

## **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 Short Certificates relating to  
the ordinary shares of Geely Automobile Holdings Limited  
with a Daily Leverage of -5x**

**issued by**

**SG Issuer**

**(Incorporated in Luxembourg with limited liability)**

**unconditionally and irrevocably guaranteed by**

**Société Générale**

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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 19 June 2020 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

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

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

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the

supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate an inverse 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 19 June 2020 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 31 August 2020.

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.

28 August 2020

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

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

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

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

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market

prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

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

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## RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has risen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 29 to 33 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Short 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 Inverse Strategy (as described below) including the Stock Borrowing 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 an inverse 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 inverse 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 Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall 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 increase 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 increase in the price of

the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 48 to 49 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 35 to 37 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 rise. 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 Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse 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

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

- (cc) risk factors relating to the BRRD

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

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

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15

July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Resolution Fund (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

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

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

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

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

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

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in**”).

**Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

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

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

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

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

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

Moreover, if the Issuer’s or the Guarantor’s financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools

by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

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

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

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

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

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

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

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the

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

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

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

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

## TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

|   |   |
|---|---|
| Certificates:                             | 6,000,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Geely Automobile Holdings Limited (the “ <b>Underlying Stock</b> ”) |
| ISIN:                                     | LU1986500210  |
| Company:                                  | Geely Automobile Holdings Limited (RIC: 0175.HK)  |
| Underlying Price <sup>3</sup> and Source: | HK\$15.74 (Reuters)   |
| Calculation Agent:                        | Société Générale  |
| Strike Level:                             | Zero  |
| Daily Leverage:                           | -5x (within the Leverage Inverse 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.  |
| Stock Borrowing Cost <sup>6</sup> :       | The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.   |
| Rebalancing Cost <sup>6</sup> :           | The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.                                |
| Launch Date:                              | 24 August 2020  |
| Closing Date:                             | 28 August 2020  |

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 28 August 2020. 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 28 August 2020.

<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 Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

|                         |   |
|-------------------------|---|
| Expected Listing Date:  | 31 August 2020  |
| Last Trading Date:      | The date falling 5 Business Days immediately preceding the Expiry Date, currently being 18 August 2023  |
| Expiry Date:            | 25 August 2023 (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 August 2023 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 Short Certificates on Single Equities” section on pages 40 to 54 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 2 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</p>   |



Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Inverse Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Short Certificates on Single Equities” section on pages 40 to 54 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 Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the “Specific Definitions relating to the Leverage Inverse Strategy” section on pages 20 to 23 below.

Initial Exchange Rate<sup>3</sup>: 0.1755

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| 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:                                | <p>The “<b>Air Bag Mechanism</b>” refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more (“<b>Air Bag Trigger Price</b>”) during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.</p> <p>Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.</p> <p>The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero.</p> <p>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 46 to 47 of this document for further information of the Air Bag Mechanism.</p> |
| Adjustments and Extraordinary Events:             | The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.  |
| Underlying Stock Currency:                        | Hong Kong Dollar (“ <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 (the “ <b>SGX-ST</b> ”)   |
| Relevant Stock Exchange for the Underlying Stock: | HKEX  |

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| 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> <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 Inverse Strategy including the Stock Borrowing 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.</p> |
| Further Information:                    | Please refer to the website at <a href="http://dlc.socgen.com">dlc.socgen.com</a> 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 Inverse Strategy**

### **Description of the Leverage Inverse Strategy**

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

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse 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 Inverse 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 Inverse Strategy Formula**

**LSL<sub>t</sub>** means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the **Leverage Inverse 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):

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

**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 :

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

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

$$SB_{t-1,t} = -\text{Leverage} \times \frac{\text{CB} \times \text{ACT}(t-1, t)}{\text{DayCountBasisRate}}$$

**CB** means the Cost of Borrowing applicable that is equal to 2%.

**RC<sub>t-1,t</sub>** means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows :

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

|                                     |  |
|-------------------------------------|--|
| <b>TC</b>                           | means the Transaction Costs applicable (including Stamp Duty) that are equal to :<br>0.10%   |
| <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>             | 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, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page.   |
| <b>Rfactor<sub>t</sub></b>          | 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 :<br>$Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$<br>where<br><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 gross of any applicable withholding taxes. |
| <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>DayCount</b><br><b>BasisRate</b> | 365  |

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

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|--|---|
| <b>Extraordinary Strategy Adjustment for Performance Reasons</b> | <p>If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the <b>Intraday Restrike Date</b>, noted hereafter <b>IRD</b>), an adjustment (an <b>Extraordinary Strategy Adjustment for Performance Reasons</b>) shall take place during such Observation Date(t) in accordance with the following provisions.</p> <p>(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Inverse Strategy Closing Level on the Intraday Restrike Date (<b>LSL<sub>IRD</sub></b>) should be computed as follows :</p> $LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$ <p>(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:</p> $LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$ |
|--|---|

|                                    |   |
|------------------------------------|---|
| <b>ILSL<sub>IR(k)</sub></b>        | <p>means, in respect of IR(k), the Intraday Leverage Inverse Strategy Level in accordance with the following provisions :</p> <p>(1) for k = 1 :</p> $ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - SB_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$ <p>(2) for k &gt; 1 :</p> $ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$                                       |
| <b>ILR<sub>IR(k-1),IR(k)</sub></b> | <p>means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :</p> $ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left( \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$   |
| <b>IRC<sub>IR(k-1),IR(k)</sub></b> | <p>means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :</p> $IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right  \right) \times TC$  |
| <b>IS<sub>IR(k)</sub></b>          | <p>means the Underlying Stock Price in respect of IR(k) computed as follows :</p> <p>(1) for k=0</p> $IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$ <p>(2) for k=1 to n</p> <p>means in respect of IR(k), the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period</p> <p>(3) with respect to IR(C)</p> $IS_{IR(C)} = S_{IRD}$ <p>In each case, subject to the adjustments and provisions of the Conditions.</p> |
| <b>IR(k)</b>                       | <p>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;</p> <p>For k=1 to n, means the k<sup>th</sup> Intraday Restrike Event on the relevant Intraday Restrike Date.</p>  |
| <b>IR(C)</b>                       | <p>means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.</p>  |
| <b>n</b>                           | <p>means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.</p>   |
| <b>Intraday Restrike Event</b>     | <p>means in respect of an Observation Date(t) :</p> <p>(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock</p>  |

Price  $IS_{IR(0)}$  as of such Calculation Time.

(2) if  $k$  Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the increase 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.

|   |   |
|---|---|
| <b>Calculation Time</b>                           | 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 Inverse Strategy Level.  |
| <b>TimeReferenceOpening</b>                       | means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).   |
| <b>TimeReferenceClosing</b>                       | means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).   |
| <b>Intraday Restrike Event Observation Period</b> | <p>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.</p> <p>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.</p> |
| <b>Intraday Restrike Event Time</b>               | means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.  |

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

## TERMS AND CONDITIONS OF

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

#### 1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 19 June 2020, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

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

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

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

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

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

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

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force



of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;

- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

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

- (c) **Transfer.** The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) **Title.** Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

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

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

(the “**Statutory Bail-In**”);

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

- (A) ranking:
  - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
  - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
  - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

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

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or

other members of its group.

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

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

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

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

For the purposes of this Condition:

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

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

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

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

**"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.

## 2. Certificate Rights and Exercise Expenses

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

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

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

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

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

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

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

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any

Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

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

### **3. Expiry Date**

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

### **4. Exercise of Certificates**

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
  - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
  - (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

- (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
  - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
  - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
  - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

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

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.
- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and



without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

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

## **7. Purchases**

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

## **8. Meetings of Certificate Holders; Modification**

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

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

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

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

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

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is

not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## **9. Notices**

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## **10. Liquidation**

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

## **11. Further Issues**

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

## **12. Delisting**

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is

reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

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

### 13. Early Termination

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

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

For the purposes of this Condition:

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

Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

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

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

For the purposes of this Condition:

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

- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and

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

#### **14. 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 and the Base Listing Document. Terms used in this Summary are defined in the Conditions.*

|                                |   |
|--------------------------------|---|
| Issuer:                        | SG Issuer   |
| Company:                       | Geely Automobile Holdings Limited   |
| The Certificates:              | European Style Cash Settled Short 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 19 June 2020 (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:<br><br>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 31 August 2020. |
| Governing Law:             | The laws of Singapore   |
| Warrant Agent:             | The Central Depository (Pte) Limited<br>11 North Buona Vista Drive<br>#06-07 The Metropolis Tower 2<br>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 and the Base Listing Document.

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

### What are European Style Cash Settled Short Certificates on Single Equities?

European style cash settled short 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 Inverse 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 decrease and are seeking short-term leveraged inverse 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 Inverse Strategy including the Stock Borrowing 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 | = | $t^7=0$         | x | $t=1$   | x | $t=2$  | x ... | $t=i$  |
|                       |   | Notional Amount |   | Leverage Inverse Strategy daily performance <sup>8</sup> x Daily Fees |   | Leverage Inverse Strategy daily performance x Daily Fees |       | Leverage Inverse Strategy Daily performance x Daily Fees |

|                       |   |                 |   |   |   |   |
|-----------------------|---|-----------------|---|---|---|---|
| Value of Certificates | = | $t=0$           | x | <b>Product of the daily Leverage Inverse Strategy Performance</b>                         | x | <b>Product of the Daily Fees (Hedging Fee Factor)</b> |
|                       |   | Notional Amount |   | Leverage Inverse Strategy daily performance x Leverage Inverse Strategy daily performance |   | Daily Fees x Daily Fees                               |

|                             |   |                 |   |   |   |                    |
|-----------------------------|---|-----------------|---|---|---|--------------------|
| Final Value of Certificates | = | $t=0$           | x | Final Reference Level x Final Exchange Rate<br>÷<br>Initial Reference Level x Initial Exchange Rate | x | Hedging Fee Factor |
|                             |   | Notional Amount |   |   |   |                    |

### 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> “ $t^7$ ” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

<sup>8</sup> Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Closing Level on Business Day (t) divided by the Leverage Inverse Strategy Closing Level on Business Day (t-1).

## Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

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

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

|                                  |  |
|----------------------------------|--|
| Underlying Stock:                | Ordinary shares of Geely Automobile Holdings Limited |
| Expected Listing Date:           | <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:                    | Zero   |

## 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

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

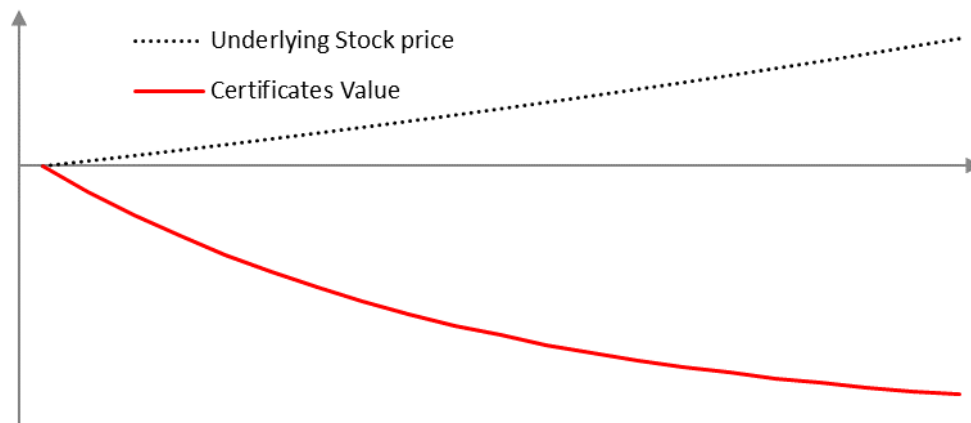
$$= \mathbf{0.479 \text{ SGD}}$$

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

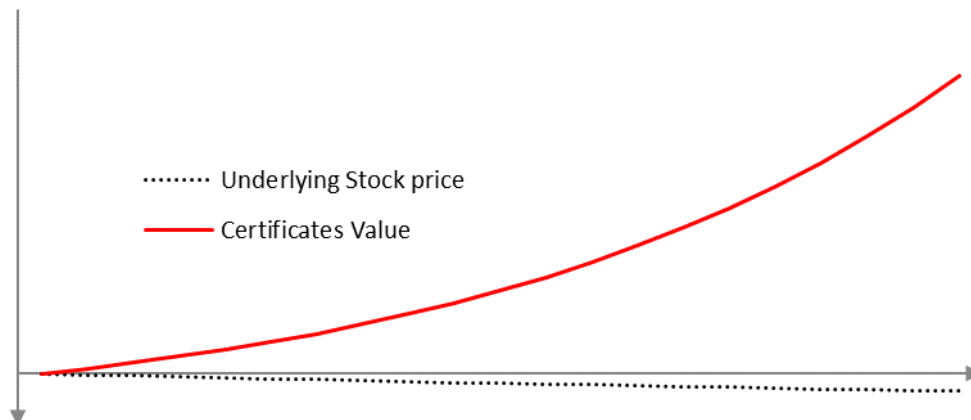
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

### 1. Illustrative examples

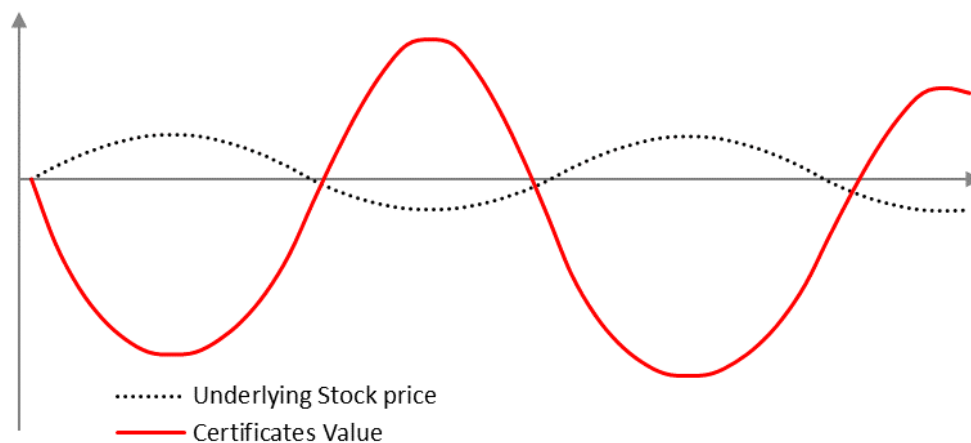
#### Scenario 1 – Upward Trend



#### 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       | 0.4   | 0.36    | 0.32    | 0.29    | 0.26    | 0.24    |
| Accumulated Return        |       | -10.00% | -19.00% | -27.10% | -34.39% | -40.95% |

### 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       | 0.4   | 0.44   | 0.48   | 0.53   | 0.59   | 0.64   |
| Accumulated Return        |       | 10.00% | 21.00% | 33.10% | 46.41% | 61.05% |

### 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       | 0.4   | 0.36    | 0.40   | 0.36    | 0.39   | 0.35    |
| Accumulated Return        |       | -10.00% | -1.00% | -10.90% | -1.99% | -11.79% |

## 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 maximum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Inverse Strategy is reset using the maximum 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 Inverse 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.

The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

### Air Bag Mechanism timeline

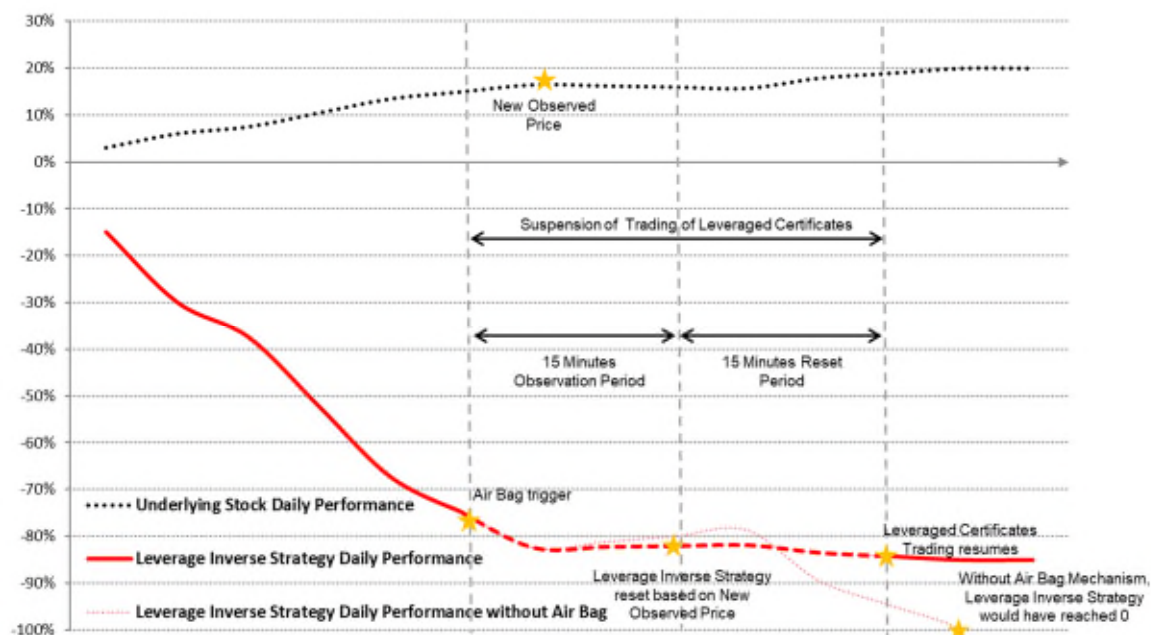
| Air Bag Trigger                          | Observation Period                     | Resumption of Trading  |
|--|--|--|
| More than 45 minutes before Market Close | First 15 minutes after Air Bag Trigger | Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger |
| 45 minutes before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

With **Market Close** defined as:

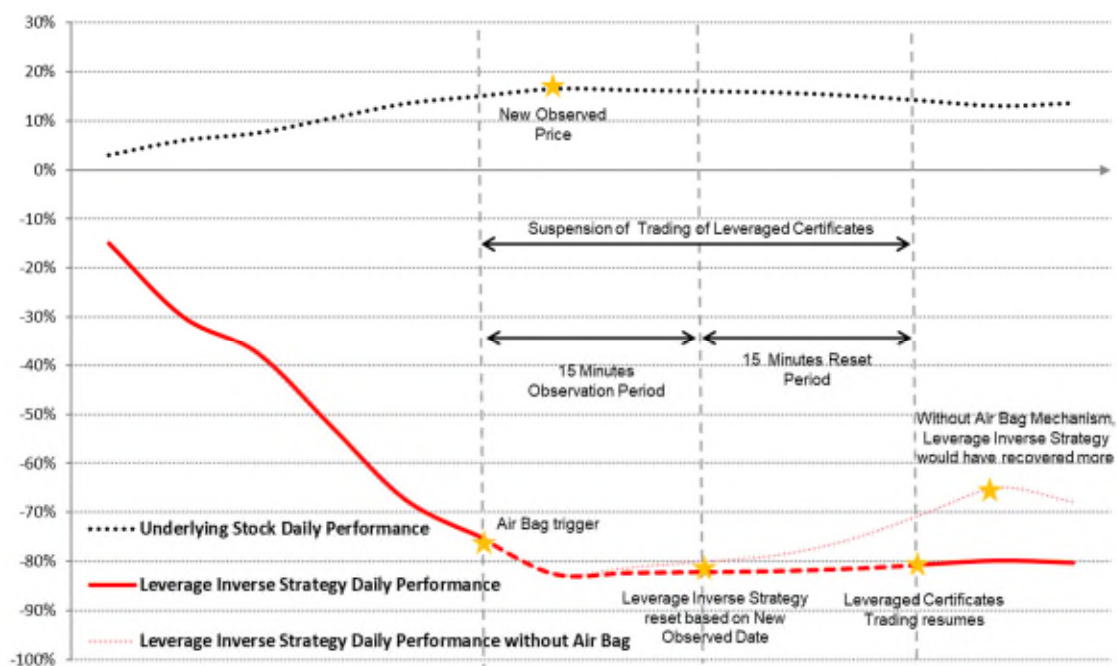
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

## Illustrative examples of the Air Bag Mechanism<sup>9</sup>

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



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



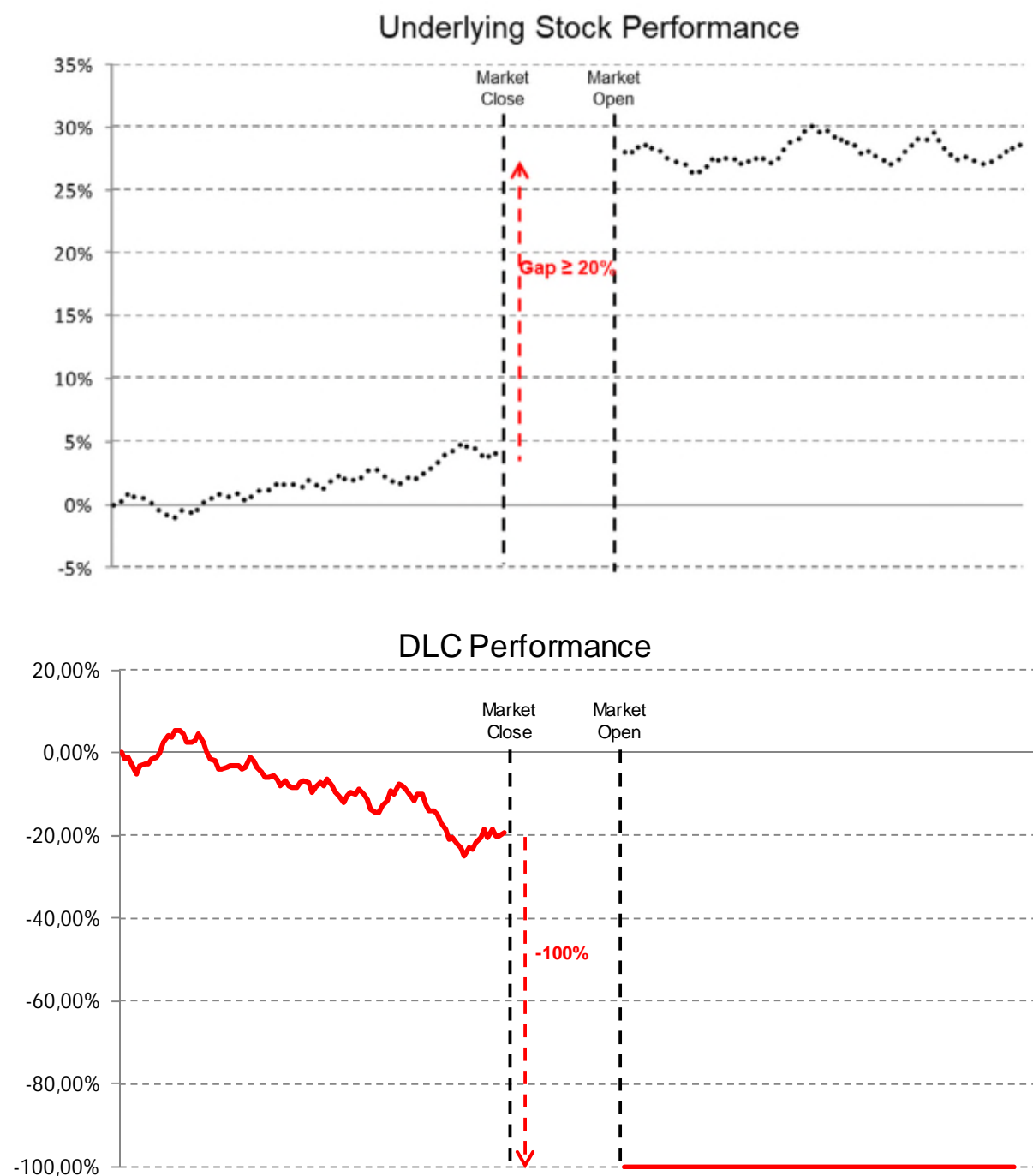
<sup>9</sup> The illustrative examples are not exhaustive.

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

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

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

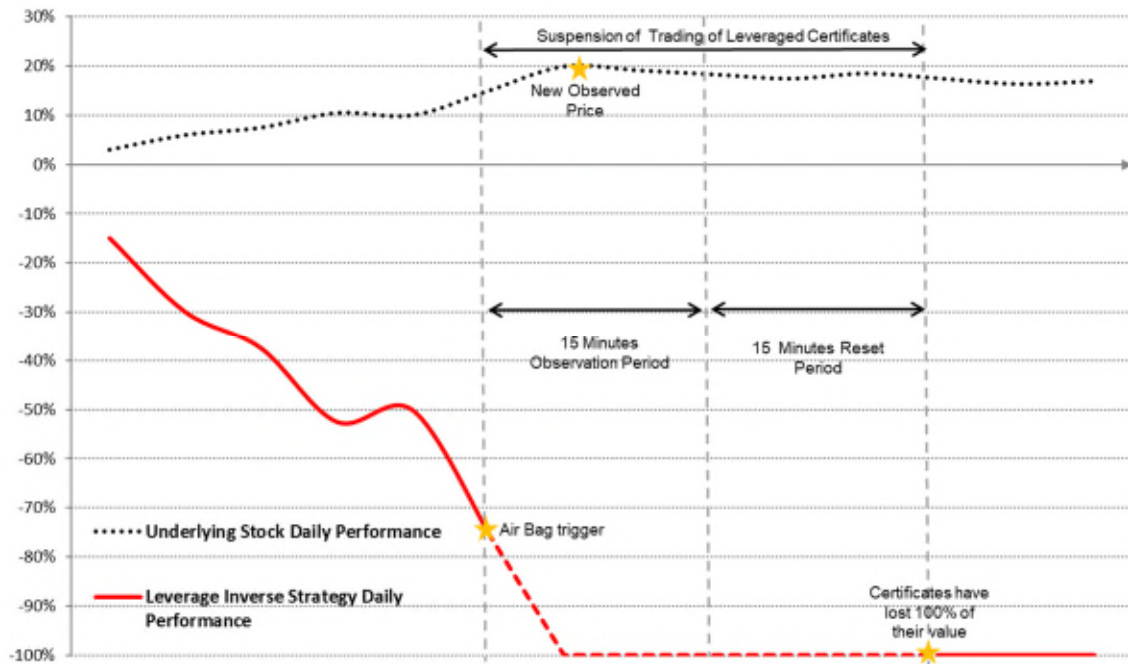
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more above 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 rise 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 rises by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



## Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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 rises 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):

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

$$S_t = \$51$$

$$Div_t = \$0$$

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

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                           | 0.36                         | -10%  |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$57.5, which is 15% above \$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                           | 0.38                         | -5%   |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$230, which is 15% above \$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                           | 0.30                         | -25%  |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$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<br>Stock Performance |
|-----------|----------------------------|-------|--|
| 100       | 83.33                      | 85    | 2%                                       |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance<br>(excluding any cost and fees) |
|--------------------------------|------------------------------|--|
| 0.40                           | 0.36                         | -10%   |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$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<br>Stock Performance |
|-----------|----------------------------|-------|--|
| 100       | 80                         | 84    | 5%                                       |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance<br>(excluding any cost and fees) |
|--------------------------------|------------------------------|--|
| 0.40                           | 0.30                         | -25%   |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$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 interim results of the Company and its subsidiaries for the six months ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 27 August 2020 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);
- (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 3 August 2020 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2020.

## SUPPLEMENTAL GENERAL INFORMATION

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

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2019 or the Guarantor since 30 June 2020, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
  - (a) the Guarantee;
  - (b) the Master Instrument; and
  - (c) the Master Warrant Agent Agreement.

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

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

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

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:
- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
  - (b) the latest financial reports (including the notes thereto) of the Issuer;
  - (c) the latest financial reports (including the notes thereto) of the Guarantor;
  - (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;
  - (e) the Base Listing Document;
  - (f) this document; and
  - (g) the Guarantee.

## **PLACING AND SALE**

### **General**

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

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall 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:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (CWUMPO) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **European Economic Area and the United Kingdom**

Each dealer represents and agrees, and each further dealer appointed in respect of the

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

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

In respect of the United Kingdom, each dealer has further represented and agreed, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

- (a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of 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**”) and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or

disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

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

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

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

## **APPENDIX I**

### **REPRODUCTION OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 OF GEELY AUTOMOBILE HOLDINGS LIMITED AND ITS SUBSIDIARIES**

The information set out below is a reproduction of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 27 August 2020 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 42 which comprises the condensed consolidated statement of financial position as at 30 June 2020 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-months 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 2020 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

17 August 2020

**Ng Ka Kong**

Practising Certificate No.: P06919

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

|   |      | Six months ended 30 June       |                                |
|---|------|--------------------------------|--------------------------------|
|   | Note | 2020<br>RMB'000<br>(Unaudited) | 2019<br>RMB'000<br>(Unaudited) |
| <b>Revenue</b>  | 3    | <b>36,819,775</b>              | 47,558,617                     |
| Cost of sales   |      | <b>(30,518,177)</b>            | (39,089,518)                   |
| <b>Gross profit</b>                                     |      | <b>6,301,598</b>               | 8,469,099                      |
| Other income  | 4    | <b>670,880</b>                 | 612,616                        |
| Distribution and selling expenses                       |      | <b>(2,189,590)</b>             | (2,256,165)                    |
| Administrative expenses, excluding share-based payments |      | <b>(2,674,541)</b>             | (2,454,944)                    |
| Share-based payments                                    | 22   | <b>(2,428)</b>                 | (3,350)                        |
| Finance income, net                                     | 5(a) | <b>88,523</b>                  | 48,646                         |
| Share of results of associates                          |      | <b>22,092</b>                  | 41,769                         |
| Share of results of joint ventures                      | 12   | <b>423,606</b>                 | 306,917                        |
| <b>Profit before taxation</b>                           | 5    | <b>2,640,140</b>               | 4,764,588                      |
| Taxation  | 6    | <b>(320,194)</b>               | (717,540)                      |
| <b>Profit for the period</b>                            |      | <b>2,319,946</b>               | 4,047,048                      |
| <b>Attributable to:</b>                                 |      |                                |                                |
| Equity holders of the Company                           |      | <b>2,296,753</b>               | 4,009,475                      |
| Non-controlling interests                               |      | <b>23,193</b>                  | 37,573                         |
| <b>Profit for the period</b>                            |      | <b>2,319,946</b>               | 4,047,048                      |
| <b>Earnings per share</b>                               |      |                                |                                |
| Basic   | 8    | <b>RMB24.73 cents</b>          | RMB44.39 cents                 |
| Diluted   | 8    | <b>RMB24.70 cents</b>          | RMB43.92 cents                 |

The notes on pages 11 to 42 are an integral part 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 2020

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2020</b>                     | 2019        |
|   | <b>RMB'000</b>                  | RMB'000     |
|   | <b>(Unaudited)</b>              | (Unaudited) |
| <b>Profit for the period</b>  | <b>2,319,946</b>                | 4,047,048   |
| <b>Other comprehensive expense (after tax of RMBNil) for the period:</b>            |                                 |             |
| Item that may be reclassified subsequently to profit or loss:                       |                                 |             |
| – Exchange differences on translation of financial statements of foreign operations | <b>(94,971)</b>                 | (58,586)    |
| <b>Total comprehensive income for the period</b>                                    | <b>2,224,975</b>                | 3,988,462   |
| <b>Attributable to:</b>   |                                 |             |
| Equity holders of the Company   | <b>2,202,605</b>                | 3,951,490   |
| Non-controlling interests   | <b>22,370</b>                   | 36,972      |
| <b>Total comprehensive income for the period</b>                                    | <b>2,224,975</b>                | 3,988,462   |

The notes on pages 11 to 42 are an integral part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

|  | Note | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|--|------|---|---|
| <b>Non-current assets</b>                    |      |   |   |
| Property, plant and equipment                | 9    | 26,509,278                                      | 27,070,318  |
| Intangible assets                            | 10   | 18,091,200                                      | 17,597,628  |
| Land lease prepayments                       |      | 3,191,473                                       | 3,230,845   |
| Goodwill                                     |      | 42,806  | 42,806  |
| Interests in associates                      | 11   | 429,285   | 462,387   |
| Interests in joint ventures                  | 12   | 8,800,077                                       | 8,375,076   |
| Trade and other receivables                  | 14   | 655,941   | 268,899   |
| Deferred tax assets                          |      | 980,542   | 865,606   |
|  |      | <b>58,700,602</b>                               | <b>57,913,565</b>                                 |
| <b>Current assets</b>                        |      |   |   |
| Inventories                                  | 13   | 4,231,679                                       | 4,820,776   |
| Trade and other receivables                  | 14   | 24,940,752                                      | 25,844,914  |
| Income tax recoverable                       |      | 134,488   | 26,714  |
| Pledged bank deposits                        |      | 33,627  | 40,393  |
| Bank balances and cash                       |      | 20,174,223                                      | 19,281,216  |
|  |      | <b>49,514,769</b>                               | <b>50,014,013</b>                                 |
| <b>Current liabilities</b>                   |      |   |   |
| Trade and other payables                     | 15   | 41,956,697                                      | 47,873,315  |
| Lease liabilities                            |      | 29,536  | 37,223  |
| Income tax payable                           |      | 265,442   | 615,894   |
|  |      | <b>42,251,675</b>                               | <b>48,526,432</b>                                 |
| <b>Net current assets</b>                    |      | <b>7,263,094</b>                                | <b>1,487,581</b>                                  |
| <b>Total assets less current liabilities</b> |      | <b>65,963,696</b>                               | <b>59,401,146</b>                                 |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2020

|   | Note | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|---|------|---|---|
| <b>CAPITAL AND RESERVES</b>                                 |      |   |   |
| Share capital   | 18   | 179,629   | 167,733   |
| Perpetual capital securities                                | 19   | 3,413,102                                       | 3,413,102   |
| Reserves  |      | 56,964,699                                      | 50,854,791  |
| <b>Equity attributable to equity holders of the Company</b> |      | <b>60,557,430</b>                               | 54,435,626  |
| <b>Non-controlling interests</b>                            |      | <b>564,921</b>                                  | 488,840   |
| <b>Total equity</b>   |      | <b>61,122,351</b>                               | 54,924,466  |
| <b>Non-current liabilities</b>                              |      |   |   |
| Trade and other payables                                    | 15   | 230,549   | —   |
| Bonds payable   | 16   | 2,111,073                                       | 2,060,085   |
| Lease liabilities   |      | 15,007  | 26,366  |
| Bank borrowings   | 17   | 2,121,930                                       | 2,089,110   |
| Deferred tax liabilities                                    |      | 362,786   | 301,119   |
|   |      | 4,841,345                                       | 4,476,680   |
|   |      | 65,963,696                                      | 59,401,146  |

The notes on pages 11 to 42 are an integral part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

|   | Attributable to equity holders of the Company |   |   |   |   |  |   | Non-controlling interests           | Total       |
|---|---|---|---|---|---|--|---|-------------------------------------|-------------|
|   | Share capital<br>RMB'000<br>(Unaudited)       | Share premium<br>RMB'000<br>(Unaudited) | Capital reserve<br>RMB'000<br>(Unaudited) | Statutory reserve<br>RMB'000<br>(Unaudited) | Translation reserve<br>RMB'000<br>(Unaudited) | Share option reserve<br>RMB'000<br>(Unaudited) | Accumulated profits<br>RMB'000<br>(Unaudited) | Sub-total<br>RMB'000<br>(Unaudited) |             |
| Balance at 1 January 2019   | 164,470                                       | 6,692,297                               | 164,790                                   | 310,398                                     | (32,117)                                      | 378,096  | 37,266,043                                    | 44,943,977                          | 45,374,718  |
| Profit for the period   | -   | -                                       | -   | -   | -   | -  | 4,009,475                                     | 4,009,475                           | 4,047,048   |
| Other comprehensive expense:  |   |   |   |   |   |  |   |                                     |             |
| Exchange differences on translation of financial statements of foreign operations | -   | -                                       | -   | -   | (57,985)                                      | -  | -   | (57,985)                            | (58,586)    |
| Total comprehensive income for the period   | -   | -                                       | -   | -   | (57,985)                                      | -  | 4,009,475                                     | 3,951,490                           | 3,988,462   |
| Transactions with owners:   |   |   |   |   |   |  |   |                                     |             |
| Shares issued under share option scheme (note 18(a))                              | 2,286   | 622,555                                 | -   | -   | -   | (181,565)                                      | -   | 443,276                             | 443,276     |
| Equity settled share-based payments (note 22)                                     | -   | -                                       | -   | -   | -   | 3,350  | -   | 3,350                               | 3,350       |
| Transfer upon forfeiture of share options   | -   | -                                       | -   | -   | -   | (13,331)                                       | 13,331  | -                                   | -           |
| Transfer of reserves  | -   | -                                       | -   | 45,240                                      | -   | -  | (45,240)                                      | -                                   | -           |
| Dividend paid to non-controlling interests  | -   | -                                       | -   | -   | -   | -  | -   | (15,694)                            | (15,694)    |
| Final dividend declared and approved in respect of the previous year (note 7)     | -   | -                                       | -   | -   | -   | -  | (2,805,760)                                   | (2,805,760)                         | (2,805,760) |
| Total transactions with owners  | 2,286   | 622,555                                 | -   | 45,240                                      | -   | (191,546)                                      | (2,837,669)                                   | (2,359,134)                         | (2,374,828) |
| Balance at 30 June 2019   | 166,756                                       | 7,314,852                               | 164,790                                   | 355,638                                     | (90,102)                                      | 186,550  | 38,437,849                                    | 46,536,333                          | 46,988,352  |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2020

|   | Attributable to equity holders of the Company |                              |               |                 |                   |                     |                      |                     |             |                           |             |
|---|---|------------------------------|---------------|-----------------|-------------------|---------------------|----------------------|---------------------|-------------|---------------------------|-------------|
|   | Share capital                                 | Perpetual capital securities | Share premium | Capital reserve | Statutory reserve | Translation reserve | Share option reserve | Accumulated profits | Sub-total   | Non-controlling interests | Total       |
|   | RMB'000                                       | RMB'000                      | RMB'000       | RMB'000         | RMB'000           | RMB'000             | RMB'000              | RMB'000             | RMB'000     | RMB'000                   | RMB'000     |
|   | (Unaudited)                                   | (Unaudited)                  | (Unaudited)   | (Unaudited)     | (Unaudited)       | (Unaudited)         | (Unaudited)          | (Unaudited)         | (Unaudited) | (Unaudited)               | (Unaudited) |
| Balance at 1 January 2020   | 167,733                                       | 3,413,102                    | 7,591,592     | 164,790         | 355,638           | 17,640              | 100,301              | 42,624,830          | 54,435,626  | 488,840                   | 54,924,466  |
| Profit for the period   | -   | 71,412                       | -             | -               | -                 | -                   | -                    | 2,225,341           | 2,296,753   | 23,193                    | 2,319,946   |
| Other comprehensive expense:  |   |                              |               |                 |                   |                     |                      |                     |             |                           |             |
| Exchange differences on translation of financial statements of foreign operations | -   | -                            | -             | -               | -                 | (94,148)            | -                    | -                   | (94,148)    | (823)                     | (94,971)    |
| Total comprehensive income for the period   | -   | 71,412                       | -             | -               | -                 | (94,148)            | -                    | 2,225,341           | 2,202,605   | 22,370                    | 2,224,975   |
| Transactions with owners:   |   |                              |               |                 |                   |                     |                      |                     |             |                           |             |
| Capital contribution from non-controlling interests                               | -   | -                            | -             | -               | -                 | -                   | -                    | -                   | -           | 53,711                    | 53,711      |
| Shares issued under share option scheme (note 18(a))                              | 845   | -                            | 231,529       | -               | -                 | -                   | (60,306)             | -                   | 172,068     | -                         | 172,068     |
| Shares issued upon placement (note 18(b))   | 11,051  | -                            | 5,926,085     | -               | -                 | -                   | -                    | -                   | 5,937,136   | -                         | 5,937,136   |
| Distribution paid on perpetual capital securities (note 7)                        | -   | (71,412)                     | -             | -               | -                 | -                   | -                    | -                   | (71,412)    | -                         | (71,412)    |
| Equity settled share-based payments (note 22)                                     | -   | -                            | -             | -               | -                 | -                   | 2,428                | -                   | 2,428       | -                         | 2,428       |
| Transfer upon forfeiture of share options   | -   | -                            | -             | -               | -                 | -                   | (11,161)             | 11,161              | -           | -                         | -           |
| Transfer of reserves  | -   | -                            | -             | -               | 4,391             | -                   | -                    | (4,435)             | (44)        | -                         | (44)        |
| Final dividend declared and approved in respect of the previous year (note 7)     | -   | -                            | -             | -               | -                 | -                   | -                    | (2,120,977)         | (2,120,977) | -                         | (2,120,977) |
| Total transactions with owners  | 11,896  | (71,412)                     | 6,157,614     | -               | 4,391             | -                   | (69,039)             | (2,114,251)         | 3,919,199   | 53,711                    | 3,972,910   |
| Balance at 30 June 2020   | 179,629                                       | 3,413,102                    | 13,749,206    | 164,790         | 360,029           | (76,508)            | 31,262               | 42,735,920          | 60,557,430  | 564,921                   | 61,122,351  |

The notes on pages 11 to 42 are an integral part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

|  |       | Six months ended 30 June |             |
|--|-------|--------------------------|-------------|
|  |       | 2020                     | 2019        |
|  | Note  | RMB'000                  | RMB'000     |
|  |       | (Unaudited)              | (Unaudited) |
| <b>Cash flows from operating activities</b>  |       |                          |             |
| Profit before taxation   |       | 2,640,140                | 4,764,588   |
| Adjustments for non-cash items   |       | 2,058,095                | 1,491,101   |
| Operating profit before working capital changes  |       | 4,698,235                | 6,255,689   |
| Net changes in working capital   |       | (7,104,704)              | 280,419     |
| Cash (used in)/generated from operations   |       | (2,406,469)              | 6,536,108   |
| Income taxes paid  |       | (831,689)                | (1,381,940) |
| <i>Net cash (used in)/generated from operating activities</i>                                    |       | <b>(3,238,158)</b>       | 5,154,168   |
| <b>Cash flows from investing activities</b>  |       |                          |             |
| Purchase of property, plant and equipment  |       | (588,191)                | (2,165,560) |
| Additions of intangible assets   |       | (1,871,040)              | (2,311,344) |
| Additions of land lease prepayments  |       | –                        | (95,895)    |
| Settlement of payables for acquisition of subsidiaries in previous year                          |       | –                        | (1,265,277) |
| Proceeds from disposal of subsidiaries in previous year  |       | 507,135                  | –           |
| Proceeds from disposal of property, plant and equipment  |       | 18,537                   | 70,469      |
| Change in pledged bank deposits  |       | 6,766                    | (8,338)     |
| Additional capital injection in a joint venture  |       | –                        | (1,600,000) |
| Investment in an associate   | 11    | (490)                    | –           |
| Interest received  |       | 96,769                   | 98,114      |
| <i>Net cash used in investing activities</i>   |       | <b>(1,830,514)</b>       | (7,277,831) |
| <b>Cash flows from financing activities</b>  |       |                          |             |
| Dividends paid to non-controlling interests  |       | –                        | (15,694)    |
| Distribution paid on perpetual capital securities  | 7     | (71,412)                 | –           |
| Proceeds from issuance of shares upon exercise of share options                                  | 18(a) | 172,068                  | 443,276     |
| Proceeds from issuance of shares upon placement  | 18(b) | 5,937,136                | –           |
| Payment of lease liabilities   |       | (19,046)                 | (6,366)     |
| Interest paid  |       | (67,518)                 | (57,896)    |
| <i>Net cash generated from financing activities</i>  |       | <b>5,951,228</b>         | 363,320     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                      |       | <b>882,556</b>           | (1,760,343) |
| Cash and cash equivalents at the beginning of the period   |       | 19,281,216               | 15,737,196  |
| Effect of foreign exchange rate changes  |       | 10,451                   | 19,327      |
| <b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b> |       | <b>20,174,223</b>        | 13,996,180  |

The notes on pages 11 to 42 are an integral part of this interim financial report.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2020

## 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, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. It was authorised for issue on 17 August 2020.

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

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 2019.

## 2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (i) New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2020

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 2019, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

### (ii) Issued but not yet effective HKFRSs

At the date of authorisation of this Interim Financial Report, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

|                                    |  |
|------------------------------------|--|
| HKFRS 17                           | Insurance Contracts <sup>2</sup>   |
| Amendments to HKFRS 3              | Reference to the Conceptual Framework <sup>5</sup>   |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup> |
| Amendments to HKFRS 16             | Covid-19-Related Rent Concessions <sup>1</sup>   |
| Amendments to HKAS 16              | Property, Plant and Equipment – Proceeds before Intended Use <sup>3</sup>                          |
| Amendments to HKAS 37              | Onerous Contracts – Cost of Fulfilling a Contract <sup>3</sup>                                     |
| Amendments to HKFRSs               | Annual Improvements to HKFRSs 2018-2020 <sup>3</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>4</sup> Effective date not yet determined

<sup>5</sup> Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s consolidated financial statements.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue

Revenue from sales of automobiles, automobile parts and components and licensing of intellectual properties, net of value-added taxes ("VAT") or related sales taxes and net of discounts, was generally recognised at a point in time when the customers obtain possession of and control of the promised goods or the right to use of the intellectual properties in the contract. Revenue was mainly derived from customers located in the People's Republic of China ("PRC").

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2020</b>                     | <b>2019</b>        |
|  | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| <b>Revenue from contracts with customers within the scope of HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")</b> |                                 |                    |
| Disaggregated by major products  |                                 |                    |
| – Sales of automobiles   | <b>33,720,437</b>               | 44,979,288         |
| – Sales of automobile parts and components   | <b>2,675,112</b>                | 2,151,102          |
| – Licensing of intellectual properties   | <b>424,226</b>                  | 428,227            |
|  | <b>36,819,775</b>               | 47,558,617         |

### Segment information

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

## 4. OTHER INCOME

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2020</b>                     | <b>2019</b>        |
|  | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Government grants and subsidies (note) | <b>615,190</b>                  | 499,603            |
| Gain on disposal of scrap materials    | <b>28,867</b>                   | 17,010             |
| Rental income                          | <b>9,060</b>                    | 12,209             |
| Sundry income                          | <b>17,763</b>                   | 83,794             |
|  | <b>670,880</b>                  | 612,616            |

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 5. PROFIT BEFORE TAXATION

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

|  | Six months ended 30 June |                  |
|--|--------------------------|------------------|
|  | 2020                     | 2019             |
|  | RMB'000                  | RMB'000          |
|  | (Unaudited)              | (Unaudited)      |
| <b>(a) Finance income and costs</b>                            |                          |                  |
| <b>Finance costs</b>   |                          |                  |
| Effective interest expense on bonds payable                    | 1,826                    | 1,194            |
| Coupon expense on bonds payable                                | 38,027                   | 37,331           |
| Interest on lease liabilities                                  | 1,662                    | 1,489            |
| Interest on bank borrowings wholly repayable within five years | 27,981                   | 19,625           |
|  | <b>69,496</b>            | <b>59,639</b>    |
| <b>Finance income</b>  |                          |                  |
| Bank and other interest income                                 | (158,019)                | (108,285)        |
| <b>Net finance income</b>                                      | <b>(88,523)</b>          | <b>(48,646)</b>  |
| <b>(b) Staff costs (including directors' emoluments)</b>       |                          |                  |
| Salaries, wages and other benefits                             | 2,150,748                | 2,726,948        |
| Retirement benefit scheme contributions (note 21)              | 119,331                  | 200,666          |
| Equity settled share-based payments (note 22)                  | 2,428                    | 3,350            |
|  | <b>2,272,507</b>         | <b>2,930,964</b> |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 5. PROFIT BEFORE TAXATION *(Continued)*

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

|  | <b>Six months ended 30 June</b> |             |
|--|---------------------------------|-------------|
|  | <b>2020</b>                     | 2019        |
|  | <b>RMB'000</b>                  | RMB'000     |
|  | <b>(Unaudited)</b>              | (Unaudited) |
| <b>(c) Other items</b>   |                                 |             |
| Depreciation:  |                                 |             |
| – Owned assets   | <b>1,079,437</b>                | 676,518     |
| – Right-of-use assets (including land lease prepayments)                             | <b>58,302</b>                   | 49,971      |
| Total depreciation   | <b>1,137,739</b>                | 726,489     |
| Amortisation of intangible assets (related to capitalised product development costs) | <b>1,377,468</b>                | 1,116,123   |
| Research and development costs   | <b>343,909</b>                  | 370,958     |
| Cost of inventories  | <b>30,518,177</b>               | 39,089,518  |
| Provision for inventories  | <b>17,729</b>                   | –           |
| Lease charges on short-term leases and leases with lease term shorter than 12 months | <b>10,370</b>                   | 10,956      |
| Net loss on disposal of property, plant and equipment                                | <b>7,243</b>                    | 17,155      |
| Net foreign exchange loss  | <b>162,610</b>                  | 1,601       |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 6. TAXATION

|                                 | Six months ended 30 June |             |
|---------------------------------|--------------------------|-------------|
|                                 | 2020                     | 2019        |
|                                 | RMB'000                  | RMB'000     |
|                                 | (Unaudited)              | (Unaudited) |
| Current tax:                    |                          |             |
| – PRC enterprise income tax     | 417,315                  | 888,100     |
| – Over-provision in prior years | (43,852)                 | (11,038)    |
|                                 | <b>373,463</b>           | 877,062     |
| Deferred tax                    | <b>(53,269)</b>          | (159,522)   |
|                                 | <b>320,194</b>           | 717,540     |

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 2020 and 2019.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the 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 2019: 25%).

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification. Accordingly, they enjoyed a preferential income tax rate of 15% for the six months ended 30 June 2020 and 2019.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2018, enterprises engaging in research and development activities were entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group made its best estimate for the Super Deduction to be claimed for the Group's PRC subsidiaries in ascertaining their assessable profits for the six months ended 30 June 2020 and 2019.

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 2019 of Hong Kong dollars ("HK\$") 0.25 (six months ended 30 June 2019: HK\$0.35) per ordinary share, amounting to approximately RMB2,120,977,000 (six months ended 30 June 2019: RMB2,805,760,000), has been declared and approved by the shareholders at the annual general meeting of the Company. The 2019 final dividend was paid in July 2020 and reflected as dividends payable in the Interim Financial Report.

In addition, the Company made a distribution on perpetual capital securities of RMB71,412,000 (six months ended 30 June 2019: RMBNil) to the securities holders during the six months ended 30 June 2020.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 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 RMB2,296,753,000 (six months ended 30 June 2019: RMB4,009,475,000) and the weighted average number of ordinary shares of 9,288,710,418 shares (six months ended 30 June 2019: 9,033,162,673 shares), calculated as follows:

#### *Weighted average number of ordinary shares*

|  | <b>Six months ended 30 June</b> |               |
|--|---------------------------------|---------------|
|  | <b>2020</b>                     | 2019          |
|  | <b>(Unaudited)</b>              | (Unaudited)   |
| Issued ordinary shares at 1 January (note 18)                | <b>9,166,997,540</b>            | 8,981,612,540 |
| Effect of share options exercised                            | <b>38,839,950</b>               | 51,550,133    |
| Effect of shares issued upon placement                       | <b>82,872,928</b>               | –             |
| <b>Weighted average number of ordinary shares at 30 June</b> | <b>9,288,710,418</b>            | 9,033,162,673 |

### (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 RMB2,296,753,000 (six months ended 30 June 2019: RMB4,009,475,000) and the weighted average number of ordinary shares of 9,296,957,635 shares (six months ended 30 June 2019: 9,128,450,173 shares), calculated as follows:

#### *Weighted average number of ordinary shares (diluted)*

|  | <b>Six months ended 30 June</b> |               |
|--|---------------------------------|---------------|
|  | <b>2020</b>                     | 2019          |
|  | <b>(Unaudited)</b>              | (Unaudited)   |
| Weighted average number of ordinary shares (basic) at 30 June            | <b>9,288,710,418</b>            | 9,033,162,673 |
| Effect of deemed issue of shares under the Company's share option scheme | <b>8,247,217</b>                | 95,287,500    |
| <b>Weighted average number of ordinary shares (diluted) at 30 June</b>   | <b>9,296,957,635</b>            | 9,128,450,173 |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 9. PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment for the period/year are set out below:

|  | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|--|---|---|
| <b>Net carrying amount</b>                   |   |   |
| At the beginning of the period/year          | 27,070,318                                      | 23,422,617  |
| Adjustment from the adoption of new HKFRS    | –   | 68,721  |
| Restated at the beginning of the period/year | 27,070,318                                      | 23,491,338  |
| Additions                                    | 563,107   | 3,836,414   |
| Acquisition through business combinations    | –   | 1,713,308   |
| Disposals                                    | (25,780)  | (64,145)  |
| Disposed of through disposal of subsidiaries | –   | (468,147)   |
| Depreciation                                 | (1,098,367)                                     | (1,438,450)                                       |
| At the end of the period/year                | 26,509,278                                      | 27,070,318  |

The Group has obtained the right to use office and factory premises through the tenancy agreement. The leases typically run on an initial period of two to ten years. The Group makes fixed payments during the contract period. There was no addition to right-of-use assets during the six months ended 30 June 2020 and 2019.

As at 30 June 2020, the carrying amount of the Group's right-of-use assets in relation to the buildings are RMB48,000,000 (as at 31 December 2019: RMB66,930,000).

## 10. INTANGIBLE ASSETS

The movements of the intangible assets for the period/year are set out below:

|  | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|--|---|---|
| <b>Net carrying amount</b>                   |   |   |
| At the beginning of the period/year          | 17,597,628                                      | 14,993,188  |
| Additions                                    | 1,871,040                                       | 4,606,090   |
| Acquisition through business combinations    | –   | 356,393   |
| Disposed of through disposal of subsidiaries | –   | (141,358)   |
| Amortisation                                 | (1,377,468)                                     | (2,216,685)                                       |
| At the end of the period/year                | 18,091,200                                      | 17,597,628  |



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 11. INTERESTS IN ASSOCIATES

|                            | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|----------------------------|---|---|
| Share of net assets        | 432,634   | 465,736   |
| Goodwill                   | –   | 663   |
| Impairment loss recognised | (3,349)   | (4,012)   |
|                            | <b>429,285</b>                                  | 462,387   |

On 20 December 2018, Zhejiang Jirun Automobile Company Limited<sup>#</sup> 浙江吉潤汽車有限公司 (“Jirun Automobile”), an indirect 99% owned subsidiary of the Company, entered into an investment agreement (the “Investment Agreement 1”) with Contemporary Amperex Technology Company Limited<sup>#</sup> 寧德時代新能源科技股份有限公司 (“CATL Battery”), an independent third party, pursuant to which the parties agreed to establish an associate company, namely Times Geely Power Battery Company Limited<sup>#</sup> 時代吉利動力電池有限公司 (“Times Geely”). Pursuant to the terms of the Investment Agreement 1, Times Geely will be owned as to 49% by Jirun Automobile and as to 51% by CATL Battery, respectively. The registered capital of Times Geely will be RMB1,000,000,000, and will be contributed as to 49% (equivalent to RMB490,000,000) in cash by Jirun Automobile and as to 51% (equivalent to RMB510,000,000) in cash by CATL Battery, respectively.

During the six months ended 30 June 2020, the Group and CATL Battery contributed RMB490,000 and RMB510,000, respectively, to Times Geely. Details of the capital expenditure commitments as at 30 June 2020 are set out in note 20.

During the six months ended 30 June 2020, dividends amounting to RMB40,361,000 (six months ended 30 June 2019: RMBNil) were declared by an associate to the Group.

<sup>#</sup> 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 12. INTERESTS IN JOINT VENTURES

|  | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|--|---|---|
| Share of net assets  | 8,800,077                                       | 8,375,076   |
| Represented by:  |   |   |
| Cost of unlisted investments                                     | 7,279,102                                       | 7,279,102   |
| Unrealised gain on disposal of a subsidiary to a joint venture   | (14,943)  | (14,943)  |
| Share of post-acquisition results and other comprehensive income | 1,535,918                                       | 1,110,917   |
|  | 8,800,077                                       | 8,375,076   |

Details of the Group's joint ventures as at 30 June 2020 and 31 December 2019 were as follows:

| Name of joint ventures   | Place of establishments and operations | Form of business structure | Particulars of registered capital          | Proportion of ownership interest held by the Group |                              | Principal activities  |
|--|--|----------------------------|--|--|------------------------------|---|
|  |  |                            |  | As at<br>30 June<br>2020                           | As at<br>31 December<br>2019 |   |
| Genius Auto Finance Company Limited* ("Genius AFC")<br>吉致汽車金融有限公司                                  | PRC                                    | Incorporated               | RMB4,000,000,000                           | 80%  | 80%                          | Vehicles financing business   |
| LYNK & CO Investment Co., Ltd.* ("LYNK & CO Investment")<br>領克投資有限公司                               | PRC                                    | Incorporated               | RMB7,500,000,000                           | 50%  | 50%                          | Manufacturing and sales of vehicles under the "Lynk&Co" brand   |
| Zhejiang Geely AISIN Automatic Transmission Company Limited* ("Zhejiang AISIN")<br>浙江吉利愛信自動變速器有限公司 | PRC                                    | Incorporated               | United States dollars ("US\$") 117,000,000 | 40%  | 40%                          | Manufacturing and sales of front-wheel drive 6-speed automatic transmissions and related parts and components |

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 12. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of the Genius AFC, LYNK & CO Investment and its subsidiaries ("LYNK & CO Group") and Zhejiang AISIN, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the condensed consolidated statement of financial position, were disclosed below:

|                         | <b>Genius AFC</b>   |                    | <b>LYNK &amp; CO Group</b> |                    |
|-------------------------|---------------------|--------------------|----------------------------|--------------------|
|                         | <b>As at</b>        | <b>As at</b>       | <b>As at</b>               | <b>As at</b>       |
|                         | <b>30 June</b>      | <b>31 December</b> | <b>30 June</b>             | <b>31 December</b> |
|                         | <b>2020</b>         | <b>2019</b>        | <b>2020</b>                | <b>2019</b>        |
|                         | <b>RMB'000</b>      | <b>RMB'000</b>     | <b>RMB'000</b>             | <b>RMB'000</b>     |
|                         | <b>(Unaudited)</b>  | <b>(Audited)</b>   | <b>(Unaudited)</b>         | <b>(Audited)</b>   |
| Non-current assets      | <b>964,121</b>      | 977,093            | <b>11,425,782</b>          | 9,808,742          |
| Current assets          | <b>37,559,367</b>   | 34,403,287         | <b>10,222,573</b>          | 8,443,630          |
| Current liabilities     | <b>(23,959,124)</b> | (23,826,322)       | <b>(9,394,875)</b>         | (7,193,560)        |
| Non-current liabilities | <b>(9,395,903)</b>  | (6,808,757)        | <b>(3,478,970)</b>         | (2,475,687)        |
| <b>Net assets</b>       | <b>5,168,461</b>    | 4,745,301          | <b>8,774,510</b>           | 8,583,125          |

The above amounts of assets and liabilities include the following:

|   |                     |              |                    |           |
|---|---------------------|--------------|--------------------|-----------|
| Cash and cash equivalents   | <b>3,193,569</b>    | 3,225,994    | <b>2,585,956</b>   | 1,595,023 |
| Current financial liabilities (excluding trade and other payables and provisions)     | <b>(21,079,865)</b> | (20,869,696) | <b>(1,007,505)</b> | (6,313)   |
| Non-current financial liabilities (excluding trade and other payables and provisions) | <b>(9,395,903)</b>  | (6,808,757)  | <b>(1,001,458)</b> | (3,205)   |

|                         | <b>Zhejiang AISIN</b> |                    |
|-------------------------|-----------------------|--------------------|
|                         | <b>As at</b>          | <b>As at</b>       |
|                         | <b>30 June</b>        | <b>31 December</b> |
|                         | <b>2020</b>           | <b>2019</b>        |
|                         | <b>RMB'000</b>        | <b>RMB'000</b>     |
|                         | <b>(Unaudited)</b>    | <b>(Audited)</b>   |
| Non-current assets      | <b>1,151,165</b>      | 210,524            |
| Current assets          | <b>472,285</b>        | 570,611            |
| Current liabilities     | <b>(131,796)</b>      | (25,597)           |
| Non-current liabilities | <b>(759,164)</b>      | –                  |
| <b>Net assets</b>       | <b>732,490</b>        | 755,538            |

The above amounts of assets and liabilities include the following:

|   |                  |         |
|---|------------------|---------|
| Cash and cash equivalents   | <b>329,704</b>   | 544,347 |
| Current financial liabilities (excluding trade and other payables and provisions)     | <b>–</b>         | –       |
| Non-current financial liabilities (excluding trade and other payables and provisions) | <b>(540,164)</b> | –       |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 12. INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of the Genius AFC, LYNK & CO Investment and its subsidiaries ("LYNK & CO Group") and Zhejiang AISIN, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the condensed consolidated statement of financial position, were disclosed below (Continued):

|   | Genius AFC               |             | LYNK & CO Group          |             |
|---|--------------------------|-------------|--------------------------|-------------|
|   | Six months ended 30 June |             | Six months ended 30 June |             |
|   | 2020                     | 2019        | 2020                     | 2019        |
|   | RMB'000                  | RMB'000     | RMB'000                  | RMB'000     |
|   | (Unaudited)              | (Unaudited) | (Unaudited)              | (Unaudited) |
| Revenue                                   | 1,525,181                | 1,002,965   | 8,039,385                | 7,609,439   |
| Profit for the period                     | 423,160                  | 232,700     | 188,594                  | 266,184     |
| Other comprehensive income for the period | –                        | –           | 2,791                    | –           |
| Total comprehensive income for the period | 423,160                  | 232,700     | 191,385                  | 266,184     |
| Dividend received from the joint ventures | –                        | –           | –                        | –           |

The above profit for the period including the following:

|                               |           |           |           |           |
|-------------------------------|-----------|-----------|-----------|-----------|
| Depreciation and amortisation | (15,820)  | (6,248)   | (668,458) | (455,804) |
| Interest income               | 1,489,746 | 978,305   | 16,675    | 5,253     |
| Interest expenses             | (612,561) | (470,764) | (17,864)  | (31)      |
| Income tax expense            | (141,053) | (77,567)  | (13,187)  | (95,815)  |

|  | Zhejiang AISIN           |             |
|--|--------------------------|-------------|
|  | Six months ended 30 June |             |
|  | 2020                     | 2019        |
|  | RMB'000                  | RMB'000     |
|  | (Unaudited)              | (Unaudited) |
| Revenue                                    | –                        | –           |
| Loss for the period                        | (23,048)                 | (30,838)    |
| Other comprehensive income for the period  | –                        | –           |
| Total comprehensive expense for the period | (23,048)                 | (30,838)    |
| Dividend received from the joint venture   | –                        | –           |

The above loss for the period including the following:

|                               |       |      |
|-------------------------------|-------|------|
| Depreciation and amortisation | (556) | (93) |
| Interest income               | 3,057 | 463  |
| Interest expenses             | –     | –    |
| Income tax expense            | –     | –    |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 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 was as follows:

|  | <b>Genius AFC</b>   |   | <b>LYNK &amp; CO Group</b>                                    |   |
|--|---|---|---|---|
|  | <b>As at<br/>30 June<br/>2020<br/>RMB'000<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2019<br/>RMB'000<br/>(Audited)</b> | <b>As at<br/>30 June<br/>2020<br/>RMB'000<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2019<br/>RMB'000<br/>(Audited)</b> |
| Net assets of the joint ventures                               | <b>5,168,461</b>  | 4,745,301   | <b>8,774,510</b>  | 8,583,125   |
| The Group's effective interests in the joint ventures          | <b>80%</b>  | 80%   | <b>50%</b>  | 50%   |
| The Group's share of the net assets of the joint ventures      | <b>4,134,769</b>  | 3,796,241   | <b>4,387,255</b>  | 4,291,563   |
| Unrealised gain on disposal of a subsidiary to a joint venture | <b>–</b>  | –   | <b>(14,943)</b>   | (14,943)  |
| Carrying amount of the Group's interests in joint ventures     | <b>4,134,769</b>  | 3,796,241   | <b>4,372,312</b>  | 4,276,620   |

|   | <b>Zhejiang AISIN</b>   |   |
|---|---|---|
|   | <b>As at<br/>30 June<br/>2020<br/>RMB'000<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2019<br/>RMB'000<br/>(Audited)</b> |
| Net assets of the joint venture                           | <b>732,490</b>  | 755,538   |
| The Group's effective interests in the joint venture      | <b>40%</b>  | 40%   |
| Carrying amount of the Group's interests in joint venture | <b>292,996</b>  | 302,215   |

## 13. INVENTORIES

|                                 | <b>As at<br/>30 June 2020<br/>RMB'000<br/>(Unaudited)</b> | <b>As at<br/>31 December 2019<br/>RMB'000<br/>(Audited)</b> |
|---------------------------------|---|---|
| Raw materials                   | <b>2,058,558</b>  | 2,840,999   |
| Work in progress                | <b>354,333</b>  | 422,734   |
| Finished goods                  | <b>1,836,517</b>  | 1,557,043   |
|                                 | <b>4,249,408</b>  | 4,820,776   |
| Less: provision for inventories | <b>(17,729)</b>   | –   |
|                                 | <b>4,231,679</b>  | 4,820,776   |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 14. TRADE AND OTHER RECEIVABLES

|  | Note | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|--|------|---|---|
| <b>Trade and notes receivables</b>   |      |   |   |
| Trade receivables, net of loss allowance   |      |   |   |
| – Third parties  |      | 397,568   | 622,228   |
| – Joint ventures   |      | 253,285   | 261,436   |
| – An associate   |      | 532,907   | 489,970   |
| – Related companies controlled by the substantial<br>shareholder of the Company                |      | 914,826   | 1,179,681   |
|  | (a)  | 2,098,586                                       | 2,553,315   |
| Notes receivable   | (b)  | 17,809,137                                      | 17,210,523  |
|  |      | 19,907,723                                      | 19,763,838  |
| <b>Deposits, prepayments and other receivables</b>   |      |   |   |
| Prepayments to suppliers   |      |   |   |
| – Third parties  |      | 180,502   | 277,245   |
| – A joint venture  |      | 63  | –   |
|  |      | 180,565   | 277,245   |
| Deposits paid for acquisition of property, plant and<br>equipment                              |      | 139,694   | 457,691   |
| Dividends receivable from an associate (note 11)   |      | 40,361  | –   |
| Other contract costs   | (c)  | 307,622   | –   |
| Utility deposits and other receivables   |      | 773,367   | 1,270,529   |
| VAT and other taxes receivables  |      | 4,112,315                                       | 4,304,742   |
|  |      | 5,553,924                                       | 6,310,207   |
| Amounts due from joint ventures  | (d)  | 81,335  | –   |
| Amounts due from related companies controlled by the<br>substantial shareholder of the Company | (d)  | 53,711  | 39,768  |
|  |      | 5,688,970                                       | 6,349,975   |
|  |      | 25,596,693                                      | 26,113,813  |
| <b>Representing:</b>   |      |   |   |
| – Current  |      | 24,940,752                                      | 25,844,914  |
| – Non-current  |      | 655,941   | 268,899   |
|  |      | 25,596,693                                      | 26,113,813  |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 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 from sales of automobiles, automobile parts and components. In respect of the trade receivables from related companies arising from the licensing of intellectual properties, they will be settled within five years in accordance with the contract terms. Ageing analysis of the trade receivables of the PRC customers, based on invoice date and net of loss allowance, at the reporting date was as follows:

|               | <b>As at<br/>30 June 2020<br/>RMB'000<br/>(Unaudited)</b> | <b>As at<br/>31 December 2019<br/>RMB'000<br/>(Audited)</b> |
|---------------|---|---|
| 0 – 60 days   | <b>354,458</b>  | 1,128,532   |
| 61 – 90 days  | <b>32,764</b>   | 117,568   |
| 91 – 365 days | <b>605,279</b>  | 262,680   |
| Over 365 days | <b>369,495</b>  | 323,616   |
|               | <b>1,361,996</b>  | 1,832,396   |

For overseas customers, the Group allows credit periods ranged from 30 days to 720 days. Ageing analysis of the trade receivables of the overseas customers, based on invoice date and net of loss allowance, at the reporting date was as follows:

|               | <b>As at<br/>30 June 2020<br/>RMB'000<br/>(Unaudited)</b> | <b>As at<br/>31 December 2019<br/>RMB'000<br/>(Audited)</b> |
|---------------|---|---|
| 0 – 60 days   | <b>452,687</b>  | 119,792   |
| 61 – 90 days  | <b>22,835</b>   | 90,208  |
| 91 – 365 days | <b>160,754</b>  | 410,858   |
| Over 365 days | <b>100,314</b>  | 100,061   |
|               | <b>736,590</b>  | 720,919   |

As at 30 June 2020, the Group has adopted average expected loss rate of 5% (as at 31 December 2019: 5%) on the gross carrying amounts of trade receivables amounted to RMB2,172,754,000 (as at 31 December 2019: RMB2,639,209,000). The loss allowance as at 30 June 2020 is RMB74,168,000 (as at 31 December 2019: RMB85,894,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 14. TRADE AND OTHER RECEIVABLES *(Continued)*

### (b) Notes receivable

All notes receivable are denominated in RMB. As at 30 June 2020 and 31 December 2019, all notes receivable were guaranteed by established banks in the PRC and had maturities of less than six months from the reporting date.

The Group does not hold the notes receivable until maturity but endorses or discounts these notes receivable before maturity for the settlement of the Group's creditors. Accordingly, notes receivable are classified as financial assets at fair value through other comprehensive income – (recycling) in accordance with HKFRS 9 "Financial Instruments" and are stated at fair value. The fair value is based on the net present value as at 30 June 2020 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable. The fair value is within level 2 of the fair value hierarchy.

### (c) Other contract costs

Other contract costs capitalised as at 30 June 2020 related to the costs incurred in providing internet connectivity services that is used to satisfy the performance obligations for providing such services to customers in the respective sales of automobile contracts at the reporting date. Contract costs are amortised in line with the recognition of the respective revenue in accordance with the term of the contracts. There was no impairment in relation to the contract costs capitalised during the period.

### (d) Amounts due from joint ventures/related companies

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



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 15. TRADE AND OTHER PAYABLES

|  | Note | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|--|------|---|---|
| <b>Trade and notes payables</b>  |      |   |   |
| Trade payables   |      |   |   |
| – Third parties  |      | 23,994,401                                      | 30,544,446  |
| – Associates   |      | 748,187   | 726,376   |
| – Related companies controlled by the substantial shareholder of the Company |      | –   | 253,879   |
|  |      |   |   |
|  | (a)  | 24,742,588                                      | 31,524,701  |
| Notes payable  | (b)  | 2,756,543                                       | 2,233,280   |
|  |      |   |   |
|  |      | 27,499,131                                      | 33,757,981  |
| <b>Other payables</b>  |      |   |   |
| Receipts in advance from customers   | (c)  |   |   |
| – Third parties  |      | 4,481,371                                       | 4,940,701   |
| – An associate   |      | 1,356   | –   |
| – A joint venture  |      | 5,651   | –   |
| – Related companies controlled by the substantial shareholder of the Company |      | 395,694   | –   |
|  |      |   |   |
|  |      | 4,884,072                                       | 4,940,701   |
| Deferred government grants which conditions have not been satisfied          |      | 965,937   | 1,459,964   |
| Payables for acquisition of property, plant and equipment                    |      | 2,452,641                                       | 2,795,722   |
| Accrued staff salaries and benefits  |      | 575,992   | 1,253,715   |
| VAT and other taxes payables   |      | 300,670   | 145,941   |
| Dividends payable  |      | 2,125,598                                       | –   |
| Other accrued charges and payables   |      | 3,383,205                                       | 3,519,291   |
|  |      |   |   |
|  |      | 14,688,115                                      | 14,115,334  |
|  |      |   |   |
|  |      | 42,187,246                                      | 47,873,315  |
| <b>Representing:</b>   |      |   |   |
| – Current  |      | 41,956,697                                      | 47,873,315  |
| – Non-current  |      | 230,549   | –   |
|  |      |   |   |
|  |      | 42,187,246                                      | 47,873,315  |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 15. TRADE AND OTHER PAYABLES (Continued)

### (a) Trade payables

Ageing analysis of trade payables, based on invoice date, at the reporting date was as follows:

|               | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|---------------|---|---|
| 0 – 60 days   | 23,447,142                                      | 28,851,143  |
| 61 – 90 days  | 1,122,033                                       | 1,389,265   |
| 91 – 365 days | 121,560   | 1,224,451   |
| Over 365 days | 51,853  | 59,842  |
|               | <b>24,742,588</b>                               | <b>31,524,701</b>                                 |

Trade payables are non-interest bearing. The average credit period on the settlement of purchase invoice is 60 days.

### (b) Notes payable

All notes payable are denominated in RMB and are notes paid and/or payable to third parties for the settlement of trade payables. As at 30 June 2020 and 31 December 2019, all notes payable had maturities of less than six months from the reporting date.

As at 30 June 2020 and 31 December 2019, the Group had no pledged bank deposits to secure the notes payable.

### (c) Receipts in advance from customers

The amounts represent (i) the advance payments from customers for the sales of automobiles, automobile parts and components, and (ii) the obligation for service agreed to be part of the sales of automobiles, that the respective revenue will be recognised when the performance obligation is satisfied after the automobiles, automobile parts and components and services were delivered to the customers.

|   | Six months ended 30 June<br>2020<br>RMB'000<br>(Unaudited) | 2019<br>RMB'000<br>(Unaudited) |
|---|--|--------------------------------|
| Revenue recognised during the period that was included in the receipts in advance from customers at the beginning of the period | <b>(4,940,701)</b>   | <b>(1,890,772)</b>             |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

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

### (c) Receipts in advance from customers *(Continued)*

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at the reporting date was as follows:

|                    | <b>As at<br/>30 June 2020<br/>RMB'000<br/>(Unaudited)</b> | <b>As at<br/>31 December 2019<br/>RMB'000<br/>(Audited)</b> |
|--------------------|---|---|
| Within one year    | <b>95,778</b>   | –   |
| More than one year | <b>230,549</b>  | –   |
|                    | <b>326,327</b>  | –   |

As permitted under HKFRS 15, the above transaction price allocated to the unsatisfied contracts does not include performance obligation from the Group's contracts with customers for the sales of automobiles, automobile parts and components and services that have an original expected duration of one year or less.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 16. BONDS PAYABLE

On 25 January 2018, the Company issued the bonds with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB1,944,690,000) (the "Bonds"). The Bonds carry interest at 3.625% per annum, payable semi-annually in arrears on 25 January and 25 July of each year, and the maturity date is 25 January 2023.

The Bonds are listed on Singapore Exchange Securities Trading Limited. They constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to the terms and conditions of the Bonds, at all times rank pari passu with all its other present and future unsecured and unsubordinated obligations.

The carrying amount of the Bonds at initial recognition net of transaction costs amounted to US\$297,296,000 (equivalent to approximately RMB1,927,161,000) and the effective interest rate was 3.825% per annum. The Bonds were measured at amortised cost at the reporting date.

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

|                                     | <b>As at<br/>30 June 2020<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|-------------------------------------|---|---|
| <b>Carrying amount</b>              |   |   |
| At the beginning of the period/year | <b>2,060,085</b>  | 2,047,822   |
| Exchange differences                | <b>49,162</b>   | 8,689   |
| Interest expenses                   | <b>1,826</b>  | 3,574   |
| At the end of the period/year       | <b>2,111,073</b>  | 2,060,085   |

## 17. BANK BORROWINGS

|                       | <b>As at<br/>30 June 2020<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|-----------------------|---|---|
| Bank loans, unsecured | <b>2,121,930</b>  | 2,089,110   |

As at 30 June 2020 and 31 December 2019, the Group's bank borrowings were carried at amortised cost, repayable in July 2022 and interest-bearing at the London Interbank Offered Rates plus 0.95% per annum. Pursuant to the facility agreement, it will be an event of default if Mr. Li Shu Fu is (i) no longer the single largest beneficial shareholder of the Company, or (ii) no longer beneficially owns at least 25% of the issued share capital of the Company. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 18. SHARE CAPITAL

|  | Number of shares      | Nominal value<br>RMB'000 |
|--|-----------------------|--------------------------|
| Authorised:  |                       |                          |
| Ordinary shares of HK\$0.02 each                   |                       |                          |
| At 31 December 2019 and 30 June 2020 (unaudited)   | <b>12,000,000,000</b> | <b>246,720</b>           |
| Issued and fully paid:                             |                       |                          |
| Ordinary shares of HK\$0.02 each                   |                       |                          |
| At 1 January 2019                                  | 8,981,612,540         | 164,470                  |
| Shares issued under share option scheme            | 185,385,000           | 3,263                    |
| At 31 December 2019 and 1 January 2020             | 9,166,997,540         | 167,733                  |
| Shares issued under share option scheme (note (a)) | 45,779,000            | 845                      |
| Shares issued upon placement (note (b))            | 600,000,000           | 11,051                   |
| At 30 June 2020 (unaudited)                        | <b>9,812,776,540</b>  | <b>179,629</b>           |

Notes:

- (a) During the six months ended 30 June 2020, share options were exercised to subscribe for 45,779,000 ordinary shares (six months ended 30 June 2019: 129,911,000 ordinary shares) of the Company at a consideration of approximately RMB172,068,000 (six months ended 30 June 2019: RMB443,276,000) of which approximately RMB845,000 (six months ended 30 June 2019: RMB2,286,000) was credited to share capital and approximately RMB171,223,000 (six months ended 30 June 2019: RMB440,990,000) was credited to the share premium account. As a result of the exercise of share options, share option reserve of RMB60,306,000 (six months ended 30 June 2019: RMB181,565,000) was transferred to the share premium account.
- (b) On 29 May 2020, the Company entered into a placing agreement (the "Placing Agreement") with placing agents, to procure not less than six placees who are independent third parties to the Company to subscribe for 600,000,000 placing shares at the placing price of HK\$10.8 per placing share (the "Placing"). All conditions of the Placing Agreement were fulfilled. The Placing was completed and fully subscribed on 5 June 2020. The gross proceeds from the Placing amounted to approximately HK\$6,480,000,000 (equivalent to approximately RMB5,967,432,000) and the related directly attributable expenses were approximately HK\$32,899,000 (equivalent to approximately RMB30,296,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 19. PERPETUAL CAPITAL SECURITIES

On 9 December 2019, the Company (the “Issuer”) issued 4% senior perpetual capital securities with an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,425,857,000) (the “Securities”) which are listed on Singapore Exchange Securities Trading Limited at an issue price of 99.641%. Transaction costs relating to the issue of the Securities amounted to approximately RMB12,755,000. Distribution is payable semi-annually in arrears in equal instalments on 9 June and 9 December of each year based on the distribution rate as defined in the subscription agreement. Distribution by the Issuer may be deferred at its sole discretion. The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer’s option on 9 December 2024, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower rank.

As the Securities do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32 “Financial Instruments: Presentation”, they are classified as equity for accounting purpose. Any distributions made by the Issuer to the holders of the Securities will be deducted directly to equity in the condensed consolidated financial statements.

## 20. COMMITMENTS

### Capital expenditure commitments

As at the reporting date, the capital expenditure commitments not provided for in the condensed consolidated financial statements were as follows:

|   | As at<br>30 June 2020<br>RMB’000<br>(Unaudited) | As at<br>31 December 2019<br>RMB’000<br>(Audited) |
|---|---|---|
| Contracted but not provided for, net of deposits paid |   |   |
| – purchase of property, plant and equipment           | 2,674,178                                       | 2,239,904   |
| – investment in a joint venture (note)                | 664,871   | 654,588   |
| – investment in an associate (note 11)                | 489,510   | 490,000   |
|   | <b>3,828,559</b>                                | 3,384,492   |

Note:

On 12 June 2019, Shanghai Maple Guorun Automobile Company Limited\* 上海華普國潤汽車有限公司 (“Shanghai Maple Guorun”), an indirect 99% owned subsidiary of the Company, entered into an investment agreement (the “Investment Agreement 2”) with LG Chem Ltd. (“LG Chem”), an independent third party, pursuant to which the parties agreed to establish a joint venture (the “JV”) to principally engage in the production and sales of batteries for electric vehicles. Pursuant to the terms of the Investment Agreement 2, the registered capital of the JV will be US\$188,000,000 (equivalent to approximately RMB1,331,942,000), and will be contributed as to 50% (US\$94,000,000 or equivalent to approximately RMB664,871,000) and 50% (US\$94,000,000 or equivalent to approximately RMB664,871,000) by Shanghai Maple Guorun and LG Chem, respectively. As at 30 June 2020, the formation of the JV had not yet been completed. Please refer to the Company’s announcement dated 12 June 2019 for further details.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 20. COMMITMENTS (Continued)

### As lessee

As at the reporting date, the lease commitments for short-term leases were as follows:

|                             | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|-----------------------------|---|---|
| Office and factory premises |   |   |
| – Within one year           | 220   | 826   |

As at 30 June 2020 and 31 December 2019, the Group leases a number of office and factory premises which are qualified to be accounted for under short-term lease exemption under HKFRS 16 “Leases”.

### As lessor

As at the reporting date, the total future minimum lease receipts in respect of certain portion of buildings and plant and machinery under non-cancellable operating leases were receivables as follows:

|   | As at<br>30 June 2020<br>RMB'000<br>(Unaudited) | As at<br>31 December 2019<br>RMB'000<br>(Audited) |
|---|---|---|
| Buildings                                 |   |   |
| – Within one year                         | 3,264   | 3,026   |
| – After one year but within two years     | 10  | 1,518   |
| – After two years but within three years  | 10  | 10  |
| – After three years but within four years | 10  | 10  |
| – After four years but within five years  | 10  | 10  |
| – After five years                        | 11  | 15  |
|   | 3,315   | 4,589   |
| Plant and machinery                       |   |   |
| – Within one year                         | 3,514   | 3,109   |
| – After one year but within two years     | 1,757   | 3,109   |
|   | 5,271   | 6,218   |
|   | 8,586   | 10,807  |

Leases are negotiated and rental are fixed for an initial period of two to ten years (as at 31 December 2019: two to ten years).

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 21. 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 2020, the aggregate employer's contributions made by the Group and charged to the condensed consolidated income statement amounted to RMB119,331,000 (six months ended 30 June 2019: RMB200,666,000).



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 22. EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme for eligible participants of the Group. Details of the terms of the scheme were set out in the Group's annual financial statements for the year ended 31 December 2019.

### 2020 (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>                   | 23 March 2012 to 22 March 2022       | 4.07                          | 2,400,000                | –                         | –                           | –                           | 2,400,000              |
| <b>Employees</b>                   | 18 January 2010 to 17 January 2020   | 4.07                          | 34,132,000               | –                         | (33,132,000)                | (1,000,000)                 | –                      |
|                                    | 21 April 2010 to 20 April 2020       | 4.07                          | 4,060,000                | –                         | (4,000,000)                 | (60,000)                    | –                      |
|                                    | 23 March 2012 to 22 March 2022       | 4.07                          | 5,200,000                | –                         | (150,000)                   | –                           | 5,050,000              |
|                                    | 2 June 2016 to 1 June 2020           | 4.08                          | 300,000                  | –                         | (300,000)                   | –                           | –                      |
|                                    | 7 September 2019 to 6 September 2023 | 15.96                         | 600,000                  | –                         | –                           | –                           | 600,000                |
|                                    |                                      |                               | 44,292,000               | –                         | (37,582,000)                | (1,060,000)                 | 5,650,000              |
| <b>Other eligible participants</b> | 2 June 2016 to 1 June 2020           | 4.08                          | 8,197,000                | –                         | (8,197,000)                 | –                           | –                      |
|                                    | 31 March 2018 to 30 March 2022       | 12.22                         | 5,500,000                | –                         | –                           | –                           | 5,500,000              |
|                                    | 14 January 2021 to 13 January 2025   | 16.04                         | –                        | 800,000                   | –                           | –                           | 800,000                |
|                                    |                                      |                               | 13,697,000               | 800,000                   | (8,197,000)                 | –                           | 6,300,000              |
|                                    |                                      |                               | <b>60,389,000</b>        | <b>800,000</b>            | <b>(45,779,000)</b>         | <b>(1,060,000)</b>          | <b>14,350,000</b>      |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

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

2019 (Unaudited)

|  | Exercisable<br>period                   | Exercise<br>price<br>per share<br>HK\$ | Outstanding<br>at 1 January | Exercised<br>during<br>the period | Forfeited<br>during<br>the period | Outstanding<br>at 30 June |
|--|---|--|-----------------------------|-----------------------------------|-----------------------------------|---------------------------|
| <b>Directors</b>                       |   |  |                             |                                   |                                   |                           |
|  | 18 January 2010 to<br>17 January 2020   | 4.07                                   | 37,300,000                  | (37,200,000)                      | –                                 | 100,000                   |
|  | 23 March 2012 to<br>22 March 2022       | 4.07                                   | 8,500,000                   | (6,100,000)                       | –                                 | 2,400,000                 |
|  | 9 January 2016 to<br>8 January 2020     | 2.79                                   | 14,130,000                  | (13,280,000)                      | –                                 | 850,000                   |
|  |   |  | 59,930,000                  | (56,580,000)                      | –                                 | 3,350,000                 |
| <b>Employees</b>                       |   |  |                             |                                   |                                   |                           |
|  | 18 January 2010 to<br>17 January 2020   | 4.07                                   | 150,134,000                 | (64,873,000)                      | (10,000)                          | 85,251,000                |
|  | 21 April 2010 to<br>20 April 2020       | 4.07                                   | 4,210,000                   | –                                 | –                                 | 4,210,000                 |
|  | 23 March 2012 to<br>22 March 2022       | 4.07                                   | 5,850,000                   | (600,000)                         | –                                 | 5,250,000                 |
|  | 9 January 2016 to<br>8 January 2020     | 2.79                                   | 7,670,000                   | (6,275,000)                       | –                                 | 1,395,000                 |
|  | 2 June 2016 to<br>1 June 2020           | 4.08                                   | 800,000                     | –                                 | –                                 | 800,000                   |
|  | 7 September 2019 to<br>6 September 2023 | 15.96                                  | 600,000                     | –                                 | –                                 | 600,000                   |
|  |   |  | 169,264,000                 | (71,748,000)                      | (10,000)                          | 97,506,000                |
| <b>Other eligible<br/>participants</b> |   |  |                             |                                   |                                   |                           |
|  | 2 June 2016 to<br>1 June 2020           | 4.08                                   | 11,450,000                  | (1,583,000)                       | –                                 | 9,867,000                 |
|  | 31 March 2018 to<br>30 March 2022       | 12.22                                  | 5,500,000                   | –                                 | –                                 | 5,500,000                 |
|  |   |  | 16,950,000                  | (1,583,000)                       | –                                 | 15,367,000                |
|  |   |  | 246,144,000                 | (129,911,000)                     | (10,000)                          | 116,223,000               |

During the six months ended 30 June 2020, 800,000 options were granted on 14 January 2020 with total estimated fair values of approximately RMB3,731,000. The closing price of the Company's shares on the date on which the options were granted was HK\$16.04. The exercise price of the share options granted was HK\$16.04 per share.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

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

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair values were measured based on Binomial Option Pricing Model. The inputs into the model are as follows:

|  |           |
|--|-----------|
| Share price  | HK\$16.04 |
| Exercise price   | HK\$16.04 |
| Expected volatility  | 48.08%    |
| Expected life (expressed as weighted average life used in the modelling under Binomial Option Pricing Model) | 5 years   |
| Risk-free interest rate  | 1.48%     |
| Expected dividend yield  | 1.40%     |

Expected volatility was determined by using historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected dividends are based on historical dividends.

During the six months ended 30 June 2020, the Group recognised a total expense of RMB2,428,000 (six months ended 30 June 2019: RMB3,350,000) in relation to share options granted by the Company and the share-based payments 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 2020

## 23. 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:

| Name of related parties  | Nature of transactions   | Six months ended 30 June |                        |
|--|--|--------------------------|------------------------|
|  |  | 2020                     | 2019                   |
|  |  | RMB'000<br>(Unaudited)   | RMB'000<br>(Unaudited) |
| <b>Related companies</b> (notes (a) and (b))   |  |                          |                        |
| Zhejiang Geely Automobile Company Limited <sup>#</sup><br>浙江吉利汽車有限公司                           | Sales of complete knock down kits  | <b>12,127,711</b>        | 13,558,826             |
|  | Sales of complete buildup units, complete knock down kits and related after-sales parts (Proton Sales Agreement) | <b>382,590</b>           | 2,239,586              |
|  | Claims income on defective materials purchased   | <b>69,834</b>            | 121,954                |
|  | Purchase of complete buildup units   | <b>12,649,753</b>        | 14,032,557             |
|  | Claims paid on defective materials sold  | <b>71,669</b>            | 66,888                 |
| Shenzhen Geely Automobile Sales Company Limited <sup>#</sup><br>深圳吉利汽車銷售有限公司                   | Sales of complete buildup units (electric vehicles)  | <b>6,838</b>             | 385,296                |
| Zhejiang Geely Business Services Company Limited <sup>#</sup><br>浙江吉利商務服務有限公司                  | Business travel services expenses  | <b>33,864</b>            | 44,122                 |
| Yaou Automobile Manufacturing (Taizhou) Company Limited <sup>#</sup><br>亞歐汽車製造(台州)有限公司         | Sales of powertrain and related components   | <b>104,570</b>           | 75,125                 |
| Zhejiang Haoqing Automobile Manufacturing Company Limited <sup>#</sup><br>浙江豪情汽車製造有限公司         | Sales of complete knock down kits  | <b>17,070,104</b>        | 25,917,888             |
|  | Sales of complete buildup units, complete knock down kits and related after-sales parts (Proton Sales Agreement) | <b>16,669</b>            | –                      |
|  | Claims income on defective materials purchased   | <b>87,032</b>            | 153,641                |
|  | Purchase of complete buildup units   | <b>17,747,191</b>        | 24,594,159             |
|  | Claims paid on defective materials sold  | <b>86,203</b>            | 153,714                |
| Zhejiang Geely Automobile Parts and Components Company Limited <sup>#</sup><br>浙江吉利汽車零部件採購有限公司 | Purchase of automobile parts and components  | <b>313,245</b>           | 2,184,136              |
|  | Claims income on defective materials purchased   | <b>80</b>                | 14,774                 |
| Guangzhou Geely New Energy Automobile Sales Company Limited <sup>#</sup><br>廣州吉利新能源汽車銷售有限公司    | Sales of complete buildup units (electric vehicles)  | <b>8,093</b>             | 374,715                |
| Xian Geely New Energy Automobile Sales Company Limited <sup>#</sup><br>西安吉利新能源汽車銷售有限公司         | Sales of complete buildup units (electric vehicles)  | <b>8,345</b>             | 115,611                |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 23. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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 (Continued):

| Name of related parties  | Nature of transactions   | Six months ended 30 June       |                                |
|--|--|--------------------------------|--------------------------------|
|  |  | 2020<br>RMB'000<br>(Unaudited) | 2019<br>RMB'000<br>(Unaudited) |
| Related companies (notes (a) and (b))  |  |                                |                                |
| Hangzhou Geely New Energy Automobile Sales Company Limited <sup>#</sup><br>杭州吉利新能源汽車銷售有限公司         | Sales of complete buildup units (electric vehicles)  | –                              | 129,487                        |
| Viridi E-Mobility Technology (Suzhou) Co., Ltd. <sup>#</sup><br>威睿電動汽車技術(蘇州)有限公司                   | Purchase of automobile components (Automobile Components Procurement Agreement)                                  | 25,366                         | 3,929                          |
| Viridi E-Mobility Technology (Ningbo) Company Limited <sup>#</sup><br>威睿電動汽車技術(寧波)有限公司             | Purchase of automobile components (Automobile Components Procurement Agreement)                                  | 18,625                         | –                              |
| Fuzhou Geely Emgrand New Energy Automobile Sales Company Limited <sup>#</sup><br>福州吉利帝豪新能源汽車銷售有限公司 | Sales of complete buildup units (electric vehicles)  | 2,791                          | 146,529                        |
| Hangzhou Youhang Technology Company Limited <sup>#</sup><br>杭州優行科技有限公司                             | Sales of complete buildup units (electric vehicles)  | 25,515                         | 555,893                        |
| Hubei Ecarx Company Limited <sup>#</sup><br>湖北億咖通科技有限公司  | Purchase of automobile components (Automobile Components Procurement Agreement)                                  | 458,254                        | 503,732                        |
| Zhejiang Ecarx Company Limited <sup>#</sup><br>浙江億咖通科技有限公司   | Purchase of automobile components (Automobile Components Procurement Agreement)                                  | 22,590                         | –                              |
| SCI Seating (Ningbo) Co., Ltd. <sup>#</sup><br>舒茨曼座椅(寧波)有限公司                                       | Purchase of automobile components (Automobile Components Procurement Agreement)                                  | 41,985                         | –                              |
| Shanxi New Energy Automobile Industries Company Limited <sup>#</sup><br>山西新能源汽車工業有限公司              | Sales of complete knock down kits  | 421,011                        | –                              |
|  | Purchase of complete buildup units   | 354,385                        | –                              |
| Ningbo Geely Automobile R&D Company Limited <sup>#</sup><br>寧波吉利汽車研究開發有限公司                         | Licence fee income receivable  | 470,000                        | 480,000                        |
|  | Research, development and technology support service income  | 109,983                        | –                              |
|  | Purchase of automobile parts and components  | 14,499                         | –                              |
|  | Operational service income   | 33,476                         | –                              |
| Volvo Personvagnar AB  | Sales of powertrain and related components   | 201,139                        | –                              |
| Shanghai Meihuan Trade Company Limited <sup>#</sup><br>上海美寰貿易有限公司                                  | Sales of complete buildup units, complete knock down kits and related after-sales parts (Proton Sales Agreement) | 88,088                         | –                              |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 23. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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 (Continued):

| Name of related parties   | Nature of transactions   | Six months ended 30 June |                        |
|---|--|--------------------------|------------------------|
|   |  | 2020                     | 2019                   |
|   |  | RMB'000<br>(Unaudited)   | RMB'000<br>(Unaudited) |
| <b>Related companies</b> (notes (a) and (b))  |  |                          |                        |
| Geely Automobile Group Company Limited <sup>#</sup><br>吉利汽車集團有限公司                             | Operational service fee  | 14,606                   | —                      |
| Geely Changxing Automatic Transmission Company Limited <sup>#</sup><br>吉利長興自動變速器有限公司          | Research, development and technology support service income                                | 21,117                   | —                      |
| Feixian Lingji Chunhua Automobile Sales Service Company Ltd. <sup>#</sup><br>費縣領吉春華汽車銷售服務有限公司 | Sales of complete build-up units and related after-sales parts, components and accessories | 22,081                   | —                      |
| Yishui Lingji Yuantong Automobile Sales Service Company Ltd. <sup>#</sup><br>沂水領吉遠通汽車銷售服務有限公司 | Sales of complete build-up units and related after-sales parts, components and accessories | 15,970                   | —                      |
| Dongying Lingji Kaihua Automobile Sales Service Company Ltd. <sup>#</sup><br>東營領吉凱華汽車銷售服務有限公司 | Sales of complete build-up units and related after-sales parts, components and accessories | 18,211                   | —                      |
| Linyi Lingji Chunhua Automobile Sales Service Company Ltd. <sup>#</sup><br>臨沂領吉春華汽車銷售服務有限公司   | Sales of complete build-up units and related after-sales parts, components and accessories | 53,680                   | —                      |
| Linyi Lingji Maohua Automobile Sales Service Company Ltd. <sup>#</sup><br>臨沂領吉茂華汽車銷售服務有限公司    | Sales of complete build-up units and related after-sales parts, components and accessories | 55,966                   | —                      |
| Sichuan Geely Automobile Components Company Limited <sup>#</sup><br>四川吉利汽車部件有限公司              | Sales of powertrain and related components   | 24,119                   | —                      |
| Fengsheng Automobile (Jiangsu) Company Limited <sup>#</sup><br>楓盛汽車(江蘇)有限公司                   | Sales of automobile parts and components   | 16,801                   | —                      |
| Taizhou Geely Luoyou Engine Company Limited <sup>#</sup><br>台州吉利羅佑發動機有限公司                     | Acquisition of property, plant and equipments  | 153,152                  | —                      |
| Changsha Geely New Energy Automobile Sales Company Limited <sup>#</sup><br>長沙吉利新能源汽車銷售有限公司    | Sales of complete buildup units (electric vehicles)  | 71,879                   | —                      |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 23. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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 (Continued):

| Name of related parties   | Nature of transactions                      | Six months ended 30 June       |                                |
|---|---|--------------------------------|--------------------------------|
|   |   | 2020<br>RMB'000<br>(Unaudited) | 2019<br>RMB'000<br>(Unaudited) |
| Associates  |   |                                |                                |
| Mando (Ningbo) Automotive Parts Co., Limited <sup>#</sup><br>萬都(寧波)汽車零部件有限公司              | Purchase of automobile parts and components | 477,018                        | 648,672                        |
| Closed Joint Stock Company BELGEE   | Sales of automobile parts and components    | 306,794                        | —                              |
| Joint ventures  |   |                                |                                |
| Kaiyue Auto Parts Manufacture (Zhangjiakou) Co., Ltd. <sup>#^</sup><br>凱悅汽車大部件製造(張家口)有限公司 | Sales of powertrain and related components  | 667,280                        | 545,317                        |
| LYNK & CO Automobile Sales Company Limited <sup>#^</sup><br>領克汽車銷售有限公司                    | Operational service income                  | 67,996                         | —                              |
| Yuyao LYNK & CO Auto Parts Company Limited <sup>#^</sup><br>余姚領克汽車部件有限公司                  | Sales of powertrain and related components  | 122,949                        | —                              |
| Genius AFC<br>吉致汽車金融有限公司  | Interest income                             | 62,442                         | —                              |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2020

## 23. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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 (Continued):

Notes:

- (a) The Group and the related companies are under the common control of the substantial shareholder of 浙江吉利控股集团有限公司 Zhejiang Geely Holding Group Company Limited<sup>#</sup>, 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 companies referred to above have the relevant automobile catalogue licence and therefore the sales of complete knock down kits to and purchase of complete buildup units from related companies 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 companies 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 companies 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.
- ^ The companies are the wholly-owned subsidiaries of LYNK & CO Investment.

## 24. EVENTS AFTER THE REPORTING DATE

**Disposals of Chengdu Gaoyuan Automobile Industries Company Limited<sup>#</sup> 成都高原汽車工業有限公司 ("Chengdu Automobile"), Ningbo Beilun Geely Automotive Manufacturing Company Limited<sup>#</sup> 寧波北侖吉利汽車製造有限公司 ("Ningbo Beilun") and Ningbo Jining Automobile Components Company Limited<sup>#</sup> 寧波吉寧汽車零部件有限公司 ("Ningbo Jining")**

On 8 July 2020, the Group and the companies owned by the Company's ultimate holding company ("Ultimate Holding Companies") entered into certain disposal agreements pursuant to which the Group conditionally agreed to sell, and the Ultimate Holding Companies conditionally agreed to acquire the entire equity interests of Chengdu Automobile, Ningbo Beilun and Ningbo Jining for total cash considerations of approximately RMB76.3 million, RMB729.4 million and RMB30.5 million, respectively.

As at 30 June 2020, the disposals had not yet been completed. Please refer to the Company's announcement dated 9 July 2020 for further details.

### **Exercise of call option by BNP Paribas Personal Finance ("BNPP PF")**

As per the Company's announcement dated 16 December 2013, a call option (the "Call Option") associated with the agreement entered into between the Company and BNPP PF for the establishment of Genius AFC, to engage in the vehicles financing business in the PRC. On 11 August 2020, BNPP PF served a written notice to the Company on the exercise of the Call Option pursuant to which, subject to the agreement on the exercise price and other terms, BNPP PF will acquire from the Company such additional equity interest in the Genius AFC to increase its equity interest in Genius AFC up to 50%.

As at 30 June 2020, the exercise price of the Call Option and the exact percentage of equity interest in the Genius AFC to be acquired by BNPP PF have not been determined and are subject to agreement by the parties. Please refer to the Company's announcement dated 12 August 2020 for further details.

- # 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.



## **APPENDIX II**

### **REPRODUCTION OF THE PRESS RELEASE DATED 3 AUGUST 2020 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

The information set out below is a reproduction of the press release dated 3 August 2020 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2020.

## RESULTS AT JUNE 30<sup>TH</sup> 2020

### Press release

Paris, August 3<sup>rd</sup> 2020

### Q2 20 AND H1 20 PERFORMANCE MARKED BY THE COVID CRISIS; REBOUND FROM MID-MAY

French Retail Banking and International Retail Banking activities impacted in the first half of Q2 20; rebound from mid-May

Resilient activities in Insurance, Private Banking and Transaction Banking

Good performance in Financing & Advisory and Fixed Income & Currencies; ongoing unfavourable market conditions for structured products in April and May and gradual recovery from mid-May

Non-cash exceptional items related to the review of the trajectory of Global Markets & Investor Services:

impairment of goodwill for EUR -684m and deferred tax assets for EUR -650m

Group net income of EUR -1,264m in Q2 20 (EUR -1,590m in H1 20) and Group net income restated for non-cash exceptional items of EUR +70m in Q2 20

### SHARP DECLINE IN COSTS

Decline in operating expenses of -9.6% in Q2 20 and -5.8% in H1 20, reinforcing the objective of **underlying operating expenses of EUR 16.5bn in 2020**

**Objective to decrease costs in the medium term**

### HALF OF THE COST OF RISK IMPACTED BY IFRS9 EFFECTS AND COUNTERPARTY RATING DOWNGRADES

Net cost of risk of EUR 1,279m in Q2 20 (x4 vs. Q2 19), including EUR 653m related to provisions for expected credit losses in Stage 1 and Stage 2; Cost of risk at 81 basis points in H1 20

**2020 cost of risk expected to be at the low end of the 70 to 100 basis points range**

### SOLID CAPITAL AND LIQUIDITY POSITION

CET1 ratio of 12.5%<sup>(1)</sup> (12.6% pro-forma<sup>(2)</sup>) at June 30<sup>th</sup> 2020, i.e. nearly 350 basis points above the regulatory requirement

81% of the financing programme achieved; LCR of 167%<sup>(3)</sup>

**CET1 ratio expected to be at the high-end of the 11.5% to 12% range at end-2020**

### FINALISATION OF THE STRATEGIC REVIEW OF STRUCTURED PRODUCTS

Maintain a global leadership position in Equity structured products, recognised by our clients, and reduce the associated risk profile; improving the profitability of Global Markets through a reduction in costs of around EUR 450 million by 2022-2023

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

*"During the first half of 2020, Societe Generale successfully adapted to the consequences of the health crisis and was therefore able to effectively support its customers and employees, thereby strengthening its position as a trusted partner. While April and May were heavily impacted by the reduction in activity of numerous economies around the world, the rebound in activities from mid-May is very encouraging. Drawing on a very solid capital base and a loan portfolio confirming its intrinsic quality, the Group will continue to adapt its activities to the new post-COVID crisis environment, extending in particular the efforts to reduce costs. The Group is already working on new initiatives to build its next strategic stage (2021-2023) focused around three priority objectives, customer centricity, corporate social responsibility and operational efficiency based on digital technologies."*

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

<sup>(1)</sup> including 20 basis points for IFRS9 phasing

<sup>(2)</sup> pro-forma for the announced disposal of SG Finans (+10 basis points)

<sup>(3)</sup> quarterly average

## 1. GROUP CONSOLIDATED RESULTS

| <i>In EURm</i>   | Q2 20          | Q2 19          | Change        |                | H1 20          | H1 19          | Change         |                |
|--|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net banking income</b>                                    | <b>5,296</b>   | <b>6,284</b>   | <b>-15.7%</b> | <b>-13.5%*</b> | <b>10,466</b>  | <b>12,475</b>  | <b>-16.1%</b>  | <b>-14.2%*</b> |
| <b>Operating expenses</b>                                    | <b>(3,860)</b> | <b>(4,270)</b> | <b>-9.6%</b>  | <b>-7.7%*</b>  | <b>(8,538)</b> | <b>(9,059)</b> | <b>-5.8%</b>   | <b>-4.0%*</b>  |
| <i>Underlying operating expenses(2)</i>                      | <i>(3,984)</i> | <i>(4,152)</i> | <i>-4.0%</i>  | <i>-2.0%</i>   | <i>(8,185)</i> | <i>(8,500)</i> | <i>-3.7%</i>   | <i>-1.8%</i>   |
| <b>Gross operating income</b>                                | <b>1,436</b>   | <b>2,014</b>   | <b>-28.7%</b> | <b>-25.9%*</b> | <b>1,928</b>   | <b>3,416</b>   | <b>-43.6%</b>  | <b>-41.6%*</b> |
| <i>Underlying gross operating income(1)</i>                  | <i>1,312</i>   | <i>2,132</i>   | <i>-38.5%</i> | <i>-36.2%</i>  | <i>2,281</i>   | <i>3,975</i>   | <i>-42.6%</i>  | <i>-40.9%</i>  |
| <b>Net cost of risk</b>                                      | <b>(1,279)</b> | <b>(314)</b>   | <b>x 4.1</b>  | <b>x 4.1*</b>  | <b>(2,099)</b> | <b>(578)</b>   | <b>x 3.6</b>   | <b>x 3.7*</b>  |
| <b>Operating income</b>                                      | <b>157</b>     | <b>1,700</b>   | <b>-90.8%</b> | <b>-90.4%*</b> | <b>(171)</b>   | <b>2,838</b>   | <b>n/s</b>     | <b>n/s</b>     |
| <i>Underlying operating income(1)</i>                        | <i>33</i>      | <i>1,836</i>   | <i>-98.2%</i> | <i>-98.2%</i>  | <i>182</i>     | <i>3,415</i>   | <i>-94.7%</i>  | <i>-94.6%</i>  |
| <b>Net profits or losses from other assets</b>               | <b>4</b>       | <b>(80)</b>    | <b>n/s</b>    | <b>n/s</b>     | <b>84</b>      | <b>(131)</b>   | <b>n/s</b>     | <b>n/s</b>     |
| <i>Underlying net profits or losses from other assets(1)</i> | <i>4</i>       | <i>4</i>       | <i>+0.0%</i>  | <i>-0.8%</i>   | <i>161</i>     | <i>6</i>       | <i>x 26</i>    | <i>x 80.3</i>  |
| <b>Impairment losses on goodwill</b>                         | <b>(684)</b>   | <b>0</b>       | <b>n/s</b>    | <b>n/s</b>     | <b>(684)</b>   | <b>0</b>       | <b>n/s</b>     | <b>n/s</b>     |
| Income tax   | (658)          | (390)          | <b>+68.7%</b> | <b>-69.4%*</b> | (612)          | (645)          | <b>-5.1%</b>   | <b>+3.0%*</b>  |
| <b>Reported Group net income</b>                             | <b>(1,264)</b> | <b>1,054</b>   | <b>n/s</b>    | <b>n/s</b>     | <b>(1,590)</b> | <b>1,740</b>   | <b>n/s</b>     | <b>n/s</b>     |
| <b>Underlying Group net income(1)</b>                        | <b>8</b>       | <b>1,247</b>   | <b>-99.3%</b> | <b>-99.4%</b>  | <b>0</b>       | <b>2,332</b>   | <b>-100.0%</b> | <b>n/s</b>     |
| ROE  | -10.9%         | 6.9%           |               |                | -7.2%          | 5.5%           |                |                |
| ROTE   | -6.5%          | 8.3%           |               |                | -5.3%          | 6.9%           |                |                |
| <i>Underlying ROTE (1)</i>                                   | <i>-1.3%</i>   | <i>9.7%</i>    |               |                | <i>-1.3%</i>   | <i>9.1%</i>    |                |                |

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on July 31<sup>st</sup>, 2020 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 2020.

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

### Net banking income

Q2 2020 was heavily impacted by the Covid-19 global health crisis and its economic consequences. As a result, the Group's net banking income was down -15.7% vs. Q2 19. It was down -16.1% in H1 20 vs. H1 19.

Marked by the lockdown in April and May and the recovery in activity from mid-May, French Retail Banking's net banking income (excluding PEL/CEL provision) was down -13.5% vs. Q2 19 (-10.8% excluding adjustment for tax related to commissions of EUR +61 million in Q2 19) and -7.5% vs. H1 19.

International Retail Banking & Financial Services saw revenues fall by -10.8%\* vs. Q2 19 and -4.7%\* vs. H1 19. International Retail Banking revenues were 8.9%\* lower in Q2 20, reflecting a significant decline in activity in April and May and a rebound in June. Insurance revenues were down -7.9% (-7.1%\*) vs. Q2 19 given the unfavourable conditions in the financial markets, while Financial Services to Corporates' revenues were down -20.9% (-17.7%\*) vs. Q2 19.

Global Banking & Investor Solutions' net banking income fell by -17.0% in Q2 and by -22.2% in H1 in an exceptional market environment that impacted Global Markets' revenues.

## **Operating expenses**

Operating expenses declined -9.6% in Q2 20 vs. Q2 19, to EUR 3,860 million, and -5.8%, to EUR 8,538 million in H1 20. Underlying costs came to EUR 3,984 million in Q2 20 and EUR 8,185 million in H1 20.

All the businesses saw substantially lower costs in Q2 20: -8.5% in French Retail Banking, -7%\* in International Retail Banking & Financial Services and -18.0% in Global Banking & Investor Solutions (-9.2% when restated for the restructuring provision recorded in Q2 19 for EUR 227 million and the increase in the resolution fund of EUR +38 million in Q2 20).

The trend was also downward in H1 20: -5.3% in French Retail Banking, -2.0%\* in International Retail Banking & Financial Services and -10.0% in Global Banking & Investor Solutions.

Underlying operating expenses are expected of around EUR 16.5 billion in 2020.

## **Cost of risk**

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) amounted to 97 basis points in Q2 20, higher than in Q1 20 (65 basis points) and Q2 19 (25 basis points), or EUR 1,279 million. The net cost of risk in respect of loans classified in Stage 1 (performing) and Stage 2 (underperforming) amounted to EUR 653 million including EUR 490 million for the impact related to the review of macro-economic scenarios on the estimate of credit losses.

French Retail Banking's cost of risk amounted to 85 basis points. The cost of risk of International Retail Banking & Financial Services and Global Banking & Investor Solutions came to 125 basis points and 95 basis points respectively.

The commercial cost of risk stood at 81 basis points in H1 20 and is expected to be at the bottom of the range of between 70 to 100 basis points for 2020.

The gross doubtful outstandings ratio amounted to 3.2%<sup>(1)</sup> at June 30<sup>th</sup> 2020, and 3.1% at March 31<sup>st</sup> 2020. The Group's gross coverage ratio for doubtful outstandings stood at 54%<sup>(2)</sup> at June 30<sup>th</sup> 2020 (55% at March 31<sup>st</sup> 2020).

## **Net profits or losses from other assets**

Net profits or losses from other assets totalled EUR +4 million in Q2 20 and EUR +84 million in H1 20, including EUR -77 million related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan in Q1 20.

## **Impairment loss on goodwill/Income tax**

The Group recorded two non-cash exceptional items due to the review of the financial trajectory of Global Markets & Investor Services: a EUR -684 million expense in respect of the goodwill impairment of the Global Markets & Investor Services CGU and a EUR -650 million expense in respect of the impairment of deferred tax assets.

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<sup>(1)</sup> NPL ratio calculated according to the new EBA methodology

<sup>(2)</sup> Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings

## Group net income

| In EURm                                    | Q2 20   | Q2 19 | H1 20   | H1 19 |
|--|---------|-------|---------|-------|
| Reported Group net income                  | (1,264) | 1 054 | (1,590) | 1,740 |
| Underlying Group net income <sup>(1)</sup> | 8       | 1,247 | 0       | 2,332 |

| In %                           | Q2 20 | Q2 19 | S1-20 | S1-19 |
|--------------------------------|-------|-------|-------|-------|
| ROTE (reported)                | -6.5% | 8.3%  | -5.3% | 6.9%  |
| Underlying ROTE <sup>(1)</sup> | -1.3% | 9.7%  | -1.3% | 9.1%  |

Earnings per share is negative and amounts to EUR -2.25 in H1 20 (EUR 1.69 in H1 19). Underlying earnings per share comes to EUR -0.38 over the same period.

<sup>(1)</sup> Adjusted for exceptional items and the linearisation of IFRIC 21

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 60.7 billion at June 30<sup>th</sup>, 2020 (EUR 63.5 billion at December 31<sup>st</sup>, 2019). Net asset value per share was EUR 61.8 and tangible net asset value per share was EUR 54.3.

The consolidated balance sheet totalled EUR 1,453 billion at June 30<sup>th</sup>, 2020 (EUR 1,356 billion at December 31<sup>st</sup>, 2019). The net amount of customer loan outstandings at June 30<sup>th</sup>, 2020, including lease financing, was EUR 447 billion (EUR 430 billion at December 31<sup>st</sup>, 2019) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 440 billion, vs. EUR 410 billion at December 31<sup>st</sup>, 2019 (excluding assets and securities sold under repurchase agreements).

At end-June 2020, the parent company had issued EUR 21.5 billion of medium/long-term debt, having an average maturity of 5.7 years and an average spread of 61 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 551 million. At June 30<sup>th</sup>, 2020, the Group had issued a total of EUR 22 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 180% at end-June 2020, vs. 119% at end-December 2019. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2020.

The Group's **risk-weighted assets** (RWA) amounted to EUR 360.7 billion at June 30<sup>th</sup>, 2020 (vs. EUR 345.0 billion at end-December 2019) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 80.9% of the total, at EUR 291.9 billion, up 3.3% vs. December 31<sup>st</sup>, 2019.

At June 30<sup>th</sup>, 2020, the Group's **Common Equity Tier 1** ratio stood at 12.5% (12.6% pro forma for the announced disposal amounting to 10 basis points), i.e. 350 basis points above the regulatory requirement of 9.05% as at June 30<sup>th</sup>, 2020. This ratio includes an effect of +20 basis points for phasing of the IFRS 9 impact. Excluding this effect, the ratio amounts to 12.3%. The Tier 1 ratio stood at 14.6% at end-June 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 17.7% (18.3% at end-December 2019). All of the effects in Q2 20 are presented in Appendix 10.

The CET1 ratio is expected to be at the top of the range of between 11.5% and 12% at end-2020.

With a level of 28.5%<sup>(1)</sup> of RWA and 8.2%<sup>(1)</sup> of leveraged exposure at end-June 2020, the Group's TLAC ratio is above the FSB's requirements for 2022. At June 30<sup>th</sup>, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF<sup>(2)</sup> (which, in December 2017, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.

The **leverage ratio** stood at 4.2%<sup>(3)</sup> at June 30<sup>th</sup>, 2020 (4.3% at end-December 2019).

The Group is rated by four rating agencies: (i) FitchRatings - long-term rating "A-", rating watch stable, senior preferred debt rating "A", short-term rating "F1"; (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1"; (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", negative outlook, short-term rating "A-1".

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<sup>(1)</sup> Including 2.5% of senior preferred debt

<sup>(2)</sup> Total Liabilities and Own Funds

<sup>(3)</sup> 4.4% including the "quick fix" in respect of the exclusion of deposits with central banks announced by the ECB at end-June, not yet applicable (estimation based on deposits with the ECB only)

### 3. FRENCH RETAIL BANKING

| <i>In EURm</i>                              | <b>Q2 20</b> | <b>Q2 19</b> | <b>Change</b> | <b>H1 20</b> | <b>H1 19</b> | <b>Change</b> |
|---|--------------|--------------|---------------|--------------|--------------|---------------|
| Net banking income                          | 1,754        | 1,994        | -12.0%        | 3,634        | 3,910        | -7.1%         |
| <i>Net banking income excl. PEL/CEL</i>     | 1,749        | 2,021        | -13.5%        | 3,654        | 3,949        | -7.5%         |
| Operating expenses                          | (1,233)      | (1,348)      | -8.5%         | (2,683)      | (2,834)      | -5.3%         |
| <b>Gross operating income</b>               | <b>521</b>   | <b>646</b>   | <b>-19.3%</b> | <b>951</b>   | <b>1,076</b> | <b>-11.6%</b> |
| <i>Gross operating income excl. PEL/CEL</i> | 516          | 673          | -23.3%        | 971          | 1,115        | -12.9%        |
| Net cost of risk                            | (442)        | (129)        | +242.6%       | (691)        | (223)        | +209.9%       |
| <b>Operating income</b>                     | <b>79</b>    | <b>517</b>   | <b>-84.7%</b> | <b>260</b>   | <b>853</b>   | <b>-69.5%</b> |
| Net profits or losses from other assets     | 5            | 1            | +400.0%       | 136          | 2            | x 68          |
| <b>Reported Group net income</b>            | <b>60</b>    | <b>356</b>   | <b>-83.1%</b> | <b>279</b>   | <b>590</b>   | <b>-52.7%</b> |
| <b>RONE</b>                                 | <b>2.1%</b>  | <b>12.6%</b> |               | <b>4.9%</b>  | <b>10.5%</b> |               |
| <b>Underlying RONE (1)</b>                  | <b>1.4%</b>  | <b>1.4%</b>  |               | <b>6.0%</b>  | <b>11.5%</b> |               |

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

After the substantial impact of the lockdown on activity in April and May, French Retail Banking's commercial performance improved from mid-May.

Customers substantially reduced their activity during April and May: accordingly, the level of bank card transactions and corporate credit transfers during this period was well below the average level observed in Q2 2019. Loan production was focused in particular on State Guaranteed Loans (PGE), with a slowdown in production on other categories. Customer activity gradually picked up from mid-May, which resulted in the level of bank card transactions and corporate credit transfers in June close to the monthly average levels in Q2 19.

The networks continued to develop their digital offer in Q2. Societe Generale expanded its offering for Professional and VSE customers, with the acquisition of Shine, the neobank for entrepreneurs. It also launched the third generation of its digital application.

Boursorama consolidated its position as the leading online bank in France, with around 2.37 million clients at end-June 2020 and provided further evidence of the agility of its online banking model with a comprehensive offering. In a crisis environment, the commercial momentum remained robust. Boursorama's contribution to Group net income was positive in Q2, driven by a decline in acquisition costs and a record activity in stock market activity.

Net inflow for wealthy clients remained robust at EUR 1.1 billion in Q2 (EUR 1.6 billion in H1), taking assets under management to EUR 67.3 billion (including Crédit du Nord) at end-June 2020.

Life insurance outstandings totalled EUR 93 billion, with the unit-linked share accounting for 26% of outstandings.

The networks continued to develop their insurance business, with a penetration rate of 21.6% on Personal Protection and 9.8% on Property/Casualty insurance.

Average investment loan outstandings (including leases), largely bolstered by State Guaranteed Loans, rose 16.7% vs. Q2 19 to EUR 81.2 billion (+8.5% excluding State Guaranteed Loans).

Average outstanding loans to individuals were up 7.4% at EUR 122.3 billion: after a sharp decline in consumer and housing loan production in April and May, production was strong from mid-May.

As a result, average loan outstandings climbed 11.2% (+8.3% excluding PGE) vs. Q2 19 to EUR 216.0 billion.

Average outstanding balance sheet deposits<sup>(1)</sup> were 11.3% higher than in Q2 19 at EUR 228.7 billion, still driven by sight deposits (+18.3% vs. Q2 19)<sup>(2)</sup>.

As a result, the average loan/deposit ratio stood at 94% in Q2 20 (stable vs. Q2 19).

In this exceptional period, French Retail Banking is fully supporting the economy, accompanying individual, corporate and professional customers. The Group was extremely reactive in setting up the State Guaranteed Loan (PGE). As of July 24<sup>th</sup>, around 86,100 applications had been received for a total amount of EUR 19 billion at Group level.

## **Net banking income excluding PEL/CEL**

**Q2 20:** revenues (excluding PEL/CEL) totalled EUR 1,749 million, heavily impacted by the effects of the lockdown on customer activity (-13.5% vs. Q2 19; -10.8% excluding adjustment for tax related to commissions of EUR +61 million in Q2 19).

Net interest income (excluding PEL/CEL) was 6.0% lower than in Q2 19 with, in particular, a significant increase in deposits adversely affecting the margin in a low interest rate environment.

Commissions were 14% lower than in Q2 19 (-7.6% excluding adjustment tax related to commissions in Q2 19), driven by the sharp fall in service commissions (-11.6% excluding adjustment for tax related to commissions in Q2 19) against the backdrop of the lockdown, despite the increase in financial commissions (+8.1% vs. Q2 19).

“Other revenues” were lower in Q2 (-71% vs. Q2 19) with, in particular, the impact of the non-payment of Crédit Logement dividends.

**H1 20:** after a dynamic first few months, revenues were impacted by the effects of Covid-19 and the lockdown measures: revenues (excluding PEL/CEL) totalled EUR 3,654 million, down -7.5% vs. H1 19 and -6.0% excluding adjustment for tax related to commissions of EUR +61 million in H1 19.

Net interest income (excluding PEL/CEL) was 2.4% lower than in H1 19. Commissions were down -8.4% vs. H1 19 (-5.0% excluding adjustment for tax related to commissions in H1 19), with the sharp fall in service commissions against the backdrop of the lockdown more than offsetting the strong increase in financial commissions.

## **Operating expenses**

**Q2 20:** operating expenses were substantially lower at EUR 1,233 million (-8.5% vs. Q2 19), illustrating the Group’s work to reduce costs despite the increase in regulatory costs. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.9%.

**H1 20:** operating expenses were lower at EUR 2,683 million (-5.3% vs. H1 19). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.6%.

## **Cost of risk**

**Q2 20:** the commercial cost of risk amounted to EUR 442 million or 85 basis points, substantially higher than in Q2 19 (27bp) and Q1 20 (49bp). It includes EUR 266 million of S1/S2 (performing/underperforming loans) provisioning and EUR 176 million of S3 (non-performing loans) provisioning. The inclusion of new macro-economic scenarios in accordance with the application of IFRS 9 contributed EUR 179 million to S1/S2 provisioning.

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<sup>(1)</sup> Including BMTN (negotiable medium-term notes)

<sup>(2)</sup> Including currency deposits



**H1 20:** the commercial cost of risk amounted to EUR 691 million or 68 basis points, substantially higher than in H1 19 (23bp).

### **Net profits or losses from other assets**

**Q2 20:** “Net profits or losses from other assets” amounted to EUR 5 million.

**H1 20:** “Net profits or losses from other assets” amounted to EUR 136 million including a capital gain of EUR 130 million relating to the Group's property disposal programme carried out in Q1 2020.

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

**Q2 20:** the contribution to Group net income totalled EUR 60 million (-83.1% vs. Q2 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 1.4% in Q2 20 (vs. 12.6% in Q2 19).

**H1 20:** the contribution to Group net income totalled EUR 279 million (-52.7% vs. H1 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 6.0% in H1 20 (vs. 11.5% in H1 19).

## 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

| <i>In EURm</i>                          | Q2 20       | Q2 19        | Change        |                | H1 20        | H1 19        | Change        |                |
|---|-------------|--------------|---------------|----------------|--------------|--------------|---------------|----------------|
| Net banking income                      | 1,750       | 2,124        | -17.6%        | -10.8%*        | 3,714        | 4,200        | -11.6%        | -4.7%*         |
| Operating expenses                      | (979)       | (1,145)      | -14.5%        | -7.0%*         | (2,125)      | (2,349)      | -9.5%         | -2.0%*         |
| <b>Gross operating income</b>           | <b>771</b>  | <b>979</b>   | <b>-21.2%</b> | <b>-15.1%*</b> | <b>1,589</b> | <b>1,851</b> | <b>-14.2%</b> | <b>-8.0%*</b>  |
| Net cost of risk                        | (418)       | (133)        | x 3.1         | x 3.3*         | (647)        | (261)        | x 2.5         | x 2.5*         |
| <b>Operating income</b>                 | <b>353</b>  | <b>846</b>   | <b>-58.3%</b> | <b>-54.8%*</b> | <b>942</b>   | <b>1,590</b> | <b>-40.8%</b> | <b>-36.1%*</b> |
| Net profits or losses from other assets | (1)         | 0            | n/s           | n/s            | 11           | 1            | x 11.0        | n/s            |
| <b>Reported Group net income</b>        | <b>226</b>  | <b>515</b>   | <b>-56.1%</b> | <b>-51.6%*</b> | <b>591</b>   | <b>979</b>   | <b>-39.6%</b> | <b>-33.7%*</b> |
| RONE                                    | 8.4%        | 18.6%        |               |                | 11.0%        | 17.3%        |               |                |
| <b>Underlying RONE (1)</b>              | <b>7.9%</b> | <b>18.9%</b> |               |                | <b>11.6%</b> | <b>18.2%</b> |               |                |

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 29 million Q2 19.

**In International Retail Banking**, outstanding loans totalled EUR 85.8 billion. They rose +3.2%\* vs. end-June 2019 when adjusted for changes in Group structure and at constant exchange rates. They were down -6.4% at current structure and exchange rates, given the disposals finalised since June 2019 (SKB in Slovenia, Societe Generale Montenegro, Societe Generale Serbia, Mobiasbanca in Moldova, OBSG in Macedonia and Societe Generale de Banque aux Antilles). April and May were heavily impacted by the lockdown due to Covid-19, but there was a rebound in activity from June. Outstanding deposits climbed +7.1%\* (-4.0% at current structure and exchange rates) vs. June 2019 to EUR 80.3 billion, with a healthy momentum in all regions.

For the Europe scope, outstanding loans were up +3.2%\* vs. Q2 19, at EUR 53.6 billion (-9.2% at current structure and exchange rates), driven by Western Europe (+3.7%) and the Czech Republic (+3.4%\*, -1.6%). Outstanding deposits were up +5.4%\* (-10.0% at current structure and exchange rates), with a healthy momentum in the Czech Republic (+6.7%\*, +1.5%) and Romania (+4.9%\*, +2.6%).

In Russia, outstanding loans rose +1.6%\* at constant exchange rates (-7.1% at current exchange rates) while outstanding deposits climbed +11.3%\* (+3.5% at current exchange rates).

In Africa, Mediterranean Basin and French Overseas Territories, activity remained generally buoyant, especially in Sub-Saharan Africa. Outstanding loans rose +4.0%\* (or +1.5%) vs. Q2 19. Outstanding deposits enjoyed a strong momentum, up +8.2%\* (+6.1%).

**In the Insurance business**, the life insurance savings business saw outstandings increase +1.8%\* vs. Q2 19. The share of unit-linked products in outstandings was 30% at end-June 2020, up 1.9 points vs. Q2 19. Protection insurance fell -3.2%\* vs. Q2 19. The 6.1%\* increase in Property/Casualty premiums was offset by a decline in personal Protection insurance (-8.5%\* vs. Q2 19), where a rebound was observable from June.

**Financial Services to Corporates** delivered a resilient commercial performance. Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+3.8% vs. the end-June 2019) to 1.76 million vehicles at end-June 2020. Equipment Finance's outstanding loans were stable\* vs. end-June 2019, at EUR 17.7 billion (excluding factoring).

### Net banking income

Net banking income amounted to EUR 1,750 million in Q2 20, down -10.8%\* (-17.6%) vs. Q2 19. Revenues totalled EUR 3,714 million in H1 20, down -4.7%\* (-11.6%) vs. H1 19.

**In International Retail Banking**, net banking income totalled EUR 1,157 million in Q2 20, down -8.9%\* (-18.1%) vs. Q2 19, marked by a fall in commissions due to the reduced activity in the lockdown environment and the impact of the decline in rates on net interest margin in the Czech Republic, Romania and Russia. In Africa, Mediterranean Basin and French Overseas Territories, revenues include an impact of EUR -31 million related to repayment moratoriums in Tunisia.

Net banking income amounted to EUR 2,450 million in H1 20, down -3.1%\* excluding the structure and exchange rate effects (-12.5%) vs. H1 19.

**The Insurance business** saw net banking income decrease by -7.1%\* to EUR 211 million in Q2 20 (-7.9%), marked by a decline in financial margins in an unfavourable environment in the financial markets. When adjusted for the contribution to the Solidarity Fund in France, it was 4.7%\* lower than in Q2 19. Net banking income fell -3.9%\* (-4.3%) in H1 20, to EUR 440 million.

**Financial Services to Corporates'** net banking income was down -17.7%\* (-20.9%) vs. Q2 19 at EUR 382 million. ALD revenues included EUR 30 million of additional impairments on residual values and EUR 9.6 million of impairments on used vehicles in Q2 20. When restated for these items, Financial Services to Corporates' revenues were down -8.2%\*. Financial Services to Corporates' net banking income totalled EUR 824 million in H1 20, down -9.5%\* (-12.4%) vs. H1 19.

### Operating expenses

Operating expenses were down -7.0%\* (-14.5%), at EUR -979 million, vs. Q2 19, which included a restructuring provision related to the simplification of the head office structure amounting to EUR 29 million. When restated for this provision, operating expenses were down -4.3%\* vs. Q2 19, reflecting rigorous cost control. They fell -2.0%\* (-9.5%) in the first six months, to EUR 2,125 million. The cost to income ratio stood at 55.9% in Q2 20 and 57.2% in H1 20.

**In International Retail Banking**, operating expenses were down -2.9%\* (-12.8%) vs. Q2 19 and were stable\* (-9.7%) vs. H1 19.

In the **Insurance** business, operating expenses rose +4.2%\* (+3.7%) vs. Q2 19 to EUR 84 million and +4.0%\* (+3.8%) vs. H1 19.

In **Financial Services to Corporates**, operating expenses were down -8.6%\* (-12.6%) vs. Q2 19 and -3.0%\* (-7.1%) vs. H1 19.

### Cost of risk

**Q2 20:** the commercial cost of risk amounted to 125 basis points (or EUR 418 million), vs. 38 basis points in Q2 19, which included net provision write-backs in the Czech Republic and Romania, and 67 basis points in Q1 20. The Q2 cost of risk includes EUR 144 million for the estimate of expected credit losses in Stage 1 and Stage 2, including EUR 135 million for the impact related to the review of macro-economic scenarios.

**H1 20:** the cost of risk stood at 96 basis points (EUR 647 million). It was 39 basis points in H1 19.

### Contribution to Group net income

The contribution to Group net income totalled EUR 226 million in Q2 20 (-56.1%\* vs. Q2 19) and EUR 591 million in H1 20 (-39.6%\* vs. H1 19). Underlying RONE stood at 7.9% in Q2 20, vs. 18.9% in Q2 19, and 11.6% in H1 20, vs. 18.2% in H1 19.

## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

| In EURm                          | Q2 20        | Q2 19        | Change        |                | H1 20        | H1 19       | Change     |            |
|----------------------------------|--------------|--------------|---------------|----------------|--------------|-------------|------------|------------|
| Net banking income               | 1,880        | 2,266        | -17.0%        | -17.3%*        | 3,507        | 4,505       | -22.2%     | -22.7%*    |
| Operating expenses               | (1,570)      | (1,915)      | -18.0%        | -18.2%*        | (3,547)      | (3,941)     | -10.0%     | -10.3%*    |
| <b>Gross operating income</b>    | <b>310</b>   | <b>351</b>   | <b>-11.7%</b> | <b>-12.4%*</b> | <b>(40)</b>  | <b>564</b>  | <b>n/s</b> | <b>n/s</b> |
| Net cost of risk                 | (419)        | (33)         | x 12.7        | x 13.0*        | (761)        | (75)        | x 10.1     | x 10.1*    |
| <b>Operating income</b>          | <b>(109)</b> | <b>318</b>   | <b>n/s</b>    | <b>n/s</b>     | <b>(801)</b> | <b>489</b>  | <b>n/s</b> | <b>n/s</b> |
| <b>Reported Group net income</b> | <b>(67)</b>  | <b>274</b>   | <b>n/s</b>    | <b>n/s</b>     | <b>(604)</b> | <b>414</b>  | <b>n/s</b> | <b>n/s</b> |
| RONE                             | -1.9%        | 7.1%         |               |                | -8.6%        | 5.2%        |            |            |
| <b>Underlying RONE (1)</b>       | <b>-3.3%</b> | <b>10.0%</b> |               |                | <b>-6.2%</b> | <b>8.9%</b> |            |            |

(1) Adjusted for the linearisation of IFRIC 21

### Finalisation of the strategic review of structured products in Global Markets

The Group has finalised the strategic review carried out in Global Markets on structured products and has set three priorities:

- Maintaining its global leadership role in equity structured products and remaining a major player in investment solutions
- Reducing the risk profile on equity and credit structured products in order to decrease the sensitivity of Global Markets' revenues to market dislocations. This refocusing will have an impact on revenues of between EUR -200 million and EUR -250 million
- Improving the profitability of Global Markets by reducing the breakeven point through a net cost reduction of around EUR -450 million by 2022-2023.

### Net banking income

**Q2 20:** Global Banking & Investor Solutions' revenues were down -17.0% at EUR 1,880 million.

**H1 20:** when adjusted for the impact of restructuring (activities in the process of being closed or scaled back) completed last year, the revaluation of SIX securities (EUR +66 million in H1) and the disposal of Private Banking in Belgium, net banking income was down -18.7% vs. H1 19 (and -22.2% on a reported basis).

**In Global Markets & Investor Services,** net income banking totalled EUR 991 million, down -28.1% vs Q2 19 adjusted for restructuring.

In H1 20, when adjusted for restructuring and the revaluation of SIX securities (EUR +34 million in Q1 19), revenues were down -30.8% vs. H1 19.

Fixed Income & Currencies enjoyed an very good Q2, in all regions. When restated for the impact of restructuring, revenues amounted to EUR 700 million and were substantially higher (+38.1%) than in Q2 19. They were driven by the healthy commercial momentum, particularly in financing, and by the exceptional number of primary issues. Flow activities (rates and credit) and emerging market activities continued to benefit from favourable market conditions. The Americas region performed particularly well in Q2 20.

In H1 20, revenues restated for restructuring were up +43.6% at EUR 1,309 million.

Equity net banking income declined by -79.5% vs. Q2 19. In April and May, structured product activities continued to be impacted by the cancellation of dividend payments (loss of EUR 200 million), a still strong correlation and strict production constraints. These activities saw a gradual recovery from mid-May.

Listed product revenues were significantly higher than in Q2 19, driven by flow investment solutions (notably due to EMC activities integration). This increase, combined with the strong performance of

equity flow activities, was not enough to offset the losses recorded on structured products at the beginning of the quarter.

Securities Services' assets under custody amounted to EUR 4,238 billion at end-June 2020, up +3.1% vs. end-March 2020. Over the same period, assets under administration were up +3.5% at EUR 599 billion. Securities Services' revenues totalled EUR 149 million in Q2 20, in line with Q1 20. They were down -16.8% vs. a strong Q2 19.

**Financing & Advisory** revenues totalled EUR 657 million in Q2 20, up +2.0% vs. Q2 19. They amounted to EUR 1,286 million in H1 20, slightly lower (-1.1%) than in H1 19.

Investment banking enjoyed an excellent quarter, driven by a record number of issues in the debt capital markets and buoyant acquisition financing activity. The Group therefore strengthens its leadership position in the European market.

Financing activities proved resilient in this environment impacted by the crisis. New business remained stable.

After a challenging Q1, the Asset Backed Products platform delivered a good performance in Q2, against the backdrop of a stabilisation in the market environment.

Global Transaction and Payment Services proved resilient in light of the crisis and a significant decline in volumes.

**Asset and Wealth Management's** net banking income totalled EUR 232 million in Q2 20, slightly higher (+0.4%) than in Q2 19.

In H1 20, when adjusted in Q1 19 for the revaluation of SIX securities (EUR +32 million) and for the disposal of Private Banking in Belgium, net banking income was 2.9% higher.

Private Banking posted a robust performance in Q2 20, driven by good transactional revenues in France and positive net inflow. Net banking income amounted to EUR 187 million in Q2 20, up +6.9% vs. Q2 19 (and +6.3% vs. Q1 20). Assets under management increased by +2.4% vs. March 2020, to EUR 114 billion. Private Banking posted net inflow of EUR 1.5 billion in H1 20, driven by France. Net banking income amounted to EUR 363 million in H1 20, up +5.5% vs. H1 19, when adjusted for the disposal of Private Banking in Belgium and the revaluation of SIX securities.

Lyxor posted a performance down -21.6% in Q2 20, impacted by the challenging market conditions. Lyxor's assets under management totalled EUR 132 billion at end-June 2020, an increase of +5.1% vs. March 2020. Lyxor is the first provider to launch an ETF ecosystem to tackle climate change, which further strengthens its leadership status in the Green Bonds segment.

Revenues were 5.3% lower in H1 20 than in H1 19, impacted by market effects on equity indices.

### **Operating expenses**

**Q2 20:** when restated for the increase in the resolution fund (EUR +38 million) and the restructuring provision, recorded in Q2 19 for EUR 227 million, operating expenses were down -9.2% vs. Q2 19.

**H1 20:** restated operating expenses were down -6.8%.

**Net cost of risk**

**Q2 20:** the commercial cost of risk amounted to 95 basis points (or EUR 419 million), vs. 87 basis points in Q1 20 and 8 basis points in Q2 19. The Q2 cost of risk includes EUR 240 million related to Stages 1 and 2 (with EUR 176 million related to the review of macro-economic scenarios on the estimate of credit losses) and EUR 178 million related to Stage 3.

**H1 20:** the cost of risk amounted to 91 basis points (EUR 761 million).

**Contribution to Group net income**

The contribution to Group net income amounted to EUR -67 million in Q2 20 and to EUR -604 million in H1 20. Underlying RONE is negative on H1 20.

## 6. CORPORATE CENTRE

| <i>In EURm</i>                          | <b>Q2 20</b>   | <b>Q2 19</b> | <b>H1 20</b>   | <b>H1 19</b> |
|---|----------------|--------------|----------------|--------------|
| Net banking income                      | (88)           | (100)        | (389)          | (140)        |
| Operating expenses                      | (78)           | 138          | (183)          | 65           |
| <b>Gross operating income</b>           | <b>(166)</b>   | <b>38</b>    | <b>(572)</b>   | <b>(75)</b>  |
| Net cost of risk                        | -              | (19)         | -              | (19)         |
| Net profits or losses from other assets | -              | (81)         | (77)           | (134)        |
| Impairment losses on goodwill           | (684)          | -            | (684)          | -            |
| Income tax                              | (598)          | 7            | (450)          | 63           |
| <b>Reported Group net income</b>        | <b>(1,483)</b> | <b>(91)</b>  | <b>(1,856)</b> | <b>(243)</b> |

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 Corporate Centre's net banking income totalled EUR -88 million in Q2 20 vs. EUR -100 million in Q2 19 and EUR -389 million in H1 20 vs. EUR -140 million in H1 19.

Operating expenses totalled EUR -78 million in Q2 20 vs. EUR +138 million in Q2 19, which included an operating tax adjustment for EUR +241 million. They amounted to EUR -183 million in H1 20 vs. EUR +65 million in H1 19.

Gross operating income totalled EUR -166 million in Q2 20 vs. EUR +38 million in Q2 19 and EUR -572 million in H1 20 vs. EUR -75 million in H1 19.

Net profits or losses from other assets was nil in Q2 20 and amounted to EUR -77 million in H1 20, related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan in Q1 20.

The review of the financial trajectory of Global Markets & Investor Services resulted in the impairment of the associated goodwill for EUR -684 million and deferred tax assets for EUR -650 million.

The Corporate Centre's contribution to Group net income was EUR -1,483 million in Q2 20 vs. EUR -91 million in Q2 19 and EUR -1,856 million in H1 20 vs. EUR -243 million in H1 19.

## 7. CONCLUSION

During H1 20, Societe Generale demonstrated its ability to absorb the impacts of the crisis due to the quality of its asset portfolio and the robustness of its balance sheet with, in particular, a capital level of 12.5%, or 350 basis points above the regulatory requirement.

Drawing on this solid base, the Group will continue to adapt its activities to the new post-COVID crisis environment, particularly in structured products, as well as its efforts to reduce costs in 2020 and in the medium term, through structural initiatives.

Accordingly, in 2020 the Group anticipates:

- underlying costs of around EUR 16.5 billion, substantially lower than in 2019 (EUR 17.4 billion)
- a cost of risk at the bottom of the range of between 70 to 100 basis points
- a CET1 ratio at the top of the range of between 11.5% and 12.0% at end-2020

Finally, Societe Generale is already preparing its 2021-2023 strategic plan based around its three priority objectives:

- further improving its capacity to place the customer at the centre of its activities
- ramping up our commitment in responsible finance to strengthen its leadership position
- increasing operational efficiency with the support of digital technologies



## 8. 2020 FINANCIAL CALENDAR

### 2020 Financial communication calendar

|                                  |  |
|----------------------------------|--|
| November 5 <sup>th</sup> , 2020  | Third quarter and nine-month 2020 results  |
| February 10 <sup>th</sup> , 2021 | Fourth quarter and FY 2020 results         |
| May 6 <sup>th</sup> , 2021       | First quarter 2021 results                 |
| August 3 <sup>rd</sup> , 2021    | Second quarter and first half 2021 results |
| November 4 <sup>th</sup> , 2021  | Third quarter and nine-month 2021 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 Universal 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 EURm   | Q2 20   | Q2 19 | Change | H1 20   | H1 19 | Change |
|---|---------|-------|--------|---------|-------|--------|
| French Retail Banking                             | 60      | 356   | -83.1% | 279     | 590   | -52.7% |
| International Retail Banking & Financial Services | 226     | 515   | -56.1% | 591     | 979   | -39.6% |
| Global Banking & Investor Solutions               | (67)    | 274   | n/s    | (604)   | 414   | n/s    |
| Core Businesses                                   | 219     | 1,145 | -80.9% | 266     | 1,983 | -86.6% |
| Corporate Centre                                  | (1,483) | (91)  | n/s    | (1,856) | (243) | n/s    |
| Group   | (1,264) | 1,054 | n/s    | (1,590) | 1,740 | n/s    |

## CONSOLIDATED BALANCE SHEET

|  | 30.06.2020       | 31.12.2019       |
|--|------------------|------------------|
| Central banks  | 144,417          | 102,311          |
| Financial assets at fair value through profit or loss                      | 419,147          | 385,739          |
| Hedging derivatives  | 21,845           | 16,837           |
| Financial assets measured at fair value through other comprehensive income | 55,606           | 53,256           |
| Securities at amortised cost   | 14,877           | 12,489           |
| Due from banks at amortised cost   | 55,292           | 56,366           |
| Customer loans at amortised cost   | 458,500          | 450,244          |
| Revaluation differences on portfolios hedged against interest rate risk    | 470              | 401              |
| Investment of insurance activities   | 163,219          | 164,938          |
| Tax assets   | 5,052            | 5,779            |
| Other assets   | 77,196           | 68,045           |
| Non-current assets held for sale   | 3,788            | 4,507            |
| Investments accounted for using the equity method                          | 106              | 112              |
| Tangible and intangible assets   | 29,812           | 30,652           |
| Goodwill   | 4,045            | 4,627            |
| <b>Total</b>   | <b>1,453,372</b> | <b>1,356,303</b> |

|   | 30.06.2020       | 31.12.2019       |
|---|------------------|------------------|
| Central banks   | 2,980            | 4,097            |
| Financial liabilities at fair value through profit or loss              | 405,113          | 364,129          |
| Hedging derivatives   | 12,705           | 10,212           |
| Debt securities issued  | 136,261          | 125,168          |
| Due to banks  | 121,542          | 107,929          |
| Customer deposits   | 444,470          | 418,612          |
| Revaluation differences on portfolios hedged against interest rate risk | 8,629            | 6,671            |
| Tax liabilities   | 1,239            | 1,409            |
| Other liabilities   | 94,115           | 85,062           |
| Non-current liabilities held for sale                                   | 928              | 1,333            |
| Liabilities related to insurance activities contracts                   | 140,701          | 144,259          |
| Provisions  | 4,348            | 4,387            |
| Subordinated debts  | 14,662           | 14,465           |
| <b>Total liabilities</b>  | <b>1,387,693</b> | <b>1,287,733</b> |
| <b>SHAREHOLDERS' EQUITY</b>   |                  |                  |
| <b>Shareholders' equity, Group share</b>                                |                  |                  |
| Issued common stocks, equity instruments and capital reserves           | 30,115           | 31,102           |
| Retained earnings   | 32,457           | 29,558           |
| Net income  | (1,590)          | 3,248            |
| <b>Sub-total</b>  | <b>60,982</b>    | <b>63,908</b>    |
| Unrealised or deferred capital gains and losses                         | (323)            | (381)            |
| <b>Sub-total equity, Group share</b>                                    | <b>60,659</b>    | <b>63,527</b>    |
| Non-controlling interests   | 5,020            | 5,043            |
| <b>Total equity</b>   | <b>65,679</b>    | <b>68,570</b>    |
| <b>Total</b>  | <b>1,453,372</b> | <b>1,356,303</b> |

## **10. APPENDIX 2: METHODOLOGY**

**1 – The financial information presented in respect of Q2 and H1 2020 was examined by the Board of Directors on July 31<sup>st</sup>, 2020 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30<sup>th</sup>, 2020.**

### **2 – Net banking income**

The pillars' net banking income is defined on page 43 of Societe Generale's 2020 Universal 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 note 8.1 to the Group's consolidated financial statements as at December 31<sup>st</sup>, 2019 (pages 423 et seq. of Societe Generale's 2020 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses.

The Cost/Income Ratio is defined on page 43 of Societe Generale's 2020 Universal 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 – Exceptional items – Transition from accounting data to underlying data**

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

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.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

| Q2 20 (in EURm)            | Operating Expenses | Net cost of risk | Net profit or losses from other assets | Impairment losses on goodwill | Income Tax   | Group net income | Business         |
|----------------------------|--------------------|------------------|--|-------------------------------|--------------|------------------|------------------|
| <b>Reported</b>            | <b>(3,860)</b>     | <b>(1,279)</b>   | <b>4</b>                               | <b>(684)</b>                  | <b>(658)</b> | <b>(1,264)</b>   |                  |
| (+) IFRIC 21 linearisation | (124)              |                  |  |                               | 58           | (62)             |                  |
| (-) Goodwill impairment*   |                    |                  |  | (684)                         |              | (684)            | Corporate Centre |
| (-) DTA impairment*        |                    |                  |  |                               | (650)        | (650)            | Corporate Centre |
| <b>Underlying</b>          | <b>(3,984)</b>     | <b>(1,279)</b>   | <b>4</b>                               | <b>0</b>                      | <b>50</b>    | <b>8</b>         |                  |

| H1 20 (in EURm)            | Operating Expenses | Net cost of risk | Net profit or losses from other assets | Impairment losses on goodwill | Income Tax   | Group net income | Business         |
|----------------------------|--------------------|------------------|--|-------------------------------|--------------|------------------|------------------|
| <b>Reported</b>            | <b>(8,538)</b>     | <b>(2,099)</b>   | <b>84</b>                              | <b>(684)</b>                  | <b>(612)</b> | <b>(1,590)</b>   |                  |
| (+) IFRIC 21 linearisation | 353                |                  |  |                               | (166)        | 179              |                  |
| (-) Group refocusing plan* |                    |                  | (77)                                   |                               | 0            | (77)             | Corporate Centre |
| (-) Goodwill impairment*   |                    |                  |  | (684)                         |              | (684)            | Corporate Centre |
| (-) DTA impairment*        |                    |                  |  |                               | (650)        | (650)            | Corporate Centre |
| <b>Underlying</b>          | <b>(8,185)</b>     | <b>(2,099)</b>   | <b>161</b>                             | <b>0</b>                      | <b>(128)</b> | <b>0</b>         |                  |

| Q2 19 (in EURm)              | Operating Expenses | Net cost of risk | Net profit or losses from other assets | Group net income | Business                           |
|------------------------------|--------------------|------------------|--|------------------|------------------------------------|
| <b>Reported</b>              | <b>(4,270)</b>     | <b>(314)</b>     | <b>(80)</b>                            | <b>1,054</b>     |                                    |
| (+) IFRIC 21 linearisation   | (138)              |                  |  | (101)            |                                    |
| (-) Restructuring provision* | (256)              |                  |  | (192)            | GBIS (EUR -227m) / IBFS (EUR -29m) |
| (-) Group refocusing plan*   |                    | (18)             | (84)                                   | (102)            | Corporate Centre                   |
| <b>Underlying</b>            | <b>(4,152)</b>     | <b>(296)</b>     | <b>4</b>                               | <b>1,247</b>     |                                    |

| H1 19 (in EURm)              | Operating Expenses | Net cost of risk | Net profit or losses from other assets | Group net income | Business                           |
|------------------------------|--------------------|------------------|--|------------------|------------------------------------|
| <b>Reported</b>              | <b>(9,059)</b>     | <b>(578)</b>     | <b>(131)</b>                           | <b>1,740</b>     |                                    |
| (+) IFRIC 21 linearisation   | 303                |                  |  | 222              |                                    |
| (-) Restructuring provision* | (256)              |                  |  | (192)            | GBIS (EUR -227m) / IBFS (EUR -29m) |
| (-) Group refocusing plan*   |                    | (18)             | (137)                                  | (177)            | Corporate Centre                   |
| <b>Underlying</b>            | <b>(8,500)</b>     | <b>(560)</b>     | <b>6</b>                               | <b>2,332</b>     |                                    |

(\*) exceptional item

## 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 45 and 574 of Societe Generale's 2020 Universal 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)                | Q2 20      | Q2 19     | H1 20     | H1 19     |
|--|---------------------------|------------|-----------|-----------|-----------|
| <b>French Retail Banking</b>                               | Net Cost Of Risk          | 442        | 129       | 691       | 223       |
|  | Gross loan Outstandings   | 207,517    | 192,896   | 204,328   | 192,159   |
|  | <b>Cost of Risk in bp</b> | <b>85</b>  | <b>27</b> | <b>68</b> | <b>23</b> |
| <b>International Retail Banking and Financial Services</b> | Net Cost Of Risk          | 418        | 133       | 647       | 261       |
|  | Gross loan Outstandings   | 133,475    | 139,634   | 134,941   | 134,747   |
|  | <b>Cost of Risk in bp</b> | <b>125</b> | <b>38</b> | <b>96</b> | <b>39</b> |
| <b>Global Banking and Investor Solutions</b>               | Net Cost Of Risk          | 419        | 33        | 761       | 75        |
|  | Gross loan Outstandings   | 175,673    | 164,162   | 166,868   | 164,512   |
|  | <b>Cost of Risk in bp</b> | <b>95</b>  | <b>8</b>  | <b>91</b> | <b>9</b>  |
| <b>Corporate Centre</b>                                    | Net Cost Of Risk          | 0          | 19        | 0         | 19        |
|  | Gross loan Outstandings   | 10,292     | 8,705     | 10,001    | 8,977     |
|  | <b>Cost of Risk in bp</b> | <b>3</b>   | <b>86</b> | <b>3</b>  | <b>42</b> |
| <b>Societe Generale Group</b>                              | Net Cost Of Risk          | 1,279      | 314       | 2,099     | 578       |
|  | Gross loan Outstandings   | 526,958    | 505,397   | 516,138   | 500,395   |
|  | <b>Cost of Risk in bp</b> | <b>97</b>  | <b>25</b> | <b>81</b> | <b>23</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 45 and 46 of Societe Generale's 2020 Universal 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 46 of Societe Generale's 2020 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on 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:

### ROTE calculation: calculation methodology

| End of period   | Q2 20          | Q2 19         | H1 20          | H1 19         |
|---|----------------|---------------|----------------|---------------|
| <b>Shareholders' equity Group share</b>   | <b>60,659</b>  | <b>62,492</b> | <b>60,659</b>  | <b>62,492</b> |
| Deeply subordinated notes   | (8,159)        | (9,861)       | (8,159)        | (9,861)       |
| Undated subordinated notes  | (283)          | (280)         | (283)          | (280)         |
| 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 | 20             | (39)          | 20             | (39)          |
| OCI excluding conversion reserves   | (834)          | (636)         | (834)          | (636)         |
| Dividend provision  |                | (717)         |                | (717)         |
| <b>ROE equity end-of-period</b>   | <b>51,403</b>  | <b>50,959</b> | <b>51,403</b>  | <b>50,959</b> |
| <b>Average ROE equity</b>   | <b>52,388</b>  | <b>50,250</b> | <b>52,830</b>  | <b>49,842</b> |
| Average Goodwill  | (4,270)        | (4,541)       | (4,416)        | (4,619)       |
| Average Intangible Assets   | (2,417)        | (2,194)       | (2,393)        | (2,194)       |
| <b>Average ROTE equity</b>  | <b>45,701</b>  | <b>43,515</b> | <b>46,021</b>  | <b>43,029</b> |
| <b>Group net Income (a)</b>   | <b>(1,264)</b> | <b>1,054</b>  | <b>(1,590)</b> | <b>1,740</b>  |
| <b>Underlying Group net income (b)</b>  | <b>8</b>       | <b>1,247</b>  | <b>0</b>       | <b>2,332</b>  |
| Interest on deeply subordinated notes and undated subordinated notes (c)  | (161)          | (192)         | (320)          | (357)         |
| Cancellation of goodwill impairment (d)   | 684            | 41            | 684            | 108           |
| <b>Ajusted Group net Income (e) = (a)+ (c)+(d)</b>  | <b>(741)</b>   | <b>903</b>    | <b>(1,227)</b> | <b>1,491</b>  |
| <b>Ajusted Underlying Group net Income (f)=(b)+(c)</b>  | <b>(153)</b>   | <b>1,056</b>  | <b>(321)</b>   | <b>1,975</b>  |
| <b>Average ROTE equity (g)</b>  | <b>45,701</b>  | <b>43,515</b> | <b>46,021</b>  | <b>43,029</b> |
| ROTE [quarter: (4*e/g), 6M: (2*e/g)]  | -6.5%          | 8.3%          | -5.3%          | 6.9%          |
| <b>Average ROTE equity (underlying) (h)</b>   | <b>46,973</b>  | <b>43,612</b> | <b>47,611</b>  | <b>43,325</b> |
| Underlying ROTE [quarter: (4*f/h), 6M: (2*f/h)]   | -1.3%          | 9.7%          | -1.3%          | 9.1%          |

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

| In EURm   | T2-20  | T2-19  | Variation | S1-20  | S1-19  | Variation |
|---|--------|--------|-----------|--------|--------|-----------|
| French Retail Banking                             | 11,460 | 11,306 | +1.4%     | 11,321 | 11,281 | +0.4%     |
| International Retail Banking & Financial Services | 10,820 | 11,051 | -2.1%     | 10,708 | 11,336 | -5.5%     |
| Global Banking & Investor Solutions               | 14,453 | 15,543 | -7.0%     | 14,024 | 16,064 | -12.7%    |
| Core Businesses                                   | 36,733 | 37,900 | -3.1%     | 36,053 | 38,681 | -6.8%     |
| Corporate Centre                                  | 15,655 | 12,350 | +26.8%    | 16,777 | 11,162 | +50.3%    |
| Group   | 52,388 | 50,250 | +4.3%     | 52,830 | 49,842 | +6.0%     |

## 8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 48 of the Group's 2020 Universal Registration Document. The items used to calculate them are presented below:

| End of period   | H1 20          | Q1 20          | 2019           | H1 19          |
|---|----------------|----------------|----------------|----------------|
| Shareholders' equity Group share  | 60,659         | 62,580         | 63,527         | 62,492         |
| Deeply subordinated notes   | (8,159)        | (8,258)        | (9,501)        | (9,861)        |
| Undated subordinated notes  | (283)          | (288)          | (283)          | (280)          |
| 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 | 20             | 1              | 4              | (39)           |
| Bookvalue of own shares in trading portfolio  | 335            | 381            | 375            | 431            |
| <b>Net Asset Value</b>  | <b>52,572</b>  | <b>54,416</b>  | <b>54,122</b>  | <b>52,743</b>  |
| Goodwill  | (3,928)        | (4,611)        | (4,510)        | (4,548)        |
| Intangible Assets   | (2,458)        | (2,376)        | (2,362)        | (2,226)        |
| <b>Net Tangible Asset Value</b>   | <b>46,186</b>  | <b>47,429</b>  | <b>47,250</b>  | <b>45,969</b>  |
| <b>Number of shares used to calculate NAPS**</b>  | <b>851,133</b> | <b>851,133</b> | <b>849,665</b> | <b>844,026</b> |
| <b>Net Asset Value per Share</b>  | <b>61.8</b>    | <b>63.9</b>    | <b>63.7</b>    | <b>62.5</b>    |
| <b>Net Tangible Asset Value per Share</b>   | <b>54.3</b>    | <b>55.7</b>    | <b>55.6</b>    | <b>54.5</b>    |

\*\* The number of shares considered is the number of ordinary shares outstanding as at June 30<sup>th</sup>, 2020, 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 47 of Societe Generale's 2020 Universal 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 and ROTE. As specified on page 47 of Societe Generale's 2020 Universal 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 calculation of Earnings Per Share is described in the following table:

| <b>Average number of shares (thousands)</b>                                   | <b>H1 20</b>   | <b>Q1 20</b>   | <b>2019</b>    | <b>H1 19</b>   |
|---|----------------|----------------|----------------|----------------|
| <b>Existing shares</b>  | <b>853,371</b> | <b>853,371</b> | <b>834,062</b> | <b>821,189</b> |
| <b>Deductions</b>   |                |                |                |                |
| Shares allocated to cover stock option plans and free shares awarded to staff | 2,728          | 2,972          | 4,011          | 4,214          |
| Other own shares and treasury shares  |                |                | 149            | 249            |
| <b>Number of shares used to calculate EPS**</b>                               | <b>850,643</b> | <b>850,399</b> | <b>829,902</b> | <b>816,726</b> |
| <b>Group net Income</b>   | <b>(1,590)</b> | <b>(326)</b>   | <b>3,248</b>   | <b>1,740</b>   |
| Interest on deeply subordinated notes and undated subordinated notes          | (320)          | (159)          | (715)          | (357)          |
| Capital gain net of tax on partial buybacks                                   |                |                |                |                |
| <b>Adjusted Group net income</b>  | <b>(1,910)</b> | <b>(485)</b>   | <b>2,533</b>   | <b>1,383</b>   |
| <b>EPS (in EUR)</b>   | <b>-2.25</b>   | <b>-0.57</b>   | <b>3.05</b>    | <b>1.69</b>    |
| <b>Underlying EPS* (in EUR)</b>   | <b>-0.38</b>   | <b>-0.07</b>   | <b>4.03</b>    |                |

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

\*\* The number of shares considered is the number of ordinary shares outstanding as at June 30<sup>th</sup>, 2020, 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** 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.

Table of the change in the CET1 ratio in the quarter

| <b>In bp</b>   |              |
|--|--------------|
| <b>CET1 as at 31/3/2020</b>  | <b>12.6%</b> |
| <b>Own funds evolution</b>   | <b>-7bp</b>  |
| <b>Organic RWAs change*</b>  | <b>-15bp</b> |
| <b>of which</b>  |              |
| RWAs of businesses   | +2bp         |
| Non-guaranteed part of State-Guaranteed loans  | -4bp         |
| Rating migration   | -8bp         |
| Corporates credit line drawdowns   | -5bp         |
| <b>SME supporting factor</b>   | <b>+14bp</b> |
| <b>Effect of waiting period on State-guaranteed loans<br/>(based on an assumption of a final loan guarantee<br/>rate of approximately 90%)</b> | <b>-27bp</b> |
| <b>Quick fix BCE</b>   | <b>+12bp</b> |
| <b>Of which</b>  |              |
| VaR/sVaR multiplicator   | +7bp         |
| PVA transitional provision   | +5bp         |
| <b>CET1 as at 30/06/2020</b>   | <b>12.3%</b> |
| Phasing IFRS 9   | +20bp        |
| <b>CET1 as at 30/06/2020 including IFRS9 phasing</b>   | <b>12,5%</b> |

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. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

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 138,000 members of staff in 62 countries and supports on a daily basis 29 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.

For more information, you can follow us on Twitter [@societegenerale](https://twitter.com/societegenerale) or visit our website [www.societegenerale.com](http://www.societegenerale.com)

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