognition of additional expected credit losses on financial assets measured at amortised cost	(37,993)
Related taxation	3,483

Net decrease in accumulated profits as at 1 January 2018	(34,510)
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**Non-controlling interests**

Recognition of additional expected credit losses on financial assets measured at amortised cost and decrease in non-controlling interests as at 1 January 2018	(197)
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Further details of the nature and effect of the changes of the previous accounting policies and the transition approach are set out below:

(i) *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”). These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 (Continued)

(a) *HKFRS 9, including the amendments to HKFRS 9 “Prepayment Features with Negative Compensation” (Continued)*

(i) *Classification of financial assets and financial liabilities (Continued)*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group’s financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount as at 31 December 2017 RMB’000	Reclassification RMB’000	Remeasurement RMB’000	HKFRS 9 carrying amount as at 1 January 2018 RMB’000
<b>Financial assets carried at amortised cost</b>				
Trade and other receivables	33,478,308	–	(37,993)	<b>33,440,315</b>
<b>Financial assets measured at FVPL</b>				
Unlisted equity securities (note)	–	21,650	–	<b>21,650</b>
<b>Financial assets classified as available-for-sale financial assets under HKAS 39 (note)</b>	21,650	(21,650)	–	<b>–</b>

Note: Under HKAS 39, unlisted equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as FVPL under HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities as at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 (Continued)

(a) *HKFRS 9, including the amendments to HKFRS 9 “Prepayment Features with Negative Compensation” (Continued)*

(ii) *Credit losses*

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including bank balances and cash, pledged bank deposits and trade and other receivables).

Financial assets measured at fair value, including unlisted equity securities measured at FVPL, are not subject to the ECL assessment.

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 are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

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. ECLs on these financial assets are estimated using a provision matrix 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 (Continued)

(a) *HKFRS 9, including the amendments to HKFRS 9 “Prepayment Features with Negative Compensation” (Continued)*

(ii) *Credit losses (Continued)*  
*Measurement of ECLs (Continued)*

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 actions 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.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

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 gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 (Continued)

(a) *HKFRS 9, including the amendments to HKFRS 9 “Prepayment Features with Negative Compensation” (Continued)*

(ii) *Credit losses (Continued)*

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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 (Continued)

#### (a) HKFRS 9, including the amendments to HKFRS 9 "Prepayment Features with Negative Compensation" (Continued)

##### (ii) Credit losses (Continued)

##### Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to RMB37,993,000, which decreased accumulated profits by RMB34,313,000 and non-controlling interests by RMB197,000 and increased gross deferred tax assets by RMB3,483,000 as at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	RMB'000
Loss allowance at 31 December 2017 under HKAS 39	–
Additional credit loss recognised as at 1 January 2018 on trade receivables	37,993
<b>Loss allowance as at 1 January 2018 under HKFRS 9</b>	<b>37,993</b>

##### (iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated profits as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The following assessment has been made on the basis of the facts and circumstances that existed as at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):
  - the determination of the business model within which a financial asset is held.
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

#### (b) HKFRS 15

##### Sales of automobiles and automobile parts and components

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 "Revenue", which covered revenue arising from sale of goods and rendering of services, and HKAS 11 "Construction contracts", which specified the accounting for construction contracts.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.1 New and amended HKFRSs adopted as at 1 January 2018 (Continued)

#### (b) HKFRS 15 (Continued)

##### *Sales of automobiles and automobile parts and components (Continued)*

Revenue are generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers when the customers obtain control of the promised goods in the contract.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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 condensed consolidated statement of financial position.

The directors of the Company consider that the adoption of HKFRS 15 has no material impact on the Group’s financial position and results of operations.

### 2.2 Issued but not yet effective HKFRSs

In the current period, the HKICPA has issued a number of new and amended HKFRSs but not yet effective. Except for the amendments to HKFRS 9 “Prepayment Features with Negative Compensation”, which have been adopted at the same time as HKFRS 9, the Group has not early adopted any new or amended standards in preparing this Interim Financial Report.

The Group has the following updates to the information provided in the last annual financial statements in respect of HKFRS 16 “Leases”, which may have a significant impact on the Group’s consolidated financial statements.

#### *HKFRS 16 “Leases” (“HKFRS 16”)*

As discussed in the last annual financial statements, currently the Group classifies leases into operating leases. The Group enters into some leases as the lessor and others as the lessee. HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.2 Issued but not yet effective HKFRSs (Continued)

#### HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for office and factory premises which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated income statement over the period of the lease. However, based on an initial assessment, the Group expects that the adoption of HKFRS 16 will not materially affect the Group’s consolidated financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

Revenue from sales of automobiles and automobile parts and components, net of discounts and value-added taxes (“VAT”) or related sales taxes, was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers when the customers obtain control of the promised goods in the contract. Sales were mainly made to customers located in the People’s Republic of China (the “PRC”).

The only operating segment of the Group is the production and sale of automobiles, automobile parts and related automobile components. The directors consider that the Group operates in a single business segment. No separate analysis of the reportable segment results by operating segment is necessary.

## 4. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Government grants and subsidies (note)	<b>691,971</b>	500,643
Gain on disposal of scrap materials	<b>11,328</b>	16,196
Gain on disposal of an associate	–	1,192
Net foreign exchange gain	–	89,181
Rental income	<b>14,280</b>	12,821
Sundry income	<b>51,009</b>	41,377
	<b>768,588</b>	661,410

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



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Note)
<b>(a) Finance income and costs</b>		
<b>Finance costs</b>		
Effective interest expense on senior notes	–	2,917
Coupon expense on senior notes	–	53,368
Effective interest expense on bonds payables (note 15)	1,691	–
Coupon expense on bonds payables	30,683	–
Interest on bank borrowings wholly repayable within five years	18,680	527
	<b>51,054</b>	56,812
<b>Finance income</b>		
Bank and other interest income	(68,447)	(47,546)
<b>Net finance (income)/costs</b>	<b>(17,393)</b>	9,266
<b>(b) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	2,466,241	1,788,690
Retirement benefit scheme contributions	158,743	117,789
Equity settled share-based payments	8,046	14,023
	<b>2,633,030</b>	1,920,502
<b>(c) Other items</b>		
Cost of inventories	42,871,336	31,869,514
Depreciation	582,051	439,584
Impairment loss on trade and other receivables	–	–
Net foreign exchange loss/(gain)	115,793	(89,181)
Amortisation of land lease prepayments	23,400	23,985
Amortisation of intangible assets	594,390	411,775
Research and development costs	223,479	123,051
Net loss on disposal of property, plant and equipment	21,546	10,808

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 6. TAXATION

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC enterprise income tax	1,392,143	870,622
– Overseas tax	–	897
– Over-provision in prior years	(2,054)	(2,481)
	<b>1,390,089</b>	869,038
Deferred tax	<b>(150,643)</b>	54,332
	<b>1,239,446</b>	923,370

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 six months ended 30 June 2018 and 2017.

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 period based on the existing legislation, interpretations and practises in respect thereof. The PRC enterprise income tax rate is 25% (six months ended 30 June 2017: 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 six months ended 30 June 2018 (six months ended 30 June 2017: 15%).

The share of results of associates and joint ventures in the condensed 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.

## 7. DIVIDENDS

During the current period, a final dividend for the year ended 31 December 2017 of HK\$0.29 per ordinary share (six months ended 30 June 2017: HK\$0.12 per ordinary share), amounting to approximately RMB2,160,828,000 (six months ended 30 June 2017: RMB964,665,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2017 final dividend was paid in July 2018 and is reflected as dividends payable in the Interim Financial Report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic earnings per share for the period is based on the profit attributable to equity holders of the Company of RMB6,670,023,000 (six months ended 30 June 2017: RMB4,343,563,000) and the weighted average number of ordinary shares of 8,974,042,761 shares (2017: 8,905,566,319 shares), calculated as follows:

*Weighted average number of ordinary shares*

	Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Issued ordinary shares at 1 January	8,970,514,540	8,882,861,540
Effect of shares options exercised	3,528,221	22,704,779
Weighted average number of ordinary shares at 30 June	<b>8,974,042,761</b>	8,905,566,319

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the period is based on the profit attributable to equity holders of the Company of RMB6,670,023,000 (six months ended 30 June 2017: RMB4,343,563,000) and the weighted average number of ordinary shares of 9,181,127,007 shares (2017: 9,110,706,420 shares), calculated as follows:

*Weighted average number of ordinary shares (diluted)*

	Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Weighted average number of ordinary shares (basic) at 30 June	8,974,042,761	8,905,566,319
Effect of deemed issue of shares under the Company's share options scheme	207,084,246	205,140,101
Weighted average number of ordinary shares (diluted) at 30 June	<b>9,181,127,007</b>	9,110,706,420

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB3,109,697,000 (six months ended 30 June 2017: RMB1,507,582,000). Property, plant and equipment with net book value of approximately RMB22,594,000 (six months ended 30 June 2017: RMB29,341,000) were disposed of during the period, resulting in a net loss on disposal of approximately RMB21,546,000 (six months ended 30 June 2017: RMB10,808,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 10. INTANGIBLE ASSETS

During the period, additions to intangible assets by acquisition and capitalisation in respect of development costs amounted to approximately RMB2,140,824,000 (six months ended 30 June 2017: RMB1,511,501,000).

Intangible assets with net book value of approximately RMB18,459,000 (six months ended 30 June 2017: RMB6,115,000) were disposed of during the period, no gain or loss on disposal was resulted.

## 11. INTERESTS IN ASSOCIATES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Share of net assets	418,491	372,709
Goodwill	663	663
Impairment loss recognised	(4,012)	(4,012)
	<b>415,142</b>	369,360

During the six months ended 30 June 2018, Closed Joint Stock Company BELGEE ("BELGEE") effected an increase in registered capital whereby the Group and other investors injected additional capital to BELGEE amounting to Belarusian ruble ("BYN") 15,350,000 (equivalent to approximately RMB51,077,000) and BYN18,018,000 (equivalent to approximately RMB60,405,000), respectively. Upon the completion of the capital increase, the registered capital of BELGEE was changed from BYN97,565,000 (equivalent to approximately RMB394,249,000) to BYN130,933,000 (equivalent to approximately RMB505,731,000). As a result of such an increase in registered capital, the Group's equity interests in BELGEE were increased from 31.7% to 35.4% and the Group is still able to exert significant influence over the financial and operating activities of BELGEE. Accordingly, the Group continues to account for such investment as an associate.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 12. INTERESTS IN JOINT VENTURES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Share of net assets	5,559,062	4,435,530
Represented by:		
Cost of unlisted investments	5,350,000	4,470,000
Unrealised gain on disposal of a subsidiary to a joint venture	(14,943)	(14,943)
Share of post-acquisition results and other comprehensive income/(expense)	224,005	(19,527)
	5,559,062	4,435,530

Details of the Group's principal joint ventures at 30 June 2018 are as follows:

Name of joint venture	Place of establishments and operations	Form of business structure	Particulars of registered capital	Proportion of ownership interest held by the Group		Principal activities
				30 June 2018	31 December 2017	
Genius Auto Finance Company Limited* ("Genius AFC") 吉致汽車金融有限公司	PRC	Incorporated	RMB2,000,000,000 (31 December 2017: RMB900,000,000)	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

# 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.

During the six months ended 30 June 2018, the registered capital of Genius AFC had been increased by RMB1,100,000,000 from RMB900,000,000 as at 31 December 2017 to RMB2,000,000,000 as at 30 June 2018 whereby the Company and the joint venture partner injected additional capital in proportional to their existing shareholding to Genius AFC amounted to RMB880,000,000 and RMB220,000,000, respectively.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 12. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of Genius AFC and LYNK & CO Investment, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the condensed consolidated statement of financial position, are disclosed below:

	LYNK & CO Investment		Genius AFC	
	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets	6,879,377	6,666,672	400,334	347,162
Current assets	6,078,647	5,339,868	15,306,699	10,053,066
Current liabilities	(4,950,198)	(4,576,894)	(13,596,720)	(9,480,666)
Non-current liabilities	(236,317)	–	–	–
Net assets	7,771,509	7,429,646	2,110,313	919,562

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	622,623	743,202	1,157,707	514,635
Current financial liabilities (excluding trade and other payables and provisions)	–	–	(12,243,846)	(8,293,777)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–

	LYNK & CO Investment Six months ended 30 June 2018 RMB'000 (Unaudited)	Genius AFC Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	7,358,921	571,607	158,090
Profit for the period	341,863	90,751	26,998
Other comprehensive income for the period	–	–	–
Total comprehensive income for the period	341,863	90,751	26,998
Dividend received from the joint ventures	–	–	–

The above profits for the period including the following:

Depreciation and amortisation	(274,160)	(3,864)	(2,898)
Interest income	3,452	563,353	154,764
Interest expense	(15)	(240,237)	(31,885)
Income tax expense	(109,692)	(30,250)	(8,992)

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 12. 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 condensed consolidated statement of financial position:

	<b>LYNK &amp; CO Investment</b>		<b>Genius AFC</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)
Net assets of the joint ventures	<b>7,771,509</b>	7,429,646	<b>2,110,313</b>	919,562
The Group's effective interests in the joint ventures	<b>50%</b>	50%	<b>80%</b>	80%
The Group's share of the net assets of the joint venture	<b>3,885,755</b>	3,714,823	<b>1,688,250</b>	735,650
Unrealised gain on disposal of a subsidiary to a joint venture	<b>(14,943)</b>	(14,943)	<b>–</b>	–
Carrying amount of the Group's interests in joint ventures	<b>3,870,812</b>	3,699,880	<b>1,688,250</b>	735,650

## 13. INVENTORIES

	<b>As at</b>	<b>As at</b>
	<b>30 June 2018</b>	31 December 2017
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Raw materials	<b>1,297,177</b>	1,317,330
Work in progress	<b>468,179</b>	382,784
Finished goods	<b>4,740,243</b>	4,327,198
	<b>6,505,599</b>	6,027,312



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 14. TRADE AND OTHER RECEIVABLES

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
<b>Trade and notes receivables</b>			
Trade receivables, net of loss allowance			
– Third parties		346,176	377,966
– Associates		371,143	271,002
– A joint venture		38,587	–
– Related companies controlled by the substantial shareholder of the Company		518,484	51,733
	(a)	1,274,390	700,701
Notes receivables	(b)	23,509,655	28,790,926
		24,784,045	29,491,627
<b>Deposits, prepayment and other receivables</b>			
Prepayment to suppliers			
– Third parties		523,776	129,080
– Related companies controlled by the substantial shareholder of the Company		5,375	847,093
		529,151	976,173
Deposits paid for acquisition of property, plant and equipment		357,586	600,692
VAT and other taxes receivables		3,097,638	1,877,788
Utility deposits and other receivables		374,551	208,595
		4,358,926	3,663,248
Amounts due from related companies controlled by the substantial shareholder of the Company	(c)	17,118	323,433
		4,376,044	3,986,681
		29,160,089	33,478,308



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 14. 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. The following is an ageing analysis of the trade receivables of the PRC customers, based on invoice date and net of loss allowance, at the reporting date:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0 – 60 days	372,197	167,875
61 – 90 days	71,980	7,689
Over 90 days	247,293	67,476
	<b>691,470</b>	243,040

For overseas customers, the Group allows credit periods ranged from 30 days to 720 days. The following is an ageing analysis of the trade receivables of the overseas customers, based on invoice date and net of loss allowance, at the reporting date:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0 – 60 days	241,370	102,041
61 – 90 days	137,905	84,174
91 – 365 days	154,949	155,309
Over 365 days	48,696	116,137
	<b>582,920</b>	457,661

### (b) Notes receivables

All notes receivables are denominated in RMB. As at 30 June 2018 and 31 December 2017, all notes receivables were guaranteed by established banks in the PRC and have maturities of less than six months from the reporting date.

### (c) Amounts due from related companies

The amounts due are unsecured, interest-free and repayable on demand.

Except for trade and other receivables of RMBNil (31 December 2017: RMB140,027,000) which is expected to be recovered after one year from the reporting date, all other trade and other receivables are expected to be recovered or recognised as an expense within one year.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 15. BONDS PAYABLES

On 18 January 2018, the Company announced the bonds issuance with an aggregate principal amount of United States dollars ("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, and the maturity date was 25 January 2023.

The Bonds were 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 carried at amortised cost.

The movements of the Bonds for the period are set out below:

	<b>As at 30 June 2018 RMB'000 (Unaudited)</b>
<b>Carrying amount</b>	
Initial fair value on the date of issuance	<b>1,927,161</b>
Exchange differences	<b>40,670</b>
Interest expenses	<b>1,691</b>
	<hr/>
At the end of the period	<b>1,969,522</b>
	<hr/>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 16. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
<b>Trade and notes payables</b>			
Trade payables			
– Third parties		28,666,182	26,848,633
– Associates		68,730	1,252,227
– Related companies controlled by the substantial shareholder of the Company		976,326	2,492,942
	(a)	29,711,238	30,593,802
Notes payable	(b)	234,890	1,045,043
		29,946,128	31,638,845
<b>Other payables</b>			
Receipts in advance from customers			
– Third parties		3,924,683	7,980,480
– Related companies controlled by the substantial shareholder of the Company		43,458	3,992
		3,968,141	7,984,472
Deferred government grants which conditions have not been satisfied		3,836,012	3,379,500
Payables for acquisition of property, plant and equipment		2,111,033	1,074,740
Accrued staff salaries and benefits		516,031	908,966
VAT and other taxes payables		121,420	104,388
Dividends payable		2,165,124	–
Other accrued charges		2,512,875	2,430,232
		15,230,636	15,882,298
Amounts due to related companies controlled by the substantial shareholder of the Company	(c)	19,949	9,412
Amount due to ultimate holding company	(c)	–	1,974
		15,250,585	15,893,684
		45,196,713	47,532,529

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 16. TRADE AND OTHER PAYABLES *(Continued)*

### (a) Trade payables

The following is an ageing analysis of trade payables, based on invoice date, at the reporting date:

	<b>As at 30 June 2018 RMB'000 (Unaudited)</b>	<b>As at 31 December 2017 RMB'000 (Audited)</b>
0 – 60 days	<b>25,193,825</b>	27,331,331
61 – 90 days	<b>2,646,672</b>	1,849,868
Over 90 days	<b>1,870,741</b>	1,412,603
	<b>29,711,238</b>	30,593,802

Trade payables do not carry interest. The average credit period on purchase of goods is 60 days.

### (b) Notes payables

All notes payables are denominated in RMB and are notes paid and/or payable to third parties for settlement of trade payables. As at 30 June 2018 and 31 December 2017, all notes payables have maturities of less than six months from the reporting date.

As at 30 June 2018, the Group pledged bank deposits of RMB2,033,000 (31 December 2017: RMB36,043,000) to secure the notes payables.

### (c) Amounts due to related companies/ultimate holding company

The amounts due are unsecured, interest-free and repayable on demand.

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 17. BANK BORROWINGS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Bank loans, unsecured	1,323,686	1,296,460

As at 30 June 2018 and 31 December 2017, the Group's bank borrowings were carried at amortised cost, repayable in October 2019 and interest-bearing at the London Interbank Offered Rates plus 1.05% 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.

## 18. SHARE CAPITAL

	Number of shares	Nominal value RMB'000
Authorised:		
Ordinary shares of HK\$0.02 each		
At 31 December 2017 and 30 June 2018 (unaudited)	12,000,000,000	246,720
Issued and fully paid:		
Ordinary shares of HK\$0.02 each		
At 1 January 2017	8,882,861,540	162,708
Shares issued under share option scheme	87,653,000	1,578
At 31 December 2017 and 1 January 2018	8,970,514,540	164,286
Shares issued under share option scheme	7,031,000	116
At 30 June 2018 (unaudited)	8,977,545,540	164,402

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 19. COMMITMENTS

### Capital commitments

At the reporting date, the Group had the following capital commitments:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contracted but not provided for		
– purchase of property, plant and equipment	2,412,583	4,483,013
– investment in a joint venture	293,436	–
	<b>2,706,019</b>	4,483,013

On 24 April 2018, 浙江吉利羅佑發動機有限公司 Zhejiang Geely Luoyou Engine Company Limited\* (“Zhejiang Engine”), an indirect 99% owned subsidiary of the Company, entered into a joint venture agreement (the “Joint Venture Agreement”) with AISIN AW Co., Ltd. (“AISIN AW”), a subsidiary of AISIN SEIKI Company Limited, pursuant to which the parties agreed to establish a joint venture company (the “JV Company”) to principally engage in the manufacturing and sale of front-wheel drive 6-speed automatic transmissions and related parts and components. Pursuant to the terms of the Joint Venture Agreement, the JV Company will be owned as to 40% by Zhejiang Engine and as to 60% by AISIN AW. The registered capital of the JV Company will be US\$117,000,000 (equivalent to approximately RMB733,590,000), and will be contributed as to 40% (US\$46,800,000 or equivalent to approximately RMB293,436,000) in cash by Zhejiang Engine and as to 60% (US\$70,200,000 or equivalent to approximately RMB440,154,000) in cash by AISIN AW. The board of directors of the JV Company will consist of five directors, of which two will be nominated by Zhejiang Engine and three will be nominated by AISIN AW. Unanimous resolution of all directors of the JV Company for certain key corporate matters is needed. Therefore, the JV Company is a joint venture company of the Group and its financial results will be accounted for in the consolidated financial statements of the Group using the equity method. As at 30 June 2018, the formation of the JV Company was not yet completed. Please refer to the Company’s announcement dated 25 April 2018 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.

### Operating lease commitments – as lessee

At the reporting date, the total future minimum lease payments in respect of office and factory premises under non-cancellable operating leases are payable as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Office and factory premises		
– Within one year	10,614	7,174
– In the second to fifth years inclusive	13,361	20,435
– After five years	–	110
	<b>23,975</b>	27,719

Leases are negotiated and rentals are fixed for an initial period of two to ten years (31 December 2017: two to ten years) with an option to renew the leases when all terms are renegotiated.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 19. COMMITMENTS (Continued)

### Operating lease commitments – as lessor

At the reporting date, the total future minimum lease receipts in respect of leasehold land and buildings and plant and machinery under non-cancellable operating leases are receivable as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Leasehold land and buildings		
– Within one year	8,803	7,021
– In the second to fifth years inclusive	22,437	23,849
– After five years	15,741	17,840
	<b>46,981</b>	48,710
Plant and machinery		
– Within one year	4,001	4,001
– In the second to fifth years inclusive	16,004	16,004
– After five years	15,004	17,004
	<b>35,009</b>	37,009
	<b>81,990</b>	85,719

Leases are negotiated and rental are fixed for an initial period of five to fourteen years (31 December 2017: five to fourteen years).

## 20. RETIREMENT BENEFITS SCHEME

The Group participates in Mandatory Provident Fund Scheme ("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 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 these countries.

For the six months ended 30 June 2018, the aggregate employer's contributions made by the Group and charged to the condensed consolidated income statement amounted to RMB158,743,000 (six months ended 30 June 2017: RMB117,789,000).



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 21. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Company has operated a share option scheme for eligible participants of the Group. Details of the terms of the scheme have been set out in the Group's annual financial statements for the year ended 31 December 2017.

### 2018 (Unaudited)

	Exercisable period	Exercise price per share HK\$	Outstanding at 1 January	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June
<b>Directors</b>	18 January 2010 to 17 January 2020	4.07	37,500,000	–	(200,000)	–	37,300,000
	23 March 2012 to 22 March 2022	4.07	8,500,000	–	–	–	8,500,000
	9 January 2016 to 8 January 2020	2.79	14,750,000	–	(620,000)	–	14,130,000
			60,750,000	–	(820,000)	–	59,930,000
<b>Employees</b>	18 January 2010 to 17 January 2020	4.07	159,477,000	–	(5,561,000)	(125,000)	153,791,000
	21 April 2010 to 20 April 2020	4.07	4,710,000	–	–	(500,000)	4,210,000
	23 March 2012 to 22 March 2022	4.07	6,450,000	–	(100,000)	(400,000)	5,950,000
	9 January 2016 to 8 January 2020	2.79	8,820,000	–	(550,000)	–	8,270,000
	2 June 2016 to 1 June 2020	4.08	800,000	–	–	–	800,000
			180,257,000	–	(6,211,000)	(1,025,000)	173,021,000
<b>Other eligible participants</b>	2 June 2016 to 1 June 2020	4.08	11,450,000	–	–	–	11,450,000
	31 March 2018 to 30 March 2022	12.22	5,500,000	–	–	–	5,500,000
			16,950,000	–	–	–	16,950,000
			<b>257,957,000</b>	<b>–</b>	<b>(7,031,000)</b>	<b>(1,025,000)</b>	<b>249,901,000</b>



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 21. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS (Continued)

2017 (Unaudited)

	Exercisable period	Exercise price per share HK\$	Outstanding at 1 January	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June
<b>Directors</b>	18 January 2010 to 17 January 2020	4.07	37,700,000	–	(200,000)	–	37,500,000
	23 March 2012 to 22 March 2022	4.07	8,500,000	–	–	–	8,500,000
	9 January 2016 to 8 January 2020	2.79	15,500,000	–	(750,000)	–	14,750,000
			61,700,000	–	(950,000)	–	60,750,000
<b>Employees</b>	18 January 2010 to 17 January 2020	4.07	224,505,000	–	(46,315,000)	(175,000)	178,015,000
	21 April 2010 to 20 April 2020	4.07	11,780,000	–	–	–	11,780,000
	23 March 2012 to 22 March 2022	4.07	7,250,000	–	(200,000)	–	7,050,000
	9 January 2016 to 8 January 2020	2.79	14,400,000	–	(830,000)	–	13,570,000
	2 June 2016 to 1 June 2020	4.08	1,000,000	–	–	–	1,000,000
			258,935,000	–	(47,345,000)	(175,000)	211,415,000
<b>Other eligible participants</b>	2 June 2016 to 1 June 2020	4.08	20,300,000	–	(3,425,000)	–	16,875,000
	31 March 2018 to 30 March 2022	12.22	–	5,500,000	–	–	5,500,000
			20,300,000	5,500,000	(3,425,000)	–	22,375,000
			340,935,000	5,500,000	(51,720,000)	(175,000)	294,540,000

During the six months ended 30 June 2018, the Group recognised a total expense of RMB8,046,000 (six months ended 30 June 2017: RMB14,023,000) in relation to share options granted by the Company and the share-based payment expenses were shown as a separate line item on the condensed consolidated income statement.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 22. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties:

		Six months ended 30 June	
Name of related parties	Nature of transactions	2018	2017
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Related companies</b> (notes (a) and (b))			
Zhejiang Geely Automobile Company Limited <sup>#</sup> 浙江吉利汽車有限公司	Sales of complete knock down kits and sedan tool kits	14,331,475	13,846,546
	Claims income on defective materials purchased	82,393	71,719
	Purchase of complete buildup units	14,978,160	14,107,084
	Sub-contracting fee paid	9,960	31,188
	Claims paid on defective materials sold	93,047	83,592
Shenzhen Geely Automobile Sales Company Limited <sup>#</sup> 深圳吉利汽車銷售有限公司	Sales of complete buildup units (electric vehicles)	33,752	—
Zhejiang Geely Business Services Company Limited <sup>#</sup> 浙江吉利商務服務有限公司	Business travel services expense	37,610	—
Yaou Automobile Manufacturing (Taizhou) Company Limited <sup>#</sup> 亞歐汽車製造(台州)有限公司	Sales of powertrain and related components	98,528	—
Zhejiang Haoqing Automobile Manufacturing Company Limited <sup>#</sup> 浙江豪情汽車製造有限公司	Sales of complete knock down kits and sedan tool kits	32,612,847	22,418,354
	Sales of complete knock down kits (electric vehicles)	174,334	384,242
	Claims income on defective materials purchased	88,973	56,888
	Purchase of complete buildup units	33,441,168	24,211,266
	Claims paid on defective materials sold	119,176	68,329
Zhejiang Geely Automobile Parts and Components Company Limited <sup>#</sup> 浙江吉利汽車零部件採購有限公司	Claims income on defective materials purchased	32,476	25,210
	Purchase of automobile parts and components	8,263,981	7,341,282
Taizhou Haoqing Automobile Sales Services Company Limited <sup>#</sup> 台州豪情汽車銷售服務有限公司	Sales of complete buildup units	—	294,908
Hangzhou Geely New Energy Automobile Sales Company Limited <sup>#</sup> 杭州吉利新能源汽車銷售有限公司	Sales of complete buildup units (electric vehicles)	1,475,309	859,761
Viridi E-Mobility Technology (Suzhou) Co., Ltd. <sup>#</sup> 威睿電動汽車技術(蘇州)有限公司	Purchase of automobile parts and components	19,327	12,596
<b>Associate</b>			
BELGEE	Sales of automobile parts and components	67,179	—
<b>Joint venture</b>			
Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd. <sup>#</sup> 凱悅汽車大部件製造(張家口)有限公司	Sales of powertrain and related components	101,732	—

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2018

## 22. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) The Group and the related parties are under the common control of the substantial shareholder of Zhejiang Geely Holding Group Company Limited# 浙江吉利控股集團有限公司, 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 licence and therefore the sales of complete knock down kits and sedan 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 condensed 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.

# 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.

## 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the financial instruments of the Group's carried at cost or amortised cost are not materially different from their fair values as at 30 June 2018 and 31 December 2017 due to their short-term maturities.

## 24. EVENTS AFTER THE REPORTING DATE

**Acquisitions of Ningbo Jirun Automobile Components Company Limited# 寧波吉潤汽車部件有限公司 ("DMA Target"), Hangzhou Geely Automobile Company Limited# 杭州吉利汽車有限公司 ("DJD Target") and Guizhou Geely Automobile Components Company Limited# 貴州吉利汽車部件有限公司 ("GY Target")**

On 18 July 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, and three fellow subsidiaries owned by the Company's ultimate holding company entered into acquisition agreements pursuant to which Jirun Automobile has conditionally agreed to acquire, and the fellow subsidiaries have conditionally agreed to sell the entire equity interests of DJD Target, GY Target and DMA Target for total cash considerations of approximately RMB930,620,000, RMB1,074,309,000 and RMB1,169,399,000, respectively. The acquisition will be subject to, amongst others, the approval of the independent shareholders of the Company at the extraordinary general meeting. Please refer to the Company's announcement dated 18 July 2018 for further details.

# 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.

## 25. COMPARATIVE FIGURES

The Group has initially applied HKFRS 9 as at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

## **APPENDIX II**

### **REPRODUCTION OF THE PRESS RELEASE DATED 7 FEBRUARY 2019 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

The information set out below is a reproduction of the press release dated 7 February 2019 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2018.

# PRESS RELEASE

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## FOURTH QUARTER AND FY 2018 RESULTS

Paris, February 7<sup>th</sup> 2019

### **2018 ROTE<sup>(1)</sup> OF 9.7% AND INCREASE IN GROUP NET INCOME. ADAPTATION OF THE EXECUTION AND FINANCIAL TARGETS OF THE 2020 STRATEGIC PLAN**

#### **KEY FINANCIAL DATA**

- **Revenues<sup>(1)</sup> up +0.6% in 2018 at EUR 25,205 million** (EUR 5,927 million or **-4.8% in Q4 18**) due to the good performance of International Retail Banking & Financial Services, resilient French Retail Banking activities and the strong momentum in Financing & Advisory.
- **2018 operating expenses<sup>(1)</sup>**: EUR 17,595 million (+2% vs. 2017); Q4 18: EUR 4,627million (+0.9% vs. Q4 17).
- **Still low cost of risk at 21 basis points in 2018**, reflecting the quality of the loan portfolio.
- **2018 Group book net income: EUR 3,864 million (+37.7% vs. 2017)**; Q4 18: EUR 624 million (EUR 69 million in Q4 17). **Group ROTE<sup>(1)</sup> of 9.7% in 2018** (5.9% in Q4 18).
- Continued **refocusing** of the business model on core regions and businesses (announced disposals representing an equivalent impact of +37 basis points on the CET1 ratio).
- Group commitment to **positive transformation** initiatives recognised through further awards in 2018.
- On the **three main litigation issues**, agreement reached with the US and French authorities.
- Fully-loaded **CET1 ratio**: 10.9% (11.2%<sup>(2)</sup>) with the effect of the option of a dividend payment in shares subject to approval by the Combined General Meeting on May 22<sup>nd</sup>, 2019).
- **2018 Earnings Per Share**: EUR 4.24 – **Proposed dividend stable at EUR 2.20**, with option of payment in shares.

#### **ADAPTATION OF THE EXECUTION AND FINANCIAL TARGETS OF THE “TRANSFORM TO GROW” PLAN**

- **Confirmation of the long-term strategic focus**: a **diversified**, more **compact** Group resolutely **focused on its customers**, delivering **profitable and responsible growth**.
- Inclusion of the new interest rate scenario in the eurozone, with an **impact of around EUR -500 million** on Group revenues in 2020.

*The footnote \* in this document corresponds to data adjusted for changes in Group structure and at constant exchange rates.*

*(1) Underlying data. See methodology note 5 for the transition from accounting data to underlying data.*

*(2) Taking into account the assumption of a 50% subscription rate for the dividend in shares.*

- **Adaptation of the operational set-up in Global Markets** resulting in a reduction in risk-weighted assets of around EUR 8 billion between now and 2020.
- **Additional plan to reduce costs by around EUR 500 million in 2020** in Global Banking & Investor Solutions.
- **Acceleration in the refocusing of the regional and business portfolio** taking the disposal programme target to a positive effect of **+80-90 basis points** on the CET1 ratio by 2020 (the Group's initial target being 50-60 basis points).

The Group's **financial targets** for 2020 are as follows:

- Group ROTE<sup>(1)</sup> of between **9%-10%**
- RONE<sup>(1)</sup> for **French Retail Banking** revised to **11.5%-12.5%**
- RONE<sup>(1)</sup> for **International Retail Banking & Financial Services** increased to **17.0%-18.0%**
- RONE<sup>(1)</sup> for **Global Banking & Investor Solutions** ranging from **11.5% to 12.5%**
- CET1 ratio of **12%**
- **50%** payout ratio, with a dividend per share of at least **EUR 2.20**

**Frédéric Oudéa, the Group's Chief Executive Officer, commented:**

*"After this first year in the execution of our 3-year plan, we have confirmed our long-term strategic ambition: delivering profitable and responsible growth thanks to a robust, diversified, more compact banking Group resolutely focused on its customers, in order to assist them in their positive transformation projects.*

*We successfully achieved several major milestones in our transformation during 2018. The digital transformation process continued with success and there was considerable progress in the growth initiatives in French and International Retail Banking, as well as Financing & Advisory. However, market activities experienced a more mixed performance, below our expectations.*

*In an economic, financial and regulatory environment that looks set to be less favourable and even more complex over the next few years than anticipated a year ago, we have decided to adapt the execution of our plan and our financial trajectory.*

*Our first priority is, and will remain, to increase value for shareholders while consolidating our capital trajectory. We will be even more selective in our capital allocation, prioritising the Group's areas of excellence. Moreover, in a more uncertain economic environment, we will continue to work on our operating efficiency with an additional plan to reduce costs in Global Banking & Investor Solutions and we are further prioritising cost control. All these measures and the Group's transformation will enable us to improve our operational profile and pursue the improvement in the structural profitability of our businesses."*

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*(1) Underlying data. See methodology note 5 for the transition from accounting data to underlying data.*

## 1. GROUP CONSOLIDATED RESULTS

<i>In EUR m</i>	Q4 18	Q4 17	Change		2018	2017	Change	
<b>Net banking income</b>	<b>5,927</b>	<b>6,323</b>	<b>-6.3%</b>	<b>-5.8%*</b>	<b>25,205</b>	<b>23,954</b>	<b>+5.2%</b>	<b>+6.4%*</b>
<i>Underlying net banking income(1)</i>	<i>5,927</i>	<i>6,228</i>	<i>-4.8%</i>	<i>-4.4%*</i>	<i>25,205</i>	<i>25,062</i>	<i>+0.6%</i>	<i>+1.7%*</i>
<b>Operating expenses</b>	<b>(4,458)</b>	<b>(5,024)</b>	<b>-11.3%</b>	<b>-11.1%*</b>	<b>(17,931)</b>	<b>(17,838)</b>	<b>+0.5%</b>	<b>+1.6%*</b>
<i>Underlying operating expenses(1)</i>	<i>(4,627)</i>	<i>(4,586)</i>	<i>+0.9%</i>	<i>+1.2%*</i>	<i>(17,595)</i>	<i>(17,243)</i>	<i>+2.0%</i>	<i>+3.1%*</i>
<b>Gross operating income</b>	<b>1,469</b>	<b>1,299</b>	<b>+13.1%</b>	<b>+15.0%*</b>	<b>7,274</b>	<b>6,116</b>	<b>+18.9%</b>	<b>+20.8%*</b>
<i>Underlying gross operating income(1)</i>	<i>1,300</i>	<i>1,642</i>	<i>-20.8%</i>	<i>-20.1%*</i>	<i>7,610</i>	<i>7,819</i>	<i>-2.7%</i>	<i>-1.6%*</i>
<b>Net cost of risk</b>	<b>(363)</b>	<b>(469)</b>	<b>-22.6%</b>	<b>-22.3%*</b>	<b>(1,005)</b>	<b>(1,349)</b>	<b>-25.5%</b>	<b>-23.4%*</b>
<i>Underlying net cost of risk (1)</i>	<i>(363)</i>	<i>(269)</i>	<i>+34.9%</i>	<i>+35.8%*</i>	<i>(1,005)</i>	<i>(949)</i>	<i>+5.9%</i>	<i>+10.1%*</i>
<b>Operating income</b>	<b>1,106</b>	<b>830</b>	<b>+33.3%</b>	<b>+36.9%*</b>	<b>6,269</b>	<b>4,767</b>	<b>+31.5%</b>	<b>+33.2%*</b>
<i>Underlying operating income(1)</i>	<i>937</i>	<i>1,373</i>	<i>-31.8%</i>	<i>-31.2%*</i>	<i>6,605</i>	<i>6,870</i>	<i>-3.9%</i>	<i>-3.2%*</i>
<b>Net profits or losses from other assets</b>	<b>(169)</b>	<b>(39)</b>	<b>n/s</b>	<b>n/s</b>	<b>(208)</b>	<b>278</b>	<b>n/s</b>	<b>n/s</b>
Income tax	(136)	(558)	-75.7%	-76.0%*	(1,561)	(1,708)	-8.6%	-8.0%*
<b>Reported Group net income</b>	<b>624</b>	<b>69</b>	<b>x 9,0</b>	<b>x 15,5</b>	<b>3,864</b>	<b>2,806</b>	<b>+37.7%</b>	<b>+42.7%*</b>
<i>Underlying Group net income(1)</i>	<i>744</i>	<i>877</i>	<i>-15.2%</i>	<i>-13.8%*</i>	<i>4,468</i>	<i>4,491</i>	<i>-0.5%</i>	<i>+1.8%*</i>
ROE	4.1%	-0.4%			7.1%	4.9%		
ROTE	6.5%	-0.5%			8.8%	5.7%		
<b>Underlying ROTE (1)</b>	<b>5.9%</b>	<b>7.4%</b>			<b>9.7%</b>	<b>9.6%</b>		

(1) Adjusted for non-economic items, exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on February 6<sup>th</sup>, 2019 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and approved the results for full-year 2018.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

### **Net banking income: EUR 5,927m (-6.3% vs. Q4 17), EUR 25,205m (+5.2% vs. 2017)**

Book net banking income totalled EUR 25,205 million in 2018, up 5.2% compared to 2017 (EUR 23,954 million).

In 2017, net banking income included several exceptional items, i.e. the impact of the settlement agreement with the LIA (EUR -963 million) and the adjustment of hedging costs in French Retail Banking (EUR -88 million). When restated for these items and non-economic items, underlying net banking income came to EUR 25,062 million in 2017.

Underlying net banking income grew by 0.6% in 2018.

In 2018,

- French Retail Banking's net banking income, excluding PEL/CEL provision, declined -1.8% vs. 2017, in line with the Group's expectations. French Retail Banking continued with its transformation and developed its growth drivers in an environment still characterised by low interest rates.
- International Retail Banking & Financial Services' revenues were significantly higher (+5.1%, +6.6%\*), impacted by the robust commercial dynamism across all businesses and geographical regions. Accordingly, International Retail Banking revenues increased by +6.3% (+9.1%\*), Insurance revenues by +6.6% (+4.9%\*) and Financial Services to Corporates' revenues by +1% (+0.2%\*).



- Global Banking & Investor Solutions' net banking income fell -3.6%. Financing & Advisory revenues were 7.1% (8.6%\*) higher due to the healthy commercial momentum. In contrast, the revenues of Global Markets and Investor Services were 8.3% (6.6%\*) lower than in 2017 in a challenging market environment.

In Q4 18, Group book net banking income declined by -6.3% to EUR 5,927 million (vs. EUR 6,323 million in Q4 17) and underlying net banking income by -4.8% (EUR 6,228 million in Q4 17). French Retail Banking revenues fell -6.8% (-5.5% vs. Q4 17 excluding changes in the PEL/CEL provision). International Retail Banking & Financial Services' net banking income was significantly higher (+5.1%, +7.3%\*). Global Banking & Investor Solutions' revenues were 6.9% lower.

In accordance with IFRS 9, the variation in the revaluation of the Group's own financial liabilities is no longer recognised in profit or loss for the period. Consequently, in 2018, the Group no longer restates its earnings for non-economic items.

**Operating expenses: EUR -4,458m (-11.3% vs. Q4 17), EUR -17,931m (+0.5% vs. 2017)**

Underlying operating expenses amounted to EUR -17,595 million in 2018, representing a contained increase of 2% compared to 2017 (EUR -17,243 million). In Q2 18 and Q3 18, the provision for disputes was the subject of a total additional allocation of EUR -336 million. Note that 2017 underlying operating expenses included a EUR 60 million restructuring provision write-back. In Q4 17, three exceptional expenses were recognised in operating expenses: an exceptional expense related to the acceleration in the adaptation of French Retail Banking networks amounting to EUR -390 million, an expense related to the receipt of a tax rectification proposal following a tax control by the French authorities regarding various operating taxes amounting to EUR -145 million and a charge related to the consequences of the judgment of the Paris Court of Appeal of December 21<sup>st</sup>, 2017 confirming the fine regarding the dematerialisation of cheque processing amounting to EUR -60 million.

Operating expenses totalled EUR -4,458 million in Q4 18, down -11.3% vs. Q4 17. When restated for the above-mentioned exceptional items and the effect of the linearisation of IFRIC 21, there was a slight increase in underlying operating expenses to EUR -4,627 million in Q4 18 vs. EUR -4,586 million in Q4 17 (+0.9%).

The increase in operating expenses is in line with the full-year target in French Retail Banking and reflects cost control in Global Banking & Investor Solutions. Efforts to support growth in International Retail Banking & Financial Services resulted in a positive jaws effect between revenue growth and the increase in costs.

In 2018, the Group reached agreements on the litigation issues with the US authorities relating to the LIBOR and to economic sanctions and anti-money laundering, and with the US and French authorities on Libya. These agreements provided for commitments by the Group with respect to these authorities and the payment of fines, which correspond to the provisions booked for this purpose.

The balance of the provision for disputes was EUR 0.3 billion at December 31<sup>st</sup>, 2018.

**Gross operating income: EUR 1,469m (+13.1% vs. Q4 17), EUR 7,274m (+18.9% vs. 2017)**

Book gross operating income totalled EUR 7,274 million in 2018 (vs. EUR 6,116 million in 2017) and underlying gross operating income EUR 7,610 million (vs. EUR 7,819 million in 2017).

Book gross operating income totalled EUR 1,469 million in Q4 18 (EUR 1,299 million in Q4 17) and underlying gross operating income EUR 1,300 million (EUR 1,642 million in Q4 17).



### **Cost of risk<sup>(1)</sup>: EUR -363m in Q4 18, EUR -1,005m in 2018**

The net cost of risk amounted to EUR -1,005 million in 2018, 25.5% lower than in 2017 (EUR -1,349 million). The underlying net cost of risk was 5.9% higher.

The Group's underlying net cost of risk amounted to EUR -363 million in Q4 18, up +34.9% vs. Q4 17, i.e. EUR -269 million.

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) amounted to 21 basis points in 2018, very slightly higher than in 2017 (19 basis points), at the bottom end of the expected range (between 20 and 25 basis points).

- In French Retail Banking, the commercial cost of risk amounted to 26 basis points (30 basis points in 2017) due to a selective origination policy.
- International Retail Banking & Financial Services' cost of risk stood at a still low level of 30 basis points (vs. 29 basis points in 2017) due to further provision write-backs in the Czech Republic and Romania.
- Global Banking & Investor Solutions' cost of risk amounted to 6 basis points, an increase compared to the historically low level of -1 basis point in 2017.

The commercial cost of risk was higher in Q4 18 at 29 basis points (vs. 22 basis points in Q4 17).

The Group expects a cost of risk of between 25 and 30 basis points in 2019.

The gross doubtful outstandings ratio stood at 3.6% at end-December 2018 (vs. 4.4% at end-December 2017). The Group's gross coverage ratio for doubtful outstandings stood at 54%<sup>(2)</sup> at end-December 2018 (stable vs. September 30<sup>th</sup>, 2018).

### **Operating income: EUR 1,106m (+33.3% vs. Q4 17), EUR 6,269m (+31.5% vs. 2017)**

Book operating income totalled EUR 6,269 million in 2018, 31.5% higher than in 2017. Underlying operating income came to EUR 6,605 million (vs. EUR 6,870 million in 2017).

Book operating income amounted to EUR 1,106 million in Q4 18, up +33.3% vs. Q4 17. Underlying operating income was EUR 937 million (vs. EUR 1,373 million in Q4 17).

### **Net profits or losses from other assets: EUR -169m in Q4 18, EUR -208m in 2018**

Net profits or losses from other assets include primarily the capital loss recognised under IFRS 5 in respect of disposals currently being finalised by the Group amounting to EUR -268 million in 2018 (EUR -241 million in Q4 18), with EUR -202 million corresponding to the disposals already announced (Societe Generale Albania, Societe Generale Serbia, Mobiasbanca Societe Generale in Moldavia) and Societe Generale's stake in La Banque Postale Financement.

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(1) 2018 figures established according to IFRS 9, 2017 figures established according to IAS 39, figures restated for the transfer of Global Transaction and Payment Services from French Retail Banking to Global Banking & Investor Solutions.

(2) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings.

## Net income

In EURm	Q4 18	Q4 17	2018	2017
Reported Group net income	624	69	3,864	2,806
Underlying Group net income <sup>(1)</sup>	744	877	4,468	4,491

In %	Q4 18	Q4 17	2018	2017
ROTE (reported)	6.5%	-0.5%	8.8%	5.7%
Underlying ROTE <sup>(1)</sup>	5.9%	7.4%	9.7%	9.6%

Earnings per share amounts to EUR 4.24 in 2018 (EUR 2.98 in 2017)<sup>(2)</sup>.

On this basis, the Board of Directors has decided to propose the payment of a dividend of EUR 2.20 per share to the Combined General Meeting of Shareholders, with the possibility of opting for the payment of the dividend in shares. This represents a payout ratio of 51.8%. The dividend will be detached on May 27<sup>th</sup>, 2019 and paid on June 14<sup>th</sup>, 2019.

(1) Adjusted for non-economic items (in 2017), exceptional items and effect of the linearisation of IFRIC 21.

(2) Excluding non-economic and exceptional items (gross EPS of EUR 2.92 in 2017)

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 61.0 billion at December 31<sup>st</sup>, 2018 (EUR 59.4 billion at December 31<sup>st</sup>, 2017). Net asset value per share was EUR 64.63 and tangible net asset value per share was EUR 55.81.

The **consolidated balance sheet** totalled EUR 1,309 billion at December 31<sup>st</sup>, 2018 (EUR 1,274 billion at January 1<sup>st</sup>, 2018<sup>(1)</sup>, EUR 1,275 billion at December 31<sup>st</sup>, 2017). The net amount of customer loan outstandings at December 31<sup>st</sup>, 2018, including lease financing, was EUR 421 billion (EUR 396 billion at January 1<sup>st</sup>, 2018, EUR 404 billion at December 31<sup>st</sup>, 2017) – excluding assets and securities sold under repurchase agreements. At the same time, customer deposits amounted to EUR 399 billion, vs. EUR 395 billion at January 1<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017 (excluding assets and securities sold under repurchase agreements).

At end-December 2018, the parent company had issued EUR 39.2 billion of medium/long-term debt, having an average maturity of 4.5 years and an average spread of 27.5 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 3.8 billion. At December 31<sup>st</sup>, 2018, the Group had issued a total of EUR 43 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 129% at end-December 2018 vs. 131% at end-September 2018. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-December 2018.

The Group's **risk-weighted assets** (RWA) amounted to EUR 376.0 billion at December 31<sup>st</sup>, 2018 (vs. EUR 353.3 billion at end-December 2017) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 80.5% of the total, at EUR 302.7 billion, up +4.6% vs. December 31<sup>st</sup>, 2017.

At December 31<sup>st</sup>, 2018, the Group's fully-loaded **Common Equity Tier 1** ratio stood at 10.9%<sup>(2)</sup>, 11.2%<sup>(3)</sup> taking into account the option of a dividend payment in shares subject to approval by the Combined General Meeting on May 22<sup>nd</sup>, 2019, and 11.5% pro forma for transactions signed (disposals and acquisitions). The Tier 1 ratio stood at 13.7% at end-December 2018 and the total capital ratio amounted to 16.7%.

With a level of 22.9% of RWA and 7.1% of leveraged exposure at end-December 2018, the Group's TLAC ratio is already above the FSB's requirements for 2019. At December 31<sup>st</sup>, 2018, the Group was also above its MREL requirements of 8% of the TLOF<sup>(4)</sup> (which, in December 2016, represented a level of 24.36% of RWA), which were used as a reference for the SRB calibration.

The **leverage ratio** stood at 4.3% at December 31<sup>st</sup>, 2018 (4.3% at end-December 2017).

The Group is rated by five rating agencies: (i) DBRS - long-term rating (senior preferred debt) "A (high)", positive trends, short-term rating "R-1 (middle)"; (ii) FitchRatings - long-term rating "A", stable outlook, senior preferred debt rating "A+", short-term rating "F1"; (iii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1"; (iv) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (v) S&P Global Ratings - long-term rating (senior preferred debt) "A", positive outlook, short-term rating "A-1".

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(1) Balances at January 1st, 2018 after first-time application of IFRS 9 except for subsidiaries in the insurance sector

(2) The phased-in ratio, including earnings for the current financial year amounts to 11.0% at end-December 2018 vs. 11.6% at end-December 2017.

(3) Taking into account the assumption of a 50% take-up, having an impact of +23bp on the CET1 ratio

(4) TLOF: Total Liabilities and Own Funds

### 3. FRENCH RETAIL BANKING

<i>In EUR m</i>	<b>Q4 18</b>	<b>Q4 17</b>	<b>Change</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Net banking income	1,912	2,051	-6.8%	7,860	8,014	-1.9%
<i>Net banking income excl. PEL/CEL</i>	1,925	2,036	-5.5%	7,838	7,982	-1.8%
Operating expenses	(1,430)	(1,828)	-21.8%	(5,629)	(5,939)	-5.2%
<b>Gross operating income</b>	<b>482</b>	<b>223</b>	<b>+116.1%</b>	<b>2,231</b>	<b>2,075</b>	<b>+7.5%</b>
<i>Gross operating income excl. PEL/CEL</i>	495	208	+137.3%	2,209	2,043	+8.1%
Net cost of risk	(143)	(184)	-22.3%	(489)	(547)	-10.6%
<b>Operating income</b>	<b>339</b>	<b>39</b>	<b>+769.2%</b>	<b>1,742</b>	<b>1,528</b>	<b>+14.0%</b>
<b>Reported Group net income</b>	<b>282</b>	<b>38</b>	<b>+642.1%</b>	<b>1,237</b>	<b>1,059</b>	<b>+16.8%</b>
RONE	<b>10.1%</b>	<b>1.3%</b>		<b>11.0%</b>	<b>9.6%</b>	
<b>Underlying RONE (2)</b>	<b>9.9%</b>	<b>12.2%</b>		<b>10.9%</b>	<b>13.0%</b>	

(1) Adjusted for the effect of the linearisation of IFRIC 21, PEL/CEL provision, adjustment of hedging costs in 2017 and the adaptation of the French network and the “Echange Image Chèque” fine in Q4 17 and in 2017.

French Retail Banking enjoyed a solid commercial momentum and delivered a resilient financial performance in 2018, against the backdrop of persistently low interest rates and the transformation of the French networks.

#### Activity and net banking income

French Retail Banking's three brands, Societe Generale, Crédit du Nord and Boursorama, pursued their commercial expansion, particularly for their growth drivers.

With nearly 460,000 new clients in 2018, Boursorama set a new client onboarding record (+45% vs. 2017) and consolidated its position as the leading online bank in France with nearly 1.7 million clients at end-December 2018.

At the same time, the Societe Generale and Crédit du Nord networks strengthened their franchises on the Group's target customers.

Supported by a solid private banking platform, French Retail Banking continued to expand its mass affluent and wealthy client base (up +3% at end-December 2018 vs. end-December 2017) and recorded net inflow of EUR 3.3 billion in 2018. This robust performance was masked by a challenging market environment, resulting in assets under management declining -1.2% vs. Q4 17, to EUR 61 billion (including Crédit du Nord) at end-December 2018.

Bancassurance enjoyed buoyant activity, with net inflow of EUR 1,730 million. In Q4 18, outstandings amounted to EUR 92.3 billion, with the unit-linked share accounting for 24%.

In the Business customer segment, French Retail Banking continued with the rollout of its regional business centres, with five units at end-December, thereby strengthening its expertise in this segment where the number of customers increased 1% in 2018.

In the case of Professional customers, Societe Generale now has eight new “Pro Corners” (espaces pro) with 103 “corners” dedicated to professionals rolled out in branches, as at end-December 2018. The number of professional customers in French Retail Banking grew by nearly 1% vs. Q4 17.

In a low interest rate environment, the Group confirmed its selective origination strategy.

Housing loan production totalled EUR 4.6 billion in Q4 18 (+0.3% vs. Q4 17) and EUR 18.7 billion in 2018. Consumer loan production remained dynamic in Q4 18, with an increase of +17.4% vs. Q4 17 and +12.7% in 2018.

Outstanding loans to individuals totalled EUR 111 billion and rose +3.1% in Q4 18 vs. Q4 17.

Corporate investment loan production was very robust in Q4 18, up +21.1% at EUR 4.7 billion (+12.4% in 2018 at EUR 14.2 billion). Accordingly, average investment loan outstandings rose +5.0% vs. Q4 17.

Overall, the momentum accelerated in Q4 18, with average loan outstandings rising +4.0% vs. Q4 17 to EUR 189 billion. Average outstanding balance sheet deposits came to EUR 201.7 billion in Q4 18, up +3.8% vs. Q4 17, underpinned by sight deposits (+8.1%). As a result, the average loan/deposit ratio stood at 93.5% in Q4 18 (stable vs. Q4 17).

French Retail Banking posted net banking income (after neutralising the impact of PEL/CEL provisions) of EUR 1,925 million in Q4 18, down -5.5% vs. Q4 17 and -1.8% over 12 months (at EUR 7,838 million), in line with Group expectations (decline of between -1% and -2% in 2018).

The healthy fee momentum (+0.5% in Q4 18 and +1.4% in 2018), particularly for service commissions (+2.8% in Q4 18 and +2.6% in 2018) was more than masked by the fall in net interest income adversely affected by the low interest rate environment (decline of -8.2% in Q4 18 and -5.4% in 2018).

### **Operating expenses**

French Retail Banking's underlying operating expenses totalled EUR 1,430 million, up +3.8% vs. Q4 17 (restated for exceptionals recognised in Q4 17) and +2.6% in 2018 (at EUR 5,629 million), in line with the expected increase in underlying operating expenses of less than 3% for the year. This increase reflects the acceleration of investments in the digital transformation process and the development of growth drivers.

As part of its transformation plan, the Group notably closed more than 100 branches over twelve months, thereby achieving between 2016 and 2018 nearly 60% of its 2020 target (-500 branches).

At the same time, the Group continued to digitalise the banking networks, with the ongoing dematerialisation of the offering.

The cost to income ratio stood at 71.6% in 2018.

### **Operating income**

The net cost of risk declined by 22.3% in Q4 18 vs. Q4 17 (-10.6% in 2018). Operating income came to EUR 339 million in Q4 18 and EUR 1,742 million in 2018 (EUR 1,528 million in 2017).

### **Contribution to Group net income**

French Retail Banking's contribution to Group net income amounted to EUR 282 million in Q4 18 (EUR 38 million in Q4 17). The return on normative equity after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision stood at 9.9%<sup>(1)</sup> (vs. 12.2%<sup>(1)</sup> in Q4 17). The contribution to Group net income and return on normative equity proved resilient in 2018 and came to EUR 1,237 million (EUR 1,059 million in 2017) and 10.9% respectively (13.0%<sup>(1)</sup> in 2017).

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*(1) Adjusted for non-economic items, exceptional items and the effect of the linearisation of IFRIC 21*

## 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

<i>In EUR m</i>	<b>Q4 18</b>	<b>Q4 17</b>	<b>Change</b>		<b>2018</b>	<b>2017</b>	<b>Change</b>	
Net banking income	2,161	2,057	+5.1%	+7.3%*	8,317	7,914	+5.1%	+6.6%*
Operating expenses	(1,145)	(1,168)	-2.0%	+0.3%*	(4,526)	(4,404)	+2.8%	+4.7%*
<b>Gross operating income</b>	<b>1,016</b>	<b>889</b>	<b>+14.3%</b>	<b>+16.6%*</b>	<b>3,791</b>	<b>3,510</b>	<b>+8.0%</b>	<b>+8.9%*</b>
Net cost of risk	(114)	(119)	-4.2%	-2.9%*	(404)	(400)	+1.0%	+10.3%*
<b>Operating income</b>	<b>902</b>	<b>770</b>	<b>+17.1%</b>	<b>+19.7%*</b>	<b>3,387</b>	<b>3,110</b>	<b>+8.9%</b>	<b>+8.7%*</b>
Net profits or losses from other assets	2	3	-33.3%	-33.3%	8	36	-77.8%	-78.4%*
<b>Reported Group net income</b>	<b>563</b>	<b>450</b>	<b>+25.1%</b>	<b>+25.7%*</b>	<b>2,065</b>	<b>1,939</b>	<b>+6.5%</b>	<b>+9.3%*</b>
RONE	19.7%	16.2%			18.1%	17.4%		
<b>Underlying RONE (1)</b>	<b>19.0%</b>	<b>15.6%</b>			<b>18.1%</b>	<b>17.4%</b>		

(1) Adjusted for the effect of the linearisation of IFRIC 21

The division's net banking income totalled EUR 8,317 million in 2018, up +5.1% vs. 2017, driven by an excellent commercial momentum in all regions and businesses. Operating expenses remained under control, amounting over the same period to EUR -4,526 million (+2.8%), resulting in a positive jaws effect despite a EUR 60 million restructuring provision write-back in 2017. Gross operating income totalled EUR 3,791 million in 2018 (+8.0%).

The net cost of risk remained at a low level of EUR 404 million in 2018. It included provision write-backs in the Czech Republic and Romania as well as the receipt of an insurance payout in Romania in 2017 and Q1 18. The virtual stability of the net cost of risk (+1%) reflects rigorous risk management. The contribution to Group net income totalled EUR 2,065 million in 2018, a record level (up +6.5% vs. 2017).

Net banking income totalled EUR 2,161 million in Q4 18 (+5.1% vs. Q4 17). Gross operating income came to EUR 1,016 million (+14.3%) and the contribution to Group net income was EUR 563 million, up +25.1% vs. Q4 17.

Underlying RONE stood at 18.1% in 2018 (17.4% in 2017) and 19.0% in Q4 18 (vs. 15.6% in Q4 17).

### International Retail Banking

International Retail Banking's outstanding loans rose +5.0% (+6.4%\*) in Q4 18 vs. Q4 17 to EUR 93 billion at end-December 2018, with uniform growth across the three regions. Deposit inflow also remained dynamic. Outstanding deposits totalled EUR 83.3 billion at end-December 2018, up +4.4% (+5.8%\*) year-on-year.

International Retail Banking revenues were 6.3% (9.1%\*) higher than in 2017 at EUR 5,608 million, while operating expenses were up +2.1% (+5.0%\*) at EUR -3,238 million. Gross operating income came to EUR 2,370 million, up +12.5% (+15.2%\*) vs. 2017. International Retail Banking's contribution to Group net income amounted to a record level of EUR 1,187 million in 2018 (+13.9% vs. 2017).

In Q4 18, International Retail Banking posted revenues of EUR 1,477 million, gross operating income of EUR 665 million and a contribution to Group net income of EUR 332 million, up +35.0% vs. Q4 17.

In Western Europe, outstanding loans were up +10.4% vs. Q4 17, at EUR 20.1 billion. Car financing remained particularly buoyant over the period. Revenues totalled EUR 836 million in 2018, up +9.7% vs. 2017, while operating expenses were 3.5% higher. Consequently, gross operating income was 15.6% higher in 2018. The contribution to Group net income came to EUR 242 million, up +16.3% vs. 2017.

In the Czech Republic, the Group delivered a solid commercial performance in 2018: outstanding loans rose +3.9% (+4.6%\*) and outstanding deposits increased +4.2% (+5.0%\*). Revenues were higher (+7.2%, +4.4%\*) and amounted to EUR 1,119 million in 2018, driven by a positive volume effect, combined with a rise in rates. Over the same period, operating expenses were 4.2% (1.8%\*) higher at EUR -594 million, including in particular a EUR 11.5 million restructuring provision in Q2 18. There was a net write-back in the net cost of risk of EUR 23 million compared with a net write-back of EUR 11 million in 2017. Against this backdrop, the contribution to Group net income came to EUR 266 million, up +4.7% compared to 2017 when the first quarter benefited from a capital gain on a property disposal following the sale of the historic headquarters.

In Romania, outstanding loans totalled EUR 6.8 billion at end-December 2018, up +3.9% (+4.0%\*) vs. end-December 2017. Over the same period, deposits amounted to EUR 9.7 billion, up +2.2% (+2.3%\*). Against a backdrop of rising interest rates, net banking income climbed +9.5% (+11.6%\*) in 2018. Operating expenses were down -1.2% (+0.5%\*) with, in particular, a reduction in the contribution to deposit guarantee and resolution funds and after a 2017 impacted by investments in the network's transformation. There was a net write-back in the net cost of risk of EUR 56 million in 2018 compared with a net write-back of EUR 86 million in 2017. The contribution to Group net income was EUR 149 million, up 9.6% vs. 2017.

In other European countries, outstanding loans were up +6.0% (+6.5%\*) and outstanding deposits were up +6.6% (+6.5%\*) in 2018. Revenues increased +5.9% (+10.5%\*) in 2018, while operating expenses were 11.1% (17.1%\*) higher than in 2017 given the EUR 60 million restructuring provision write-back in 2017. The net cost of risk remained under control, resulting in a significant decline of -57.1% (-43.1%\*) compared to 2017. The contribution to Group net income totalled EUR 181 million (vs. EUR 147 million in 2017).

In Russia, there was further confirmation of commercial expansion in the individual customer segment. Outstanding loans were up +6.2%\* at constant exchange rates (-3.8% at current exchange rates) in 2018. Outstanding deposits increased +8.5%\* at constant exchange rates (-0.5% at current exchange rates) benefiting from the surplus liquidity in the market. Net banking income for SG Russia<sup>(1)</sup> came to EUR 815 million in 2018, up +9.1%\* (-3.2% at current exchange rates). Operating expenses were up +5.5%\* (-5.4% at current exchange rates). The net cost of risk increased by EUR 19 million at constant exchange rates and remained at a generally low level. SG Russia made a positive contribution to Group net income of EUR 144 million vs. EUR 147 million in 2017.

In Africa and the other regions where the Group operates, commercial activity was generally healthy in both Sub-Saharan Africa and the Mediterranean Basin. Outstanding loans rose +5.6% (+5.8%\*) in 2018 to EUR 21.2 billion. Outstanding deposits were also higher (+7.3%, +7.4%\*) at EUR 20.9 billion. Net banking income totalled EUR 1,641 million in 2018, an increase of +7.1% (+10.3%\*) compared to 2017. Over the same period, operating expenses rose +2.4% (+4.6%\*). The contribution to Group net income came to EUR 237 million in 2018, up +27.4% vs. 2017.

## Insurance

The life insurance savings business saw outstandings increase +1.1%\* in 2018 in a challenging market environment. The share of unit-linked products in outstandings was stable at end-December 2018 compared to 2017, at 26%.

There was further growth in Personal Protection insurance (premiums up +7.2%\* vs. Q4 17). Likewise, Property/Casualty insurance continued to enjoy strong growth (premiums up +11.7%\* vs. Q4 17). International activity was particularly dynamic.

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(1) SG Russia encompasses the entities Rosbank, Delta Credit Bank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries



The Insurance business posted a good financial performance in 2018, with net banking income increasing +6.6% to EUR 887 million (+4.9%\*) and the cost to income ratio remaining at a low level (37.5%). The contribution to Group net income was 7.3% higher at EUR 368 million in 2018. It amounted to EUR 95 million in Q4 18, up +3.3% vs. Q4 17.

### **Financial Services to Corporates**

Financial Services to Corporates maintained a good commercial momentum in 2018.

Operational Vehicle Leasing and Fleet Management experienced a substantial increase in its vehicle fleet (+10.1% vs. 2017) to 1.663 million vehicles at end-December 2018, driven by the strategy of ramping up distribution channels.

Equipment Finance's outstanding loans were up +4.5% (+4.7%\*) in 2018 vs. 2017 at EUR 17.9 billion (excluding factoring).

Financial Services to Corporates' net banking income rose +1.0% in 2018 to EUR 1,822 million (+0.2%\*), with ALD's revenues impacted by a reduction in the average residual value of used vehicles sold. Operating expenses increased +3.2% (+2.9%\*) compared to 2017 and amounted to EUR -955 million. The net cost of risk amounted to EUR 69 million, an increase of EUR 18 million compared to 2017. The contribution to Group net income was EUR 510 million in 2018, down -7.9% compared to 2017, reflecting primarily the consolidation of ALD for around 80% since its stock market flotation.

In Q4 18, Financial Services to Corporates' revenues totalled EUR 460 million (-2.7%, +0.8%\* vs. Q4 17) and operating expenses came to EUR -254 million (+1.6%, +6.3%\* vs. Q4 17). The contribution to Group net income amounted to EUR 136 million in Q4 18 vs. EUR 112 million in Q4 17.



## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

<i>In EUR m</i>	Q4 18	Q4 17	Change		2018	2017	Change	
Net banking income	2,041	2,193	-6.9%	-7.6%*	8,846	9,173	-3.6%	-2.1%*
Operating expenses	(1,779)	(1,743)	+2.1%	+1.3%*	(7,241)	(7,121)	+1.7%	+3.2%*
<b>Gross operating income</b>	<b>262</b>	<b>450</b>	<b>-41.8%</b>	<b>-42.0%*</b>	<b>1,605</b>	<b>2,052</b>	<b>-21.8%</b>	<b>-20.3%*</b>
Net cost of risk	(98)	35	n/s	n/s	(93)	(2)	x 46,5	n/s
<b>Operating income</b>	<b>164</b>	<b>485</b>	<b>-66.2%</b>	<b>-66.3%*</b>	<b>1,512</b>	<b>2,050</b>	<b>-26.2%</b>	<b>-25.0%*</b>
<b>Reported Group net income</b>	<b>179</b>	<b>374</b>	<b>-52.1%</b>	<b>-52.3%*</b>	<b>1,197</b>	<b>1,593</b>	<b>-24.9%</b>	<b>-23.6%*</b>
RONE	4.5%	10.3%			7.8%	10.6%		
<b>Underlying RONE (1)</b>	<b>2.7%</b>	<b>8.5%</b>			<b>7.8%</b>	<b>10.6%</b>		

(1) Adjusted for the effect of the linearisation of IFRIC 21

Global Banking & Investor Solutions posted net banking income of EUR 8,846 million in 2018, down -3.6% compared to 2017, in an unfavourable market environment and despite the healthy momentum in Financing & Advisory.

The division's net banking income totalled EUR 2,041 million in Q4 18, down -6.9% vs. Q4 17.

### Global Markets & Investor Services

**Global Markets & Investor Services'** revenues were down -8.3% in 2018, in an unfavourable market environment, impacted by political tensions in Europe and the trade war between the United States and China. However, performances remained resilient in the United States and Asia.

Net banking income came to EUR 1,093 million in Q4 18, down -18.7% vs. Q4 17, with markets having been hit this quarter primarily by widening credit spreads and reduced liquidity in the equity market.

At EUR 1,975 million, the revenues of **Fixed Income, Currencies & Commodities** were down -16.8% in 2018 compared to 2017. They were down -28.8% in Q4 18 vs. Q4 17 and amounted to EUR 366 million. Despite resilient commercial activity, Rate activities were hit by an unfavourable environment. Credit was impacted by widening spreads in line with previous quarters. At the same time, commodities enjoyed a good quarter, with buoyant commercial activity in the energy and carbon market.

**Equities and Prime Services** posted net banking income of EUR 2,498 million in 2018, down -4.4% vs. 2017, impacted by a declining equity market. In Q4 18, net banking income amounted to EUR 550 million, down -15.5% vs. Q4 17, hit by lower commercial activity. Management of structured product portfolios was affected by sharp market movements. Prime Services continued to turn in a good performance while cash equities remained resilient, with an increase in trading volumes. However, this performance failed to offset the fall in derivative revenues.

The Equity Derivatives franchise was once again voted "Structured Products House of the Year" by Risk Awards.

**Securities Services'** assets under custody amounted to EUR 4,011 billion at end-December 2018, up +2.8% vs. end-December 2017. Over the same period, assets under administration were down -6.5% at EUR 609 billion. Revenues rose +6.2% in 2018 compared to 2017, to EUR 734 million. This sharp rise reflects the continued healthy commercial momentum. Revenues were slightly lower (-0.6%) in Q4 18 than in Q4 17.

## Financing & Advisory

**Financing & Advisory's** revenues totalled EUR 2,673 million in 2018, 7.1% higher than in 2017. 2018 was a record year, driven by the successful implementation of the businesses' different initiatives.

Net banking income came to EUR 716 million in Q4 18, up +19.1% vs. Q4 17. Asset Financing (especially aircraft, shipping and real estate) continued to benefit from a good level of origination activity and commissions. The natural resources division enjoyed a healthy momentum in energy project financing. The Asset Backed Products platform saw further expansion.

Global Transaction Banking's earnings were significantly higher in Q4 18, with good commercial activity in Cash Management and Correspondent Banking despite the low interest rate environment.

## Asset and Wealth Management

The net banking income of the **Asset and Wealth Management** business line totalled EUR 966 million in 2018, down -3.4% compared to 2017, with revenues remaining resilient in a low interest rate environment. Net banking income amounted to EUR 232 million in Q4 18, down -6.5% vs. Q4 17.

**Private Banking's** assets under management totalled EUR 113 billion at end-December 2018, 4% lower than in December 2017, impacted by the decline in the markets. 2018 net banking income was 4.2% lower than in 2017 at EUR 756 million, impacted by the decline in international activities in 2018. Revenues fell -4.7% in Q4 18 vs. Q4 17.

**Lyxor's** assets under management came to EUR 118 billion at end-December 2018, 5.4% higher than in December 2017. Revenues totalled EUR 191 million in 2018, the same level as 2017 revenues. Good inflow offset margin pressure in ETF activity. Lyxor's market share stood at 9.7% in 2018. Revenues amounted to EUR 47 million in Q4 18, down -6.0% vs. Q4 17, with a sluggish market.

## Operating expenses

Global Banking & Investor Solutions' operating expenses were up +1.7% compared to 2017 and amounted to EUR 7,241 million, reflecting cost control and investment in the growth of Financing activities and Global Transaction Banking.

Operating expenses were up +2.1% in Q4 18 vs. Q4 17.

## Operating income

Gross operating income came to EUR 1,605 million in 2018, down -21.8% compared to 2017, and EUR 262 million in Q4 18, down -41.8% vs. Q4 17.

The net cost of risk amounted to EUR -93 million in 2018 (compared to a very low net cost of risk in 2017 of EUR -2 million due to provision write-backs).

Global Banking & Investor Solutions' operating income totalled EUR 1,512 million in 2018, 26.2% lower than in 2017, and EUR 164 million in Q4 18, down -66.2%.

## Net income

The pillar's contribution to Group net income came to EUR 1,197 million in 2018, a decrease of -24.9%, and EUR 179 million in Q4 18.

The pillar's RONE stood at 7.8% in 2018.

## 6. CORPORATE CENTRE

<b>In EUR m</b>	<b>Q4 18</b>	<b>Q4 17</b>	<b>2018</b>	<b>2017</b>
Net banking income	(187)	22	182	(1,147)
<i>Net banking income (1)</i>	<i>(187)</i>	<i>(71)</i>	<i>182</i>	<i>(1,094)</i>
Operating expenses	(104)	(285)	(535)	(374)
<b>Gross operating income</b>	<b>(291)</b>	<b>(263)</b>	<b>(353)</b>	<b>(1,521)</b>
<i>Gross operating income (1)</i>	<i>(291)</i>	<i>(263)</i>	<i>(353)</i>	<i>(1,468)</i>
Net cost of risk	(8)	(201)	(19)	(400)
Net profits or losses from other assets	(243)	(42)	(274)	237
<b>Reported Group net income</b>	<b>(400)</b>	<b>(793)</b>	<b>(635)</b>	<b>(1,785)</b>
<i>Group Net Income (1)</i>	<i>(400)</i>	<i>(857)</i>	<i>(635)</i>	<i>(1,746)</i>

(1) Adjusted for revaluation of own financial liabilities in Q4 17 and 2017

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects and certain costs incurred by the Group and not re-invoiced to the businesses.

The revaluation of the Group's own financial liabilities is no longer recognised in profit or loss for the period due to the implementation of IFRS 9 as from January 1<sup>st</sup>, 2018. Consequently, earnings are no longer restated for this non-economic item.

The Corporate Centre's net banking income totalled EUR 182 million in 2018 vs. EUR -1,094<sup>(1)</sup> million in 2017 and EUR -187 million in Q4 18 vs. EUR -71<sup>(1)</sup> million in Q4 17.

Operating expenses totalled EUR -535 million in 2018 vs. EUR -374 million in 2017. They included an allocation to the provision for disputes of EUR -336 million in 2018. Operating expenses amounted to EUR -104 million in Q4 18 vs. EUR -285 million in Q4 17. In Q4 18, operating expenses included a EUR 1.2 billion charge for the settlement of the US Sanctions Case, fully covered by a write-back of the provision for disputes.

At December 31<sup>st</sup>, 2018, the provision for disputes amounted to EUR 0.3 billion.

Gross operating income amounted to EUR -291 million in Q4 18 vs. EUR -356<sup>(1)</sup> million in Q4 17. In 2018, gross operating income totalled EUR -353 million vs. EUR -1,468<sup>(1)</sup> million in 2017. Gross operating income came to EUR -288 million in 2018 excluding the impact of exceptional items and after restatement of the Euroclear capital gain.

The net cost of risk amounted to EUR -19 million in 2018 vs. EUR -400 million in 2017, which included a net additional allocation of EUR -400 million to the provision for disputes. The net cost of risk was EUR -8 million in Q4 18 vs. EUR -201 million in Q4 17.

Net profits or losses from other assets include primarily the capital loss recognised under IFRS 5 in respect of disposals currently being finalised by the Group amounting to EUR -268 million in 2018 (EUR -241 million in Q4 18), with EUR -202 million corresponding to disposals already announced (Societe Generale Albania, Societe Generale Serbia, Mobiasbanca Societe Generale in Moldavia) and Societe Generale's stake in La Banque Postale Financement.

The Corporate Centre's contribution to Group net income was EUR -635 million in 2018 vs. EUR -1,746<sup>(1)</sup> million in 2017 and EUR -400 million in Q4 18 (EUR -857<sup>(1)</sup> million in Q4 17).

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(1) Excluding non-economic items

## 7. CONCLUSION

### Adaptation in the execution of the 2020 strategic and financial plan “Transform to Grow”

In 2018, Societe Generale achieved several major milestones in the implementation of the “Transform to Grow” strategic plan with:

- The success of the majority of growth initiatives,
- The disciplined execution of the EUR 1.1 billion cost savings plan, with EUR 0.4 billion already achieved over the period 2017/2018, for efficiency investments of EUR 0.7 billion over the same period,
- The rigorous management of the cost of risk at 21 basis points in 2018, towards the bottom end of the expected range of 20-25 basis points,
- The removal of financial uncertainty related to the settlement of litigation issues,
- The refocusing of the Group, with eight disposals already announced resulting in an overall positive impact of around +37 basis points<sup>(2)</sup> on the CET 1 ratio (representing a contribution to net income of around EUR 125 million in 2018).

Given a geopolitical environment marked by substantial uncertainty, a still low interest rate environment in the eurozone, the relative performance of its businesses and improved visibility on regulatory constraints, the Group has **adapted the execution and financial targets of its “Transform to Grow” plan**. In particular, the Group expects the revision of interest rate assumptions used in its estimates to have an **impact of around EUR 500 million** on the Group’s revenues in 2020.

The adaptations are aimed at a **more selective capital allocation**, prioritising **fast-growing and highly profitable businesses**, combined with an **increased ambition to reduce costs**, especially in Global Banking & Investor Solutions. They will help **consolidate the CET1 target of 12% in 2020**.

Within **Global Banking & Investor Solutions**, the Group has adjusted the operational set-up in Global Markets, which will be more focused on leadership and profitable franchises, in which it has competitive advantages. This refocusing will result in a reduction in risk-weighted assets of around EUR 8 billion between now and 2020. The Group will implement an **additional plan to reduce costs by around EUR 500 million** in Global Banking & Investor Solutions and is now aiming for a decline of -6.5%<sup>(3)</sup> in the division’s operating expenses in 2020, rather than stability. The Group is aiming for a **RONE<sup>(1)</sup>** in 2020 for Global Banking & Investor Solutions ranging from **11.5% to 12.5%**.

**International Retail Banking & Financial Services** is expected to benefit from a still favourable environment and confirm its status as a profitable growth driver. The target **RONE<sup>(1)</sup>** for these activities in 2020 is increased to **17.0%-18.0%**<sup>(4)</sup>.

**French Retail Banking** has demonstrated substantial resilience, with activities in line with the execution of the transformation plan. Given the new interest rate assumptions and the effects on revenues of the measures recently adopted by the French banking sector (around EUR 70 million in 2019), the outlook for French Retail Banking revenues is expected to improve in 2019. The target **RONE<sup>(1)</sup>** is revised to **11.5%-12.5%** for 2020.

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(1) Underlying data. See methodology note 5 for the transition from accounting data to underlying data.

(2) O/w 11bp on transactions already carried out.

(3) Versus 2016 restated for EURIBOR/RMBS exceptional items and including Global Transaction Banking.

(4) This trajectory includes the impact of the implementation of the new bank tax in Romania (estimate of around EUR 50 million).

Finally, the Group is **accelerating the refocusing of the regional and business portfolio**, taking the disposal programme target to a positive effect of **+80-90 basis points** on the CET1 ratio by 2020 (the Group's initial target being 50-60 basis points).

The Group has **confirmed the CET1 ratio target of 12% in 2020** and consolidated the capital trajectory through the implementation of additional measures:

- Rigorous control of the allocation of risk-weighted assets by prioritising the most profitable activities (estimated impact on the CET1 ratio limited to around 50 basis points of organic growth when adjusted for changes in Group structure and at constant exchange rates in risk-weighted assets in 2019/2020)
- Reduction in risk-weighted assets allocated to Global Markets (estimated impact on the CET1 ratio of 25 basis points)
- Dynamic optimisation of the stock of risk-weighted assets (estimated impact on the CET1 ratio of 10-20 basis points in 2020)
- Stepping up of the disposal programme taking the overall impact on the CET1 ratio to 80-90 basis points in 2020 (vs. an initial target of 50-60 basis points).

To date, the Group believes that the first-time application of IFRS 16 would have a negative impact on the CET1 ratio of -5 basis points in 2019. Likewise, the consequences of the ECB's model review (including the "Targeted Review of Internal Models") would have an impact of between -30 and -50 basis points in 2019/2020.

In conclusion, the Group's financial targets for 2020 are as follows:

- Group ROTE<sup>(1)</sup> of between **9%-10%**
- RONE<sup>(1)</sup> for **French Retail Banking** revised to **11.5%-12.5%**
- RONE<sup>(1)</sup> for **International Retail Banking & Financial Services** increased to **17.0%-18.0%**
- RONE<sup>(1)</sup> for **Global Banking & Investor Solutions** ranging from **11.5% to 12.5%**
- CET1 ratio of **12%**
- **50%** payout ratio, with a dividend per share of at least **EUR 2.20**

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(1) Underlying data. See methodology note 5 for the transition from accounting data to underlying data.

## 8. 2018/2019 FINANCIAL CALENDAR

### *2018/2019 Financial communication calendar*

May 3 <sup>rd</sup> , 2019	First quarter 2019 results
August 1 <sup>st</sup> , 2019	Second quarter and first half 2019 results
November 6 <sup>th</sup> , 2019	Third quarter 2019 results

**The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.**

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

## 9. APPENDIX 1: FINANCIAL DATA

### GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In EUR m	Q4 18	Q4 17	Change	2018	2017	Change
French Retail Banking	282	38	x7,4	1 237	1 059	+16,8%
International Retail Banking and Financial Services	563	450	+25,1%	2 065	1 939	+6,5%
Global Banking and Investor Solutions	179	374	-52,1%	1 197	1 593	-24,9%
Core Businesses	1024	862	+18,8%	4 499	4 591	-2,0%
Corporate Centre	(400)	(793)	+49,6%	(635)	(1 785)	+64,4%
Group	624	69	x9	3 864	2806	+37,7%

## CONSOLIDATED BALANCE SHEET

<b>(ASSETS - In millions of euros)</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
Central banks	96,585	114,404
Financial assets at fair value through profit or loss	365,550	369,112
Hedging derivatives	11,899	12,718
Financial assets measured at fair value through other comprehensive income	50,026	50,468
Securities at amortised cost	12,026	11,592
Due from banks at amortised cost	60,588	53,656
Customer loans at amortised cost	447,229	417,391
Revaluation differences on portfolios hedged against interest rate risk	338	663
Investment of insurance activities	146,768	147,611
Tax assets	5,819	6,292
Other assets	67,446	60,449
Non-current assets held for sale	13,502	13
Investments accounted for using the equity method	249	659
Tangible and intangible assets	26,751	24,200
Goodwill	4,652	4,988
<b>Total</b>	<b>1,309,428</b>	<b>1,274,216</b>
<b>(LIABILITIES - In millions of euros)</b>	<b>31.12.2018</b>	<b>01.01.2018</b>
Central banks	5,721	5,604
Financial liabilities at fair value through profit or loss	363,083	368,550
Hedging derivatives	5,993	6,146
Debt securities issued	116,339	103,235
Due to banks	94,706	88,621
Customer deposits	416,818	410,633
Revaluation differences on portfolios hedged against interest rate risk	5,257	6,020
Tax liabilities	1,157	1,608
Other liabilities	76,629	69,139
Non-current liabilities held for sale	10,454	
Liabilities related to insurance activities contracts	129,543	131,717
Provisions	4,605	6,345
Subordinated debts	13,314	13,647
<b>Total liabilities</b>	<b>1,243,619</b>	<b>1,211,265</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity, Group share</b>		
Issued common stocks, equity instruments and capital reserves	29,856	29,427
Retained earnings	28,342	27,698
Net income	3,864	2,806
<b>Sub-total</b>	<b>62,062</b>	<b>59,931</b>
Unrealised or deferred capital gains and losses	(1,036)	(1,503)
Sub-total equity, Group share	<b>61,026</b>	<b>58,428</b>
<b>Non-controlling interests</b>	4,783	4,523
<b>Total equity</b>	<b>65,809</b>	<b>62,951</b>
<b>Total</b>	<b>1,309,428</b>	<b>1,274,216</b>

NB. Customer loans include lease financing.



## 10. APPENDIX 2: METHODOLOGY

**1 - The Group's consolidated results as at December 31<sup>st</sup>, 2018 were approved by the Board of Directors on February 6<sup>th</sup>, 2019.**

The financial information presented in respect of the fourth quarter and 2018 has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.

### **2 – Net banking income**

The pillars' net banking income is defined on page 44 of Societe Generale's 2018 Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

### **3 – Operating expenses**

Operating expenses correspond to the "Operating Expenses" as presented in notes 5 and 8.2 to the Group's consolidated financial statements as at December 31<sup>st</sup>, 2017 (pages 390 et seq. and page 410 of Societe Generale's 2018 Registration Document). The term "costs" is also used to refer to Operating Expenses.

The Cost/Income Ratio is defined on page 44 of Societe Generale's 2018 Registration Document.

### **4 – IFRIC 21 adjustment**

**The IFRIC 21 adjustment** corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

### **5 – Restatements and other significant items for the period – Transition from accounting data to underlying data**

**Non-economic items** correspond to the revaluation of the Group's own financial liabilities and the debt value adjustment on derivative instruments (DVA). These two factors constitute the restated non-economic items in the analyses of the Group's results. They lead to the recognition of self-generated earnings reflecting the market's evaluation of the counterparty risk related to the Group. They are also restated in respect of the Group's earnings for prudential ratio calculations. In accordance with IFRS 9, the variation in the revaluation of the Group's own financial liabilities is no longer recognised in earnings for the period but in shareholders' equity. Consequently, the Group will no longer present published information restated for non-economic items.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar **for PEL/CEL provision allocations or write-backs**. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

Details of these items, as well as the other items that are the subject of a one-off or recurring restatement (exceptional items), are provided below, given that, in the table below, the items marked with one asterisk (\*) are the non-economic items and the items marked with two asterisks (\*\*) are the exceptional items.

The reconciliation enabling the transfer from accounting data to underlying data is set out below:

<b>In EUR m</b>	<b>Q4 18</b>	<b>Q4 17</b>	<b>Change</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Net Banking Income</b>	<b>5,927</b>	<b>6,323</b>	<b>-6.3%</b>	<b>25,205</b>	<b>23,954</b>	<b>+5.2%</b>
(-)Reevaluation of own financial liabilities*		93			(53)	
(-)DVA*		2			(4)	
(-)Adjustment of hedging costs**		0			(88)	
(-)LIA settlement**					(963)	
<b>Underlying Net Banking Income</b>	<b>5,927</b>	<b>6,228</b>	<b>-4.8%</b>	<b>25,205</b>	<b>25,062</b>	<b>+0.6%</b>
<b>Operating expenses</b>	<b>(4,458)</b>	<b>(5,024)</b>	<b>-11.3%</b>	<b>(17,931)</b>	<b>(17,838)</b>	<b>+0.5%</b>
(+)IFRIC 21 linearisation	(169)	(157)				
(-)Adaptation of French retail network**		(390)			(390)	
(-)French tax audit/EIC**		(205)			(205)	
(-)Provision for disputes**	0			(336)		
<b>Underlying Operating expenses</b>	<b>(4,627)</b>	<b>(4,586)</b>	<b>+0.9%</b>	<b>(17,595)</b>	<b>(17,243)</b>	<b>+2.0%</b>
<b>Net cost of risk</b>	<b>(363)</b>	<b>(469)</b>	<b>-22.6%</b>	<b>(1,005)</b>	<b>(1,349)</b>	<b>-25.5%</b>
(-)Provision for disputes**		(200)			(800)	
(-)LIA settlement**					400	
<b>Underlying Net Cost of Risk</b>	<b>(363)</b>	<b>(269)</b>	<b>+34.9%</b>	<b>(1,005)</b>	<b>(949)</b>	<b>+5.9%</b>
<b>Net profit or losses from other assets</b>	<b>(169)</b>	<b>(39)</b>	<b>n/s</b>	<b>(208)</b>	<b>278</b>	<b>n/s</b>
(-)IFRS 5 effect on Group refocusing plan	(241)			(268)		
(-)Change in consolidation method of Antarius**					203	
(-)SG Fortune disposal**		0			73	
<b>Underlying Net profits or losses from other assets</b>	<b>72</b>	<b>(39)</b>	<b>n/s</b>	<b>60</b>	<b>2</b>	<b>n/s</b>
<b>Group net income</b>	<b>624</b>	<b>69</b>	<b>x9</b>	<b>3,864</b>	<b>2,806</b>	<b>+37.7%</b>
Effect in Group net income of above restatements***	(120)	(808)		(604)	(1,685)	
<b>Underlying Group net income</b>	<b>744</b>	<b>877</b>	<b>-15.2%</b>	<b>4,468</b>	<b>4,491</b>	<b>-0.5%</b>

(\*) Non-economic items

(\*\*) Exceptional items

(\*\*\*) Including the effect of changes in tax laws in France and the United States in 2017

## 6 – Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk or commercial cost of risk is defined on pages 46 and 564 of Societe Generale's 2018 Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q4 18	Q4 17	2018	2017
<b>French Retail Banking</b>	Net Cost Of Risk	144	177	489	546
	Gross loan Outstandings	189,034	184,649	186,782	182,058
	<b>Cost of Risk in bp</b>	<b>30</b>	<b>38</b>	<b>26</b>	<b>30</b>
<b>International Retail Banking and Financial Services</b>	Net Cost Of Risk	114	109	404	366
	Gross loan Outstandings	137,172	128,015	134,306	125,948
	<b>Cost of Risk in bp</b>	<b>33</b>	<b>34</b>	<b>30</b>	<b>29</b>
<b>Global Banking and Investor Solutions</b>	Net Cost Of Risk	97	(30)	93	5
	Gross loan Outstandings	157,974	144,967	152,923	155,130
	<b>Cost of Risk in bp</b>	<b>25</b>	<b>(8)</b>	<b>6</b>	<b>0</b>
<b>Corporate Centre</b>	Net Cost Of Risk	8	1	19	0
	Gross loan Outstandings	8,591	7,657	7,597	7,833
	<b>Cost of Risk in bp</b>	<b>37</b>	<b>4</b>	<b>25</b>	<b>0</b>
<b>Societe Generale Group</b>	Net Cost Of Risk	363	256	1,005	918
	Gross loan Outstandings	492,771	465,288	481,608	470,968
	<b>Cost of Risk in bp</b>	<b>29</b>	<b>22</b>	<b>21</b>	<b>19</b>

**The gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

## 7 – ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 47 of Societe Generale's 2018 Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 47 of Societe Generale's Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest, net of tax payable to holders of deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

End of period	Q4 18	Q4 17	2018	2017
<b>Shareholders' equity Group share</b>	<b>61,026</b>	<b>59,373</b>	<b>61,026</b>	<b>59,373</b>
Deeply subordinated notes	(9,330)	(8,520)	(9,330)	(8,520)
Undated subordinated notes	(278)	(269)	(278)	(269)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(14)	(165)	(14)	(165)
OCI excluding conversion reserves	(312)	(1,031)	(312)	(1,031)
Dividend provision	(1,764)	(1,762)	(1,764)	(1,762)
<b>ROE equity end-of-period</b>	<b>49,328</b>	<b>47,626</b>	<b>49,328</b>	<b>47,626</b>
<b>Average ROE equity</b>	<b>49,016</b>	<b>47,981</b>	<b>48,138</b>	<b>48,087</b>
Average Goodwill	(4,946)	(4,999)	(5,019)	(4,924)
Average Intangible Assets	(2,177)	(1,904)	(2,065)	(1,831)
<b>Average ROTE equity</b>	<b>41,893</b>	<b>41,078</b>	<b>41,054</b>	<b>41,332</b>
<b>Group net Income (a)</b>	<b>624</b>	<b>69</b>	<b>3,864</b>	<b>2,806</b>
<b>Underlying Group net income (b)</b>	<b>744</b>	<b>877</b>	<b>4,468</b>	<b>4,491</b>
Interest, net of tax on deeply subordinated notes and undated subordinated notes (c)	(124)	(117)	(462)	(466)
Cancellation of goodwill impairment (d)	176	0	198	0
<b>Corrected Group net Income (e) = (a)+(c)+(d)</b>	<b>676</b>	<b>(48)</b>	<b>3,600</b>	<b>2,340</b>
<b>Corrected Underlying Group net Income (f)=(b)+(c)</b>	<b>620</b>	<b>760</b>	<b>4,006</b>	<b>4,025</b>
<b>Average ROTE equity (g)</b>	<b>41,893</b>	<b>41,078</b>	<b>41,054</b>	<b>41,332</b>
ROTE [quarter: (4*e/g), 12M: (e/g)]	6.5%	-0.5%	8.8%	5.7%
<b>Average ROTE equity (underlying) (h)</b>	<b>41,951</b>	<b>41,240</b>	<b>41,345</b>	<b>41,803</b>
Underlying ROTE [quarter: (4*f/h), 12M: (f/h)]	5.9%	7.4%	9.7%	9.6%

**RONE calculation: Average capital allocated to Core Businesses (in EURm)**

In EUR m	Q4 18	Q4 17	Change	2018	2017	Change
<b>French Retail Banking</b>	<b>11,158</b>	11,475	-2.8%	<b>11,201</b>	11,027	+1.6%
<b>International Retail Banking and Financial Services</b>	<b>11,417</b>	11,111	+2.8%	<b>11,390</b>	11,137	+2.3%
<b>Global Banking and Investor Solutions</b>	<b>16,058</b>	14,525	+10.6%	<b>15,424</b>	14,996	+2.9%
<b>Core Businesses</b>	<b>38,633</b>	37,111	+4.1%	<b>38,015</b>	37,160	+2.3%
<b>Corporate Centre</b>	<b>10,383</b>	10,870	-4.5%	<b>10,123</b>	10,927	-7.4%
<b>Group</b>	<b>49,016</b>	47,981	+2.2%	<b>48,138</b>	48,087	+0.1%

## 8 – Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 49 of the Group's 2018 Registration Document. The items used to calculate them are presented below.

End of period	2018	2017	2016
<b>Shareholders' equity Group share</b>	<b>61,026</b>	<b>59,373</b>	<b>61,953</b>
Deeply subordinated notes	(9,330)	(8,520)	(10,663)
Undated subordinated notes	(278)	(269)	(297)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(14)	(165)	(171)
Bookvalue of own shares in trading portfolio	423	223	75
<b>Net Asset Value</b>	<b>51,827</b>	<b>50,642</b>	<b>50,897</b>
Goodwill	(4,860)	(5,154)	(4,709)
Intangible Asset	(2,224)	(1,940)	(1,717)
<b>Net Tangible Asset Value</b>	<b>44,743</b>	<b>43,548</b>	<b>44,471</b>
<b>Number of shares used to calculate NAPS**</b>	<b>801,942</b>	<b>801,067</b>	<b>799,462</b>
<b>Nest Asset Value per Share</b>	<b>64.6</b>	<b>63.2</b>	<b>63.7</b>
<b>Net Tangible Asset Value per Share</b>	<b>55.8</b>	<b>54.4</b>	<b>55.6</b>

**\*\* The number of shares considered is the number of ordinary shares outstanding as at December 31<sup>st</sup>, 2018, excluding treasury shares and buybacks, but including the trading shares held by the Group.**

**In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.**

## 9 – Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 48 of Societe Generale's 2018 Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE. As specified on page 48 of Societe Generale's 2018 Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The number of shares used for the calculation is as follows:

<b>Average number of shares (thousands)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Existing shares</b>	<b>807,918</b>	<b>807,754</b>	<b>807,293</b>
<b>Deductions</b>			
Shares allocated to cover stock option plans and free shares awarded to staff	5,335	4,961	4,294
Other own shares and treasury shares	842	2,198	4,232
<b>Number of shares used to calculate EPS**</b>	<b>801,741</b>	<b>800,596</b>	<b>798,768</b>
<b>Group net Income</b>	<b>3,864</b>	<b>2,806</b>	<b>3,874</b>
Interest, net of tax on deeply subordinated notes and undated subordinated notes	(462)	(466)	(472)
Capital gain net of tax on partial buybacks			
<b>Adjusted Group net income</b>	<b>3,402</b>	<b>2,340</b>	<b>3,402</b>
<b>EPS (in EUR)</b>	<b>4.24</b>	<b>2.92</b>	<b>4.26</b>
<b>Underlying EPS* (in EUR)</b>	<b>5.00</b>	<b>5.03</b>	<b>4.60</b>

\* Excluding non-economic and exceptional items and including linearisation of the IFRIC 21 effect.

\*\* The number of shares considered is the number of ordinary shares outstanding as at December 31<sup>st</sup>, 2018, excluding treasury shares and buybacks, but including the trading shares held by the Group.

## 10 – The Societe Generale Group's Common Equity Tier 1 capital

This is calculated in accordance with applicable CRR/CRD4 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is calculated according to applicable CRR/CRD4 rules including the provisions of the delegated act of October 2014.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website [www.societegenerale.com](http://www.societegenerale.com) in the "Investor" section.

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## Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 147,000 members of staff in 67 countries and supports on a daily basis 31 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking**, which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

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