IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.
THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular ("**Offering Circular**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. In order to view this Offering Circular or make an investment decision with respect to the securities, you must not be located in the United States.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Managers (as defined in the attached Offering Circular), the Issuer (as defined in the attached Offering Circular) and the Company (as defined in the attached Offering Circular) that (1) you and any customers you represent are not in the United States, its territories or possessions, and (2) your stated electronic mail address to which this email has been delivered is not located in the United States and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Company, the Managers, the Trustee (as defined in the attached Offering Circular) or the Agents (as defined in the attached Offering Circular) nor any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version available to you upon your request from the Issuer, the Company and the Managers.

Restrictions: The attached Offering Circular is being furnished in connection with an offering outside the United States in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES (THE "NOTES") THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Company or the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them to subscribe for or purchase any of the securities described herein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licenced broker or dealer and any Manager or any affiliate of the Managers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are authorised to deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by email, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL

LEVC Finance Ltd

(incorporated in British Virgin Islands with limited liability)

U.S.$400,000,000 1.375 per cent. Credit Enhanced Notes due 2024

with the benefit of a Keepwell Deed provided by

GEELY

Zhejiang Geely Holding Group Company Limited
（浙江吉利控股集團有限公司）

(incorporated in the People's Republic of China with limited liability)

and an irrevocable Standby Letter of Credit provided by

Bank of China Limited, Singapore Branch

Issue Price: 99.895 per cent.

LEVC Finance Ltd (the "**Issuer**") proposes to issue the U.S.$400,000,000 1.375 per cent. credit enhanced notes due 2024 (the "**Notes**"). The Issuer is a wholly owned subsidiary of Zhejiang Geely Holding Group Company Limited (the "**Company**", together with its subsidiaries taken as a whole, the "**Group**"). The Notes will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") denominated in U.S. dollars and issued by Bank of China Limited, Singapore Branch (the "**LC Bank**"). See "*Appendix – Form of Irrevocable Standby Letter of Credit*" for the form of the Standby Letter of Credit.

The Notes will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by statute or applicable law.

The Issuer, the Company and DB Trustees (Hong Kong) Limited (the "**Trustee**") will enter into a keepwell deed dated on or about 25 March 2021 (the "**Keepwell Deed**"), as further described under "*Description of the Keepwell Deed*". The Notes will have the benefit of the Keepwell Deed. **The Keepwell Deed does not constitute a guarantee by the Company of the obligations of the Issuer under the Notes and may not give rise to a debt claim in the event of any insolvency proceedings in relation to the Company.**

The Notes will bear interest on their outstanding principal amount from and including 25 March 2021 (the "**Issue Date**") at the rate of 1.375 per cent. per annum. Interests will be payable semi-annually in arrear in equal instalments on 25 March and 25 September in each year (each an "**Interest Payment Date**"). Payments on the Notes will be made free and clear of, and without deduction or withholding for, or on account of, any present or future Taxes (as defined in the Terms and Conditions of the Notes (the "**Conditions**")) imposed or levied by or on behalf of any Relevant Jurisdiction (as defined in the Conditions) as further described under "*Terms and Conditions of the Notes – Taxation*".

Unless previously redeemed or purchased and cancelled, the Notes will mature on 25 March 2024 at their principal amount. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders and in writing to the Trustee and the Principal Paying Agent at their principal amount together with interest accrued up to but excluding the date of redemption in the event of certain changes affecting taxes of any Relevant Jurisdiction at any time. See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons.*" The Notes may also be redeemed at the option of the holders at 100 per cent. of the principal amount, together with accrued interest, upon occurrence of a Change of Control (as defined in the Conditions). See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Change of Control.*" The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 45 days' notice to the Noteholders and in writing to the Trustee and the Principal Paying Agent at a redemption amount per Note equal to the Make Whole Amount (as defined in the Conditions) at the redemption date (the "**Optional Redemption Date**") as specified in the Optional Redemption Notice (as defined in the Conditions), together with accrued and unpaid interest up to but excluding such Optional Redemption Date (collectively, the "**Optional Redemption Amount**"). See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Issuer.*"

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises（國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資 [2015] 2044號)）promulgated by the National Development and Reform Commission of the PRC (the "**NDRC**") on 14 September 2015 which came into effect immediately ("**Circular 2044**"), the Company has registered the issuance of the Notes with the NDRC and has obtained a registration certificate dated 2 March 2021 with the validity of one year from the date thereof (the "**NDRC Pre-issuance Registration Certificate**"). Pursuant to the NDRC Notice, the Company will cause relevant information in connection with the Notes to be reported to the NDRC within 10 working days after the Closing Date.

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

The Notes will be issued in denominations of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.

The Notes are expected to be rated "A1" by Moody's Investors Service, Inc. ("**Moody's**"). The credit rating accorded to the Notes is not a recommendation to purchase, hold or sell the Notes in as much as such rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the rating will remain in effect for a given period or that the rating will not be revised by the rating agency in the future.

See "*Risk Factors*" beginning on page 17 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes and the Standby Letter of Credit have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") and subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside the United States in compliance with Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes, the Standby Letter of Credit and the distribution of this Offering Circular, see "*Subscription and Sale*" beginning on page 136.

The Notes will be evidenced by beneficial interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issuer Date with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream. Except in the limited circumstances set out in the Global Certificate, individual certificates for Notes will not be issued in exchange for beneficial interests in the Global Certificate. See "*Summary of Provisions relating to the Notes in Global Form*" beginning on page 74. It is expected that delivery of the Global Certificate will be made on 25 March 2021 or such later date as may be agreed by the Issuer and the Managers (as defined in "*Subscription and Sale*").

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Bank of China | **BNP PARIBAS** | **China CITIC Bank International** | **DBS Bank Ltd.** | **HSBC**

Joint Bookrunners and Joint Lead Managers

China Construction Bank (Asia) | **China Everbright Bank Hong Kong Branch** | **CMBC Capital** | **Natixis**

Offering Circular dated 18 March 2021

IMPORTANT NOTICE

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

Each of the Issuer and the Company confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Company, the Group, the Keepwell Deed, the LC Bank, the Standby Letter of Credit and the Notes, which is relevant and material in the context of the issue, offering, sale and distribution of the Notes (including the information which, is required by applicable laws and according to the particular nature of the Issuer, the Company, the Group, the LC Bank, the Keepwell Deed, the Notes and the Standby Letter of Credit, and which is necessary to enable investors and their investment advisers to make an informed assessment of the financial position, profits and losses, and prospects of the Issuer and the Company, the Group, the LC Bank and of the rights attaching to the Keepwell Deed, the Standby Letter of Credit and the Notes); (ii) the statements contained herein relating to the Issuer, the Company, the Group, the Notes and the Standby Letter of Credit are in every material particular true and accurate and not misleading; (iii) the opinions, intentions and all forecasts, estimates, expectations and other forward-looking statements expressed in this Offering Circular with regard to the Issuer, the Company and the Group are truly and honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Company, the Group, the Keepwell Deed, the Standby Letter of Credit or the Notes the omission of which would, in the context of the issue and offering of the Notes, the Standby Letter of Credit and the Keepwell Deed make any statement, opinions or intentions expressed in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer and the Company to ascertain such facts and to verify the accuracy of all such information and statements; (vi) the statements and data with respect to the LC Bank and the statistical, industry and market-related data included in this Offering Circular are based on or derived or extracted from sources which each of the Issuer and the Company believes to be accurate and reliable in all material respects; and (vii) this Offering Circular does not and, if amended or supplemented, will not include an untrue statement of a material fact; or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Notwithstanding the foregoing, the information included in this Offering Circular regarding the LC Bank is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that are referenced in this Offering Circular but is not separately included in this Offering Circular shall not be deemed to be incorporated by reference to this Offering Circular. The Issuer and the Company have taken reasonable care in the compilation and reproduction of the information. However, none of the Issuer, the Company, the Bank of China Limited, Singapore Branch, BNP Paribas, China CITIC Bank International Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, China Construction Bank (Asia) Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, CMBC Securities Company Limited and Natixis (the "**Managers**"), the Trustee, the Agents (as defined in the Terms and Conditions of the Notes) and any of their respective affiliates, officers, employees, directors, agents, representatives and advisors, and any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Company, the Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, directors, agents, representatives and advisors, or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

This Offering Circular has been prepared by the Issuer and the Company solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Company, the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong, Singapore, the British Virgin Islands and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Notes, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Notes. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Company, the Group, the LC Bank, the Notes, the Standby Letter of Credit or the Keepwell Deed other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Company, the Group, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Company, the Group or any of them or the LC Bank since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Company, the Group, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them to subscribe for or purchase any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. None of the Issuer nor the Company has authorised its use for any other purpose.

This Offering Circular is being furnished by the Issuer and the Company in connection with the offering of the Notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer, the Company and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Notes offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

No representation or warranty, express or implied, is made or given by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee or the

Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them. None of the Managers, the Trustee and the Agents nor any of their respective affiliates, directors, officers, employees, representatives, agents, advisers nor any person who controls any of them has independently verified any of the information contained in this Offering Circular and none of the Managers, the Trustee and the Agents nor any of their respective affiliates, directors, officers, employees, representatives, agents, advisers nor any person who controls any of them can give assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents nor any of their respective affiliates, directors, officer, employees, representatives, agents, advisers nor any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by a Manager or on its behalf in connection with any of the Issuer, the Company, the Group, the Standby Letter of Credit, the LC Bank, the issue and offering of the Notes or the giving of the Keepwell Deed. Each of the Managers, the Trustee and the Agents and any of their respective affiliates, directors, officer, employees, representatives, agents, advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee or the Agents nor any of their respective affiliates, directors, officer, employees, representatives, agents, advisers nor any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuers, the Company, the Group or the LC Bank during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Company, the Group, the LC Bank, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

IN CONNECTION WITH THIS OFFERING, ANY MANAGER OTHER THAN CHINA CITIC BANK INTERNATIONAL LIMITED ACTING AS A STABILISING MANAGER (THE "STABLISING MANAGER") OR ANY PERSON(S) ACTING ON ITS BEHALF MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISING ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Company, the Group, any of their subsidiaries, their associated companies or the Notes.

In making an investment decision, investors must rely on their own examination of the Issuer, the Company, the Group, the LC Bank, the Standby Letter of Credit, the Keepwell Deed and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls of any them in connection with its investigation of the accuracy of such information or its investment decision.

In connection with the offering of the Notes, the Managers and/or their respective affiliates, or affiliates of the Issuer or the Company, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. These entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Company, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Managers and/or their respective affiliates, or affiliates of the Issuer or the Company as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

The Notes are expected to be assigned a rating of "A1" by Moody's. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Notes may adversely affect the market price of the Notes.

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Market data and certain industry statistics in this Offering Circular have been obtained from both public and private sources, including publicly available information and industry publication. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Company, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and none of the Issuer, the Company, the Managers, the Trustee, the Agents nor any of their respective affiliates, directors, officers, employees, representatives, agents or advisers nor any person who controls any of them makes any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the audited consolidated financial information of the Company as at and for the years ended 31 December 2017, 2018 and 2019 and the unaudited but reviewed consolidated financial information of the Company as at and for the nine months ended 30 September 2019 and 2020.

The consolidated financial information of the Company as at and for the years ended 31 December 2017, 2018 and 2019 has been extracted from the Company's consolidated financial statements as at and for the years ended 31 December 2018 and 2019 (the "**Company's Audited Financial Statements**"). The consolidated financial information of the Company as at and for the nine months ended 30 September 2019 and 2020 has been extracted from the Company's unaudited but reviewed consolidated interim financial statements as at and for the six months ended 30 June 2020 (the "**September 2020 Financial Statements**", together with the Company's Audited Financial Statements, the "**Company's Financial Statements**"). The Company prepares its consolidated financial statements in accordance with the general accepted accounting principles of the PRC ("**PRC GAAP**"). The Company's Audited Financial Statements were audited by, and the September 2020 Financial Statements were reviewed by, Beijing Xinghua Certified Public Accountants (Special General Partnership) ("**Beijing Xinghua**"), and are included elsewhere in this Offering Circular.

The September 2020 Financial Statements have been reviewed but not audited by Beijing Xinghua. There are no notes to the September 2020 Financial Statements and Beijing Xinghua only reviewed the financial information of the Company's subsidiaries which had a significant impact on the Company's consolidated financial statements when reviewing the September 2020 Financial Statements. Consequently, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with (1) information that has been subject to an audit by an independent auditor or (2) information that has been reviewed with the notes thereto. The potential investors must exercise caution when using such data to evaluate the Company's financial condition, results of operations and cash flows. The September 2020 Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Company for the full financial year ended 31 December 2020.

None of the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, directors, agents, representatives or advisors or any person who controls any of them has independently verified the accuracy of the financial information or financial statements of the Group and none of the Managers, the Trustee or the Agents nor any of their respective affiliates, officers, employees, directors, agents, representatives or advisors nor any person who controls any of them can give assurance that the financial information and financial statements are accurate. Each of the Managers and any of their respective affiliates, directors or advisers disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of any financial information or financial statements of the Company or the Group.

PRC GAAP differs in certain material respects from International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). See "*Differences Between PRC Accounting Standards and International Financial Reporting Standards*".

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

Financial Information of the LC Bank

Copies of the LC Bank's published audited consolidated financial statements and unaudited but reviewed consolidated financial statements, as well as its public filings, can be downloaded free of charge from the websites of the LC Bank and the Hong Kong Stock Exchange at https://www.boc.cn/ and www.hkexnews.hk, respectively. The audited consolidated financial statements, unaudited but reviewed consolidated financial statements, and the public filings of the LC Bank, are not included in and do not form part of this Offering Circular. The information contained on the websites of the LC Bank and the Hong Kong Stock Exchange is subject to change from time to time. No representation is made by the Issuer, the Group, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and none of the Issuer, the Group, the Managers, the Trustee or the Agents nor any of their respective affiliates, directors, officers, employees, representatives, agents or advisers nor any person who controls any of them takes any responsibility for any information contained on websites of the LC Bank and the Hong Kong Stock Exchange.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

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

Solely for the sake of convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts at specified rates. Unless otherwise indicated, the translation of Renminbi amounts into U.S. dollar amounts has been made at the exchange rate of RMB6.7896 to U.S.$1.00, being the noon buying rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States on 30 September 2020. Further information on exchange rates is set forth in "*Exchange Rate Information*". These translations should not be construed as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts or vice versa at the rates indicated or at all.

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

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

FORWARD-LOOKING STATEMENTS

The Issuer and the Company have made forward-looking statements in this Offering Circular regarding, among other things, the Group's financial condition, future expansion plans and business strategies. These forward-looking statements are based on the Group's current expectations about future events. The words "**anticipate**", "**believe**", "**estimate**", "**expect**", "**intend**", "**plan**", "**may**", "**seek**", "**target**" and similar expressions are intended to identify a number of these forward-looking statements. Although the Issuer and the Company believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the Group's business and operating strategies;
- the Group's capital expenditure plans and its ability to carry out those plans;
- various business opportunities that the Group may pursue;
- the regulatory environment of the automobile industry in general;
- changes in political, economic, legal and social conditions in China and elsewhere, including the specific policies of the PRC central and local governments with respect to economic growth, inflation and foreign exchange;
- the continued availability and costs of bank loans and other forms of financing;
- effect of competition on the demand for and prices of the products the Group offers; and
- other risks identified in the "*Risk Factors*" section of this Offering Circular.

In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer, the Company or the Group could differ materially from those anticipated in these forward-looking statements.

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

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SUMMARY

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

OVERVIEW

The Group is a global automotive group. The Group offers a comprehensive product portfolio under its complementary brand portfolio, which mainly includes passenger vehicles under its two subsidiary groups: Geely Automobile Holdings Limited ("**Geely**", together with its subsidiaries, the "**Geely Auto Group**") and Volvo Car AB (publ.) (registration no. 556810-8988) ("**Volvo**", together with its subsidiaries, the "**Volvo Car Group**"). The Group operates many well-known international automotive brands including Geely Auto, Lynk & Co, Volvo Cars, Polestar, Geometry, LEVC, Lotus, Farizon Auto and Terrafugia, with global operations spanning the automotive value chain from research, development and design to production, sales and servicing. The Company has been recognised as a Fortune 500 company for the last nine consecutive years and was ranked No. 243 by Fortune Global in 2020, and has been ranked by Fortune China among "China's Top 500 Companies" for the last 17 consecutive years and ranked by the China Association of Automobile Manufacturers ("**CAAM**") as one of the "Top Ten Automobile Manufacturers" for the last 16 consecutive years. According to the China Passenger Car Association ("**CPCA**"), the sales volume of the Geely Auto Group in 2020 ranked No. 1 among all home-grown passenger vehicle enterprises in China.

The Group has an established global footprint. As at 30 September 2020, the Group had manufacturing plants located in China, Belgium, the United Kingdom, Sweden and the United States and its sales network covered around 100 countries worldwide. For the years ended 31 December 2017, 2018, 2019 and 2020, the Group sold approximately 1.8 million, 2.1 million, 2.1 million and 2.0 million units of vehicles worldwide, respectively. As at 31 December 2020, the Geely Auto Group has set up four research and development centres located in Hangzhou, Ningbo Hangzhou Bay, Gothenburg and Frankfurt, respectively, and built up strong capacity to develop vehicles, engines, gearboxes and automotive electronics. The Geely Auto Group has also set up four design centres in Shanghai, Gothenburg, California and Barcelona to create a global design platform. As at 31 December 2020, the Volvo Car Group has established research & development and design centres in Gothenburg, California and Shanghai.

Founded in 1986 and headquartered in Hangzhou, Zhejiang Province, the PRC, the Group entered into the automobile industry in 1997 and has accumulated rich experience in developing, manufacturing and selling passenger vehicles and automobile parts and components. Over the past few decades, the Group has evolved from a home-grown automobile company with one brand into a global company owning multiple brands. Having established itself firmly in the domestic market of China, the Group acquired Volvo in 2010, which has allowed access to Volvo's vast experience and technology knowhow. Since then, the Group's global presence and brand awareness have been further strengthened. In 2013, the Group acquired LTC and in July 2017 renamed it as LEVC. LEVC is the manufacturer of the iconic London taxi which represents a significant share of all taxis in London. The name change represents the Group's commitment to becoming a leading producer of new energy-focused urban commercial vehicles. With a new factory base at Coventry, the United Kingdom, LEVC aims to become a leader of lightweight vehicle and range extender powertrain technologies. In June 2017, the Group acquired a 51.0 per cent. equity interest in British sports carmaker Lotus and a 49.9 per cent. equity interest in its Malaysian parent Company Proton, thereby gaining platforms to expand into the Southeast Asian and luxury sports car markets. In November 2017, the Group completed the acquisition of a U.S. start-up, Terrafugia, a world-leader in flying-car technology. Furthering the expansion of its global reach, in June 2018 the Group made its investment in AB Volvo (publ), a Swedish leading commercial vehicles and industrial engineering group. The transaction made the Company the largest shareholder and the second largest holder in voting rights of AB Volvo (publ) as at 30 September 2020. The Group and AB Volvo (publ) expect to benefit from a global trend to replace diesel-powered trucks with gas-powered trucks, of which AB Volvo (publ) is a leading manufacturer, to reduce emissions.

In 2017, 2018 and 2019, and for the nine months ended 30 September 2019 and 2020, the Group recorded operating income of RMB278,264.6 million, RMB328,520.9 million, RMB330,817.7 million, RMB226,851.2 million and RMB212,722.2 million, respectively, and recorded net profit of RMB18,824.2 million, RMB20,267.6 million, RMB14,190.8 million, RMB10,560.6 million and RMB5,562.5 million, respectively, for the same periods. The following table sets forth a breakdown of the Group's operating income and its absolute percentage of the Group's total operating income for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2017		2018		2019		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)									
Manufacturing and sale of complete vehicles	266,950.4	95.9	315,186.9	95.9	324,310.6	98.0	221,893.4	97.8	206,639.1	97.1
Geely series(1)	98,230.8	35.3	124,183.1	37.8	117,808.6	35.6	80,923.1	35.7	73,031.0	34.3
Volvo series(2)	168,719.6	60.6	191,003.8	58.1	206,501.0	62.4	140,970.3	62.1	133,608.1	62.8
Parts and others(3)	11,314.2	4.1	13,334.0	4.1	6,508.1	2.0	4,957.8	2.2	6,083.1	2.9
Total	**278,264.6**	**100.0**	**328,520.9**	**100.0**	**330,817.7**	**100.0**	**226,851.2**	**100.0**	**212,722.2**	**100.0**

Notes:

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

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

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

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

	Year ended 31 December						Nine months ended 30 September			
	2017		2018		2019		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)									
Manufacturing and sale of complete vehicles	59,085.7	93.9	67,805.2	91.1	65,374.8	96.1	43,732.4	95.4	40,183.1	94.6
Geely series(1)	21,792.1	34.6	28,471.8	38.3	24,553.0	36.1	16,666.2	36.4	13,864.6	32.6
Volvo series(2)	37,293.6	59.3	39,333.4	52.8	40,821.8	60.0	27,066.2	59.0	26,318.5	62.0
Parts and others(3)	3,845.4	6.1	6,661.9	8.9	2,673.6	3.9	2,116.3	4.6	2,281.5	5.4
Total	**62,931.1**	**100.0**	**74,467.1**	**100.0**	**68,048.4**	**100.0**	**45,848.7**	**100.0**	**42,464.6**	**100.0**

Notes:

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

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

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

RECENT DEVELOPMENTS

Additional Indebtedness Since 30 September 2020

Since 30 September 2020, the Group has incurred additional indebtedness to satisfy its capital needs, including but not limited to (1) the RMB2.0 billion 3.85 per cent. medium-term notes due 2023 issued by the Company in November 2020 and (2) the EUR500.0 million 2.5 per cent. green bond due 2027 issued by the Volvo Car AB (publ.). The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

Proposed Listing on the Sci-Tech Board and Issue of RMB Shares

On 17 June 2020, the board of directors of Geely approved a preliminary proposal for the possible issue of RMB shares and listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange（上海證券交易所科創板）(the "**SSE STAR Market**") (the "**Proposed Issue of RMB Shares**"). The Proposed Issue of RMB Shares has been approved by the listing committee for the SSE STAR Market in accordance with the review result of the review meeting held on 28 September 2020. As at the date of this Offering Circular, Geely has not been listed on the SSE STAR Market and no concrete timetable or detailed plans of the Proposed Issue of RMB Shares have been formed or announced.

Business Combination and Collaboration to be Carried Out by Geely and Volvo

On 24 February 2021, Geely published an announcement (the "**Announcement**") on the Hong Kong Stock Exchange regarding its business combination and collaboration with Volvo to deepen their cooperation in powertrains, electrification, autonomous drive technologies and sales network, while maintaining their existing independent corporate structure. According to the Announcement, Geely and Volvo will (i) combine powertrain operations through equity merger in order to develop powertrain products and next-generation dual-motor hybrid system; (ii) jointly develop the next-generation modular electric vehicle architecture and share technologies on electrification and intelligent connectivity; and (iii) jointly develop advanced autonomous driving solution. The Geely Auto Group's Lynk brand will further expand globally by leveraging Volvo's overseas sales channels and after-sales network. As at the date of this Offering Circular, there's no concrete timetable or detailed plans of such business combination and collaboration.

COMPETITIVE STRENGTHS

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

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

BUSINESS STRATEGIES

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

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

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

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

The summary consolidated financial information of the Company as at and for the years ended 31 December 2017, 2018 and 2019 as set forth below is derived from the Company's Audited Financial Statements, and the summary consolidated financial information of the Company as at and for the nine months ended 30 September 2019 and 2020 as set forth below is derived from the September 2020 Financial Statements, which are included elsewhere in this Offering Circular. Such summary consolidated financial information should be read in conjunction with, and is qualified in its entirety by reference to the Company's relevant consolidated financial statements (including the notes thereto).

The September 2020 Financial Statements have been reviewed but not audited by the Company's independent auditors. There are no notes to the September 2020 Financial Statements and Beijing Xinghua Certified Public Accountants (Special General Partnership) only reviewed the financial information of the Company's subsidiaries which had a significant impact on the Company's consolidated financial statements as at and for the nine months ended 30 September 2020. Investors must exercise caution when using such data to evaluate the Group's financial condition, results of operation and cash flows. The consolidated financial information of the Company as at and for the nine months ended 30 September 2020 should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2020. The Company prepares its consolidated financial statements in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "Differences between PRC GAAP and IFRS".

Pursuant to the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements for 2019 (Cai Kuai [2019] No. 6) which was promulgated on 30 April 2019, notes receivable and accounts receivable is divided into "notes receivable" and "accounts receivable" as two separate line items, and notes payable and accounts payable is divided into "notes payable" and "accounts payable" as two separate line items. For details and impact on the Company of such restatement, see Note IV.31 "Changes in Significant Accounting Policies and Estimates" to the Company's consolidated financial statements as at and for the year ended 31 December 2019 included elsewhere in this Offering Circular. Restated amounts might be different from the financial information previously reported in such consolidated financial statements. Consequently, potential investors must exercise caution when using such financial statements to evaluate the Group's financial condition and results of operations. See "Risks relating to the financial information – Historical consolidated financial information of the Group may not be indicative of its current or future results of operations".

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited)	(audited)	(audited)	(reviewed)	(reviewed)
Total operating income:	**278,264,594**	**328,520,880**	**330,817,647**	**226,851,196**	**212,722,275**
Less:					
Operating costs	215,333,482	254,053,783	262,769,338	181,002,519	170,257,741
Taxes and surcharges	6,427,753	7,305,728	7,124,690	4,252,137	3,256,826
Selling expenses	16,299,504	17,878,917	18,805,353	13,472,542	14,053,434
General and administrative expenses	9,605,086	10,992,053	9,636,107	6,434,016	6,883,305
Research and development expenses	8,609,535	9,328,490	12,267,372	9,365,112	11,354,804
Financial expenses	1,444,268	1,813,848	2,520,337	1,978,178	3,206,587
Asset impairment losses	195,959	428,878	135,553	5,210	4,499
Credit impairment losses	–	9,499	258,682	(6,134)	(27,541)
Add:					
Other income	2,489,181	2,891,998	2,038,737	1,764,211	2,317,777
Investment income (loss)	11,027	(42,144)	1,631,159	1,779,130	1,216,120
Net exposure hedging losses	–	(586,504)	(2,582,347)	–	–
Gains/(losses) from changes of the fair value	315,968	(30,803)	(201,769)	(62,486)	(77,655)
Gains/(losses) from disposal of asset	(260,428)	(2,900,129)	296,535	(140,089)	(15,543)
Operating profit	**22,904,754**	**26,042,100**	**18,482,529**	**13,686,535**	**7,127,235**
Non-operating income	618,590	228,332	130,610	114,856	118,609
Non-operating expenses	176,903	500,440	361,979	441,643	250,175
Profit before tax	**23,346,441**	**25,769,992**	**18,251,159**	**13,359,748**	**6,995,668**
Income tax expenses	4,522,207	5,502,352	4,060,322	2,799,143	1,433,202
Net profit	**18,824,235**	**20,267,640**	**14,190,837**	**10,560,605**	**5,562,466**
Net profit attributable to owners of the parent	12,302,371	13,026,070	8,510,177	6,112,333	3,086,862
Profit or loss attributable to minority interests	6,521,864	7,241,570	5,680,660	4,448,272	2,475,605

Summary Consolidated Balance Sheet Data

	As at 31 December			As at 30 September
	2017	2018	2019	2020
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited and restated)	**(audited)**	**(audited)**	**(reviewed)**
Current assets				
Cash at bank and on hand	54,268,663	67,340,144	83,734,756	78,394,994
Financial assets held for trading	–	1,881,645	5,470,754	912,795
Derivative financial assets	–	773,721	93,046	27,476
Financial assets at fair value and changes accounted into current profit or loss	3,166,788	–	–	–
Notes receivable	24,709,771[1]	22,614,810	22,139,470	30,134,181
Accounts receivable	6,866,285[1]	6,876,698	8,198,204	15,588,142
Prepayment	2,195,233	2,617,428	1,891,367	1,818,279
Other receivables	3,021,677	2,800,222	8,936,936	20,919,086
In which:				
Interests receivables	73,258	43,988	47,063	334,295
Inventories	33,556,266	37,181,569	37,092,058	43,543,907
Contract assets	–	–	–	–
Held-for-sale assets	12,306	–	–	–
Non-current assets due within one year	86,915	12,509	7,613	281,451
Other current assets	5,645,110	5,550,501	8,518,309	7,773,402
Total current assets	**133,529,014**	**147,649,246**	**176,082,514**	**199,393,712**
Non-current assets				
Debt investment	–	30,000	–	–
Available-for-sale financial assets	4,515,998	–	–	–
Long-term receivables	3,906,828	3,388,675	5,816,740	6,473,056
Long-term equity investment	5,610,123	14,981,375	15,972,362	19,991,121
Other equity instruments investment	–	17,510,792	21,656,011	23,885,347
Other non-current financial assets	–	581,226	574,252	574,252
Fixed assets	55,742,394	70,586,768	81,736,520	86,970,576
Construction in progress	14,691,152	8,789,455	8,420,930	6,496,311
Intangible assets	33,112,658	34,350,259	44,529,898	47,019,301
Development expenditure	18,366,312	26,936,177	29,494,788	28,900,456
Goodwill	657,705	722,978	621,964	611,900
Long-term deferred expenses	123,663	173,046	207,860	254,122
Deferred tax assets	4,322,331	6,523,178	8,043,142	8,501,159
Other non-current assets	1,827,391	1,208,136	2,531,107	2,553,106
Total non-current assets	**142,876,556**	**185,782,064**	**219,605,574**	**232,230,708**
Total Assets	**276,405,570**	**333,431,309**	**395,688,088**	**431,624,420**

[1] The notes receivable and accounts receivable has been adjusted and divided into two line items pursuant to the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements for 2019 (Cai Kuai [2019] No. 6) which is newly promulgated on 30 April 2019.

	As at 31 December			As at 30 September
	2017	2018	2019	2020
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited and restated)	**(audited)**	**(audited)**	**(reviewed)**
Current liabilities				
Short-term loans	13,758,062	35,093,092	26,990,133	30,884,614
Financial liabilities held for trading	–	6,605	14,461	1,420,925
Derivative financial liabilities	–	1,414,363	2,585,472	8,124
Financial liabilities at fair value and changes accounted into current profit or loss	452,598	–	–	–
Notes payable	9,709,905[2]	13,408,629	12,807,803	10,846,015
Accounts payable	41,860,453[2]	42,129,996	56,233,246	52,103,704
Advances from customers	8,911,129	5,782,147	5,041,994	4,769,816
Contract liabilities	–	10,924,999	15,657,041	16,599,455
Employee benefits payable	6,449,701	6,330,638	7,812,376	8,238,138
Taxes payable	5,363,619	5,458,378	5,285,021	3,334,184
Other payables	13,061,577	5,622,995	4,557,301	8,586,319
In which:				
Interest payable	344,887	534,368	677,548	701,557
Dividends payable	7,169	7,168	21,976	86,047
Non-current liabilities due within one year	10,973,058	8,884,896	10,913,580	14,838,862
Other current liabilities	21,575,642	12,156,228	16,712,860	16,697,889
Total current liabilities	**132,115,744**	**147,212,967**	**164,611,287**	**168,328,045**
Non-current liabilities				
Long-term loans	13,418,284	31,118,986	41,847,708	48,413,632
Bonds payable	15,363,624	19,830,414	33,179,447	34,219,779
Long-term accounts payables	2,001,293	1,258,145	2,427,983	2,149,754
Provisions	7,879,331	4,814,296	5,601,365	6,378,938
Deferred income	7,782,512	13,211,597	11,158,953	14,448,623
Deferred income tax liabilities	1,611,143	1,399,643	831,649	1,102,240
Other non-current liabilities	5,774,800	11,831,483	15,603,541	16,474,174
Total non-current liabilities	**53,830,988**	**83,464,564**	**110,650,647**	**123,187,140**
Total Liabilities	**185,946,732**	**230,677,531**	**275,261,934**	**291,515,185**
Shareholder's equity				
Share capital	930,000	930,000	930,000	930,000
Other equity instruments	2,000,000	2,000,000	1,500,000	3,000,000
In which:				
Perpetual capital securities	2,000,000	2,000,000	1,500,000	3,000,000
Capital reserve	19,007,823	19,044,131	19,692,259	19,878,604
Surplus reserves	38,590	40,735	–	–
Undistributed profit	33,685,219	46,440,199	54,178,637	61,275,947
Other comprehensive income	3,265,113	(10,658,355)	(10,360,857)	(6,979,507)
Total equity attributable to parent company	**58,926,745**	**57,796,710**	**65,940,039**	**78,105,045**
Minority interests	31,532,093	44,957,068	54,486,115	62,004,191
Total shareholder's equity	**90,458,838**	**102,753,778**	**120,426,154**	**140,109,235**
Total liabilities and shareholder's equity	**276,405,570**	**333,431,309**	**395,688,088**	**431,624,420**

2 The notes payable and accounts payable has been adjusted and divided into two line items pursuant to the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements for 2019 (Cai Kuai [2019] No. 6) which is newly promulgated on 30 April 2019.

Summary Consolidated Cash Flow Statement Data

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(audited)	**(audited)**	**(audited)**	**(reviewed)**	**(reviewed)**
Net cash flows from operating activities	43,039,286	43,146,353	43,750,808	22,066,470	5,219,254
Net cash flows from investment activities	(32,546,366)	(79,632,491)	(37,511,297)	(27,949,829)	(23,372,289)
Net cash flows from financing activities	8,300,876	47,847,832	10,615,892	17,733,941	22,049,622
Effect of exchange rate fluctuation on cash held	448,394	(177,107)	91,141	35,804	358,405
Net increase of cash and cash equivalents	**19,242,190**	**11,184,588**	**16,946,545**	**11,886,386**	**4,254,992**
Opening balance of cash and cash equivalents	56,280,988	75,523,178	86,707,766	86,707,766	103,654,311
Ending balance of cash and cash equivalents	**75,523,178**	**86,707,766**	**103,654,311**	**98,594,153**	**107,909,303**

Other Financial Data

	As at and for the year ended 31 December			As at and for the nine months ended 30 September
	2017	2018	2019	2020
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
EBITDA [1] (RMB' billion)	34.5	44.7	37.8	21.3
EBITDA margin [2] (per cent.)	12.4	13.6	11.4	10.0
EBITDA/total interest expense	21.3x	20.7x	10.3x	6.7x
Total indebtedness [3]/EBITDA	1.4x	2.0x	2.9x	3.8x[5]
Net debt [4]/EBITDA	(0.2x)	0.5x	0.7x	1.4x[5]

Notes:

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

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

3) Total indebtedness represents the aggregate of short-term loans, long-term loans due within one year, bonds payable due within one year, short-term financing recognised under other current liabilities, long-term loans and bonds payable.

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

5) For calculating this financial ratio, EBITDA for the last 12 months (LTM EBITDA) is used.

THE ISSUE

The following contains some summary information about the Notes and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Notes" and "Summary of Provisions Relating to the Notes in Global Form" shall have the same meanings in this summary. For a comprehensive description of the terms and conditions of the Notes, see the section entitled "Terms and Conditions of the Notes" of this Offering Circular.

Issuer	LEVC Finance Ltd.
Company.	Zhejiang Geely Holding Group Company Limited(浙江吉利控股集團有限公司).
Notes.	U.S.$400,000,000 1.375 per cent. credit enhanced notes due 2024 (the "**Notes**").
Issue Price.	99.895 per cent.
Issue Date	25 March 2021.
Maturity Date	25 March 2024.
Standby Letter of Credit	The Notes will have the benefit of the Standby Letter of Credit issued by Bank of China Limited, Singapore Branch (the "**LC Bank**") in favour of the Trustee, on behalf of itself and the holders of the Notes. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Notes upon the presentation of a demand by authenticated SWIFT sent by the Trustee or any agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a "**Demand**") stating that (i) the Issuer has failed to comply with Condition 3(c) in relation to pre-funding an amount that is payable under the Conditions and/or has failed to provide the Required Confirmations in accordance with Condition 3(c) or (ii) an Event of Default has occurred and the Trustee has given notice to the Issuer that the Notes are immediately due and payable in accordance with Condition 9 or (iii) the Issuer has otherwise failed to pay the fees and expenses it is obliged to pay under the Conditions or the Trust Deed when due and such failure has continued for a period of seven days from the date of the Trustee delivering its demand therefor to the Issuer in accordance with the Conditions. The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not exceed U.S.$417,500,000 (the "**Maximum Limit**") being an amount representing the aggregate principal amount of the Notes being U.S.$400,000,000, plus interest and premium (if any) payable in accordance with Condition 5, plus an additional amount intended to cover fees, expenses and any other amounts payable by the Issuer in connection with the Notes or the Trust Deed. The Standby Letter of Credit expires at 6:00 p.m. (Singapore time) on 24 April 2024 subject to the terms of the Standby Letter of Credit.

Notwithstanding the Maximum Limit above, the Maximum Limit shall be irrevocably reduced with effect from and including the day falling six months after each Interest Payment Date) (except for the Maturity Date) by the full amount of interest due paid by the Issuer to the Principal Paying Agent in accordance with the Agency Agreement, as evidenced by the Required Confirmations delivered to the LC Bank by facsimile or email by the Issuer by no later than the Business Day falling ten Business Days prior to the due date for such payment in accordance with the Condition 3(c).

See "*Terms and Conditions of the Notes – Status, Standby Letter of Credit and Pre-funding – Standby Letter of Credit*", "*Terms and Conditions of the Notes – Status, Standby Letter of Credit and Prefunding – Pre-funding*" and "*Appendix – Form of Irrevocable Standby Letter of Credit*".

Pre-funding . . . . In order to provide for the payment of any amount in respect of the Notes and any amount payable under the Trust Deed (other than the Optional Redemption Amount payable under Condition 6(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Business Day (the "**Pre-funding Date**") falling 10 Business Days prior to the due date for such payment under the Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account; and

(ii) deliver to the Trustee, the Principal Paying Agent and the LC Bank by facsimile or email (x) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Singapore time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

The Pre-funding Account Bank shall notify the Trustee upon any failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with the Conditions. If the Relevant Amount has not been paid into the Pre-funding Account in full, or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Singapore time) on the Business Day immediately following the Pre-funding Date (the "**Pre-funding Failure**"), the Trustee shall by no later than 4:30 p.m. (Singapore time) on the second Business Day following the Pre-funding Date, issue a Demand to the LC Bank for the Relevant Amount (or if the Issuer has unconditionally paid or procured to be paid or procured to be paid into the Pre-funding Account, an amount less than the full amount of the Relevant Amount and the Trustee has received Required Confirmations in respect of such lesser amount, an amount representing the difference between the full amount of the Relevant Amount and the amount received in the Pre-funding Account) in accordance with the Standby Letter of Credit, provided that in accordance with the terms of the Standby letter of Credit, the Trustee need not physically present the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT or facsimile sent on its behalf.

After receipt by the LC Bank of such Demand, the LC Bank shall by 11:00 a.m. (Singapore time) on the fourth Business Day (if a Demand received before 6:00 p.m. (Singapore time) on a Business Day, the fifth Business Day) immediately following receipt of such Demand pay to or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account. "Business Day" means a day, other than a Saturday or a Sunday or a public holiday, on which banks and foreign exchange markets are open for business in New York, Singapore and Hong Kong.

See "*Terms and Condition of the Notes – Status, Standby Letter of Credit and Pre-funding – Pre-funding*" and "*Appendix – Form of Irrevocable Standby Letter of Credit*".

The Offering . . . . The Notes will be offered outside the United States in reliance on Regulation S under the Securities Act. See "*Subscription and Sale*".

Interest . . . . The Notes will bear interest from and including 25 March 2021 at the rate of 1.375 per cent. per annum, payable semi-annually in equal instalments in arrear on 25 March and 25 September in each year. See Condition 5.

Status of the Notes . . . . . The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by statute or applicable law.

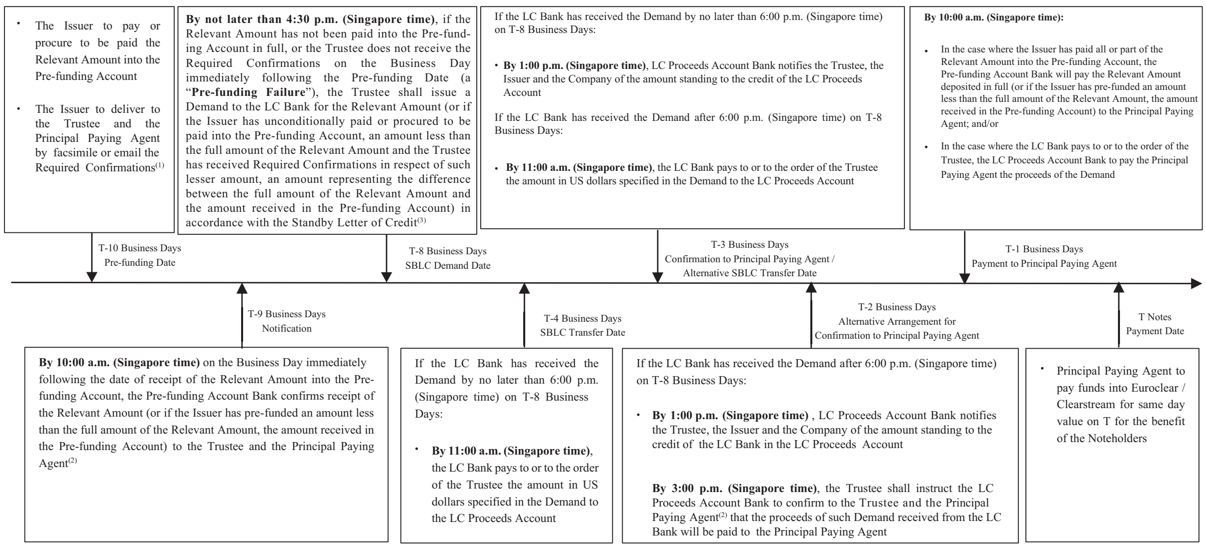
Taxation	All payments of principal, premium (if any), interest or the Make Whole Amount in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the rate of up to and including the aggregate rate applicable on 18 March 2021 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as may be necessary in order that the net amount received by Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. If the Issuer is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within any Relevant Jurisdiction other than the PRC, the Issuer will pay such additional amounts (the "**Additional Tax Amounts**") as may be necessary in order that the net amount received by Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, save for certain exceptions. See "*Terms and Conditions of the Notes – Taxation*".
Final Redemption.	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date, subject as provided in Condition 7. The Notes may not be redeemed at the option of the Issuer other than in accordance with Condition 6.
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (the "**Tax Redemption Notice**") in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent at their principal amount together with interest accrued up to but excluding the date of redemption if the Issuer satisfies the Trustee immediately before the giving of the Tax Redemption Notice that (A) the Issuer would be required to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in, or amendment to, the application or official interpretation thereof; and (B) the requirement cannot be avoided by the Issuer taking reasonable measures available to it, provided no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes were then due. See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons*".

Redemption at the Option of the Issuer	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 45 days' notice to the Noteholders and in writing to the Trustee and the Principal Paying Agent at a redemption amount per Note equal to the Make Whole Amount as at the redemption date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice, together with accrued and unpaid interest up to but excluding such Optional Redemption Date (collectively, the "**Optional Redemption Amount**"). See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Issuer*".
Redemption for Change of Control	Following the occurrence of a Change of Control, a Noteholder shall have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of such Noteholder's Notes on the Put Settlement Date at 100 per cent. of their principal amount together with accrued interest up to but excluding the Put Settlement Date. See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Change of Control*".
Form and Denomination.	The Notes will be issued in registered form in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will initially be represented by a Global Certificate deposited on or before the Issue Date with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders. Except in the limited circumstances described in the relevant Global Certificate, definitive certificates of Notes will not be issued in exchange for beneficial interests in such Global Certificate. See "*Summary of Provisions relating to the Notes in Global Form*". The securities codes for the Notes are as follows: ISIN XS2295883206. Common Code 229588320.
Legal Entity Identifier . .	65560030G47IRDOVP557.
Clearing	Euroclear and Clearstream.
Governing Law	The Notes, the Keepwell Deed, the Agency Agreement, the Trust Deed and the Standby Letter of Credit and any non-contractual obligations arising out of or in connection with them will be governed by and construed in accordance with English law.
Jurisdiction	The courts of Hong Kong will have exclusive jurisdiction to settle any disputes arising out of or in connection with the Notes, the Keepwell Deed, the Agency Agreement, the Trust Deed and the Standby Letter of Credit.

Rating	The Notes are expected to be rated "A1" by Moody's. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agencies. Prospective investors should evaluate each rating independently of any other rating of the Notes or other securities of the Issuer.
Further Issues	The Issuer may from time to time without the consent of the Noteholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects save for the first payment of interest on them and the timing to complete the Post-issuance Filing) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. See "*Terms and Conditions of the Notes – Further Issues*".
Trustee	DB Trustees (Hong Kong) Limited.
Principal Paying Agent, Registrar and Transfer Agent	Deutsche Bank AG, Hong Kong Branch.
Pre-funding Account Bank and LC Proceeds Account Bank	Deutsche Bank AG, Hong Kong Branch.
Listing	Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Use of Proceeds	The net proceeds of the issue of the Notes will be used to refinance the Group's certain existing offshore bonds due in May 2021. See "*Use of Proceeds.*"
Keepwell Deed	The Company will enter into the Keepwell Deed with the Issuer and the Trustee, as more fully described under "*Description of the Keepwell Deed*". The Keepwell Deed does not constitute a guarantee by the Company of the payment of any obligation, indebtedness or liability of the Issuer. See "*Risk Factors – Risks Relating to the Notes, the Keepwell Deed and the Standby Letter of Credit – The Keepwell Deed from the Company is not a guarantee of the payment obligations of the Issuer under the Notes and the Keepwell Deed would not give rise to a debt claim in the event of any insolvency proceedings in relation to the Company*". The Keepwell Deed and any non-contractual obligations arising out of or in connection with them are governed by English law.

SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE NOTES

The following diagram sets forth a summary of the pre-funding arrangements under the Notes and the drawing arrangements in respect of the Standby Letter of Credit on each scheduled due date under the Notes. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with "Terms and Conditions of the Notes," the Trust Deed and the Agency Agreement referred therein and "Appendix – Form of Standby Letter of Credit." Words and expressions defined in the "Terms and Conditions of the Notes" shall have the same meaning in this summary.



Notes:

(1) The Required Confirmations consist of: (a) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer; and (b) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Singapore time) on the Business Day immediately preceding the due date for such payment.

(2) The confirmation from the Pre-funding Account Bank to the Principal Paying Agent and the Trustee shall be by way of facsimile or e-mail or other means of communication as the Principal Paying Agent and the Trustee may in its discretion agree with the Pre-funding Account Bank.

(3) The Trustee need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT or facsimile sent on its behalf.

RISK FACTORS

Prospective purchasers of the Notes should carefully consider the following risk factors in addition to the other information presented in this Offering Circular before making an investment decision. The occurrence of any of the following events could have a detrimental effect on the Group and its results of operations. These risks are not the only ones that the Group faces. Additional risks not currently known to the Group or those which the Group currently believes are immaterial may also impair its business operations. The Group's business, results of operation and financial condition could be materially adversely affected by these risks. Factors which the Issuer and the Company believe may be material for the purpose of assessing the market risks associated with the Notes are also described below. The Issuer and the Company believe that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer's inability to repay principal, pay interest or other amounts or fulfil other obligations on or in connection with the Notes or the Company's inability to fulfil its obligations under the Keepwell Deed may occur for other reasons and neither the Issuer nor the Company represents that the statements below regarding the risks of holding the Notes are exhaustive.

RISKS RELATING TO THE GROUP'S BUSINESS

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

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

To broaden its model portfolio, the Group plans to continue upgrading its existing models, and in the meantime, to develop new models. In 2018, the Geely Auto Group launched the Geely Binrui, a new compact sedan and the Geely Binyue, its first compact SUV. It also unveiled its first MPV, the Geely Jiaji, in March 2019. Lynk & Co launched Lynk & Co 03 plus in August 2019, which is the upgrade of the prototype Lynk & Co 03. In February 2020, it launched Geely ICON, the first vehicle model it produced under its "Healthy Car" research and development program. In June 2020, Geely Hao Yue, its largest five- or seven-seat SUV as at the date of this Offering Circular, was released to the automobile market. Further, as part of its efforts to transform from a traditional automobile company to an industry leader in new energy vehicle technologies, the Geely Auto Group launched its first new energy vehicle model in November 2015 and its hybrid-electric vehicle ("**HEV**") and plug-in hybrid electric vehicle ("**PHEV**") in 2017. In April 2019, the Volvo Car Group launched Polestar 2 and the Geely Auto Group launched Geometry A, representing the first electric vehicle of Polestar brand and Geometry brand, respectively. In November 2020, the Volvo Car Group produced its first all-electric SUV, the XC40 Recharge. Whilst new energy vehicles represent a new business area for the Group, there is no assurance that its efforts to develop, launch and market these new products will be successful or completed within anticipated time frames. The Group's success in launching these new products depends on a number of factors, including its ability to offer products that appeal to target customers, its marketing strategy, customer perceptions and its cooperation with its partners.

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

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

The Group's continued success depends on its ability to continuously develop new products that can successfully compete with those offered by its competitors in terms of design, performance and price, which, in turn, depends largely on its research and development capabilities. The automobile market is characterised by changing technologies, periodic new model introductions and evolving end-user customer and industry requirements. The Group's competitors are continuously developing automobiles that have adopted advanced technologies to operate more efficiently and cost effectively. If the Group is unable to enhance its research and development capabilities to improve its existing products and develop new products, or if it fails to anticipate end-user customers' changing needs, it may be at a disadvantage compared to its competitors and, consequently, its business, financial condition, results of operations and prospects may be materially and adversely affected.

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

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

The Group sells substantially all of its products primarily through 4S dealers, franchisees and sales agents. Therefore, the Group's success depends on its ability to retain existing and attract new dealers, franchisees or sales agents. As at 30 September 2020, the Geely Auto Group and Lynk & Co had over 1,400 dealers and over 1,300 service stations across China, covering 31 provinces and autonomous regions. As at 30 September 2020, the Geely Auto Group exported its products to 22 countries through 21 sales agents and over 300 sales and service outlets. As at 30 September 2020, the Volvo Car Group sold cars in approximately 100 countries through approximately 2,400 dealers. There is no assurance that the Group will be able to successfully renew its existing sales contracts upon their expiration on favourable terms, or at all. Competition for dealers, franchisees or sales agents is intense, as the Group must compete with other leading passenger vehicle brands in markets where it has operations or has plans to enter. Such competitors may benefit from higher visibility, greater brand recognition, greater financial resources and a broader product offering than the Group does, which may provide them with a competitive advantage in securing dealers, franchisees or sales agents. The Group's competitors may also enter into long-term or exclusive agreements that effectively prevent their dealers, franchisees or sales agents from selling the Group's products. Consequently, engaging new dealers, franchisees or sales agents, maintaining relationships with existing dealers, franchisees or sales agents and replacing them can be difficult and time consuming. Any disruption to the Group's distribution network, including a failure on its part to renew its existing agreements with its preferred dealers, franchisees or sales agents or to attract new dealers, franchisees or sales agents, could negatively affect the Group's ability to effectively sell its products to its end-user customers which in turn could materially and adversely affect its business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

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

The performance, quality and safety of the Group's products are critical to its end-user customers and its success. The effectiveness of the Group's quality control system is determined by various factors, including the coverage and design of the system, the implementation of quality standards, the quality of training programs and employee adherence to quality control policies and guidelines. If the Group fails to maintain an effective or adequate quality control system, it may produce defective products that expose it to warranty claims, which may include return or replacement of its products, compensation of customers and other related product liability claims, as well as damage to the Group's reputation. Any such warranty claim, regardless of whether it is ultimately successful, could cause the Group to incur significant costs, damage its business reputation and result in significant disruption to its operations. Furthermore, if any such claim is ultimately successful, the Group could be required to not only recall and replace defective products, but also pay substantial monetary damages or penalties, which could have a material adverse effect on its results of operations and financial condition.

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

The Group's products can expose the Group to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in personal injuries, property damage or other adverse effects. Any product liability claim, whether relating to personal injuries or property damage, or regulatory action could prove costly and time consuming to defend and has the potential to harm the reputations of the Group and its brands. If successful, product liability claims may require the Group to pay substantial damages. The Group may be unable to obtain sufficient product liability insurance coverage on commercially reasonable terms, or at all. Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third-party suppliers. Such third-party suppliers may not indemnify the Group for defects as to such parts and components or may only provide the Group with limited indemnification that is insufficient to cover the Group's damages resulting from such product liability claims.

Product liability claims, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of the Group's products and its reputation. Moreover, a material design, manufacturing or quality-related failure or defect in the Group's products or other safety issues could warrant a product recall by the Group and result in increased product liability claims. For example, in January 2019, the Group recalled an aggregate of 42,216 units of Geely Vision and GC7 models and 47,441 units of EC7 models due to defective fuel pumps. In September 2020, the Group recalled an aggregate 244,800 Volvo brand vehicles due to flaws in the design of seat belts. In November 2020, the Group further recalled an aggregate 4,479 Volvo brand vehicles, including 369 units of S60 and 4,410 units of S80 due to risk of malfunction of the airbags. In December 2020, according to the inspection results released by the Ministry of Industry and Information Technology of the PRC (the "**MIIT**"), the luggage compartment volume of the Group's DNC5049XXYBEV02 pure electric van and the low-speed alarm controller of the Group's DNC5049XXYBEV02 pure electric van were found to be non-compliant with relevant quality standards.

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

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

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

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

The Group relies on bank loans and other borrowings to support a substantial portion of its capital expenditures. As at 31 December 2017, 2018 and 2019 and 30 September 2020, the Group's total indebtedness (which comprises short-term loans, long-term loans due within one year, bonds payable due within one year, short-term financing recognised under other current liabilities, long-term loans and bonds payable) was RMB49,060.4 million, RMB89,865.2 million, RMB109,562.5 million and RMB124,666.5 million, respectively. In addition, as at 30 September 2020, the Group had outstanding guarantee in a total amount of approximately RMB1.5 billion, which was mainly relating to contractual arrangements with independent third parties. The Group's relatively high level of indebtedness and leverage could materially and adversely affect its liquidity. For example, it could:

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

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

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

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

The Group's inventories are principally raw materials, self-made semi-finished products and products, goods in stock and materials in transit. As at 31 December 2017, 2018 and 2019 and 30 September 2020, the Group's inventory had the value of RMB33,556.3 million, RMB37,181.6 million, RMB37,092.1 million and RMB43,543.9 million, respectively, which accounted for 25.1 per cent., 25.2 per cent., 21.1 per cent. and 21.8 per cent. of its current assets. The Group endeavours to manage its inventory level by aligning its procurement with its sales based on confirmed purchase orders and projected sales. However, making an accurate estimate of its sales is difficult. Inaccurate forecasts of market demand and a mismatch between purchases of the Group's raw materials and sales of its finished products could increase the Group's inventory risks. In addition, aging of inventories requires the Group to make provisions for impairment of the fair value of inventories, which may affect the Group's profit. As at 31 December 2017, 2018 and 2019 and 30 September 2020, the Group's provisions for inventories were RMB385.6 million, RMB557.8 million, RMB534.3 million and RMB542.6 million, respectively. Any failure to effectively manage the Group's inventory level could have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding indebtedness, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Further, as at 31 December 2017, 2018 and 2019 and 30 September 2020, the Group's accounts receivable was RMB6,866.3 million, RMB6,876.7 million, RMB8,198.2 million and RMB15,588.1 million, respectively, which accounted for 5.1 per cent., 4.7 per cent., 4.7 per cent. and 7.8 per cent. of its current assets, respectively, and its allowance for doubtful debts as at the same dates was RMB680.3 million, RMB761.3 million, RMB498.8 million and RMB517.7 million, respectively. The Group's financial condition may be adversely affected if it fails to collect the accounts receivable in full when due. Most of the Group's accounts receivable and other receivables are accounts receivables and current account from debtors outside of the Group. There are risks associated with the Group's customers' or debtors' ability to make timely payments and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition and results of operations.

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

In order to remain competitive, the Group tries to manage its costs efficiently, aiming to produce its products at competitive costs. The Group has reduced and plans to further reduce its costs in purchasing raw materials, parts and components for its production through the implementation of its cost control policies such as streamlining its supply chains and localising production. However, the Group's cost reduction measures may not be effective due to price fluctuations of raw materials, parts and components in the domestic and international markets. If the Group fails to manage its purchase costs, its financial condition and results of operations may be materially and adversely affected.

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

The Group has historically experienced decrease in operating cash inflows.

For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2019 and 2020, the Group had recorded net operating cash inflows of RMB43,039.3 million, RMB43,146.4 million, RMB43,750.8 million, RMB22,066.5 million and RMB5,219.3 million, respectively. The decrease of the Group's net operating cash inflow for the nine months ended 30 September 2020 compared with the corresponding period in last year was largely attributable to the decrease in the Group's sales volume in 2020 due to global economic slowdown under the effect of COVID-19.

The Group's ability to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, the Group's ability to produce cars and changes in the general market conditions and regulatory environment. There cannot be any assurance that the Group will not continue to experience operating cash flow volatility in the future. If the Group's operating activities fail to generate sufficient cash to satisfy the Group's cash requirements, the Group has to increase the Group's reliance on external financing to satisfy its working capital and capital expenditure, which in turn may increase the pressure on the Group's liquidity and materially and adversely affect the Group's financial condition and results of operations.

The Group is subject to joint venture risks

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

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

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

The Group may be unable to retain and hire qualified employees

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the automobile industry. These key personnel include members of the Group's senior management, experienced engineers, finance professionals, information technology and legal professionals, and other operational personnel. Competition for attracting and retaining these individuals is intensive. The Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect the Group's financial condition and results of operations.

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

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn affects the Group's reputation. The Group may be harmed if, for example, any of these parties engages in misrepresentation or fraudulent, deceptive or otherwise improper activities, conduct transactions that exceed authorised limits, make or accept bribes or improperly use or disclose confidential information.

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

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

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

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

Under the PRC Enterprise Income Tax Law and its implementation rules (collectively, the "**EIT Law**"), both foreign-invested and PRC-owned domestic enterprises generally are subject to a uniform 25 per cent. income tax rate. However, certain "High and New Technology Enterprises" and "Great Western Development Enterprises" are subject to a preferential income tax rate of 15 per cent. Some of the Group's PRC subsidiaries have obtained the "High and New Technology Enterprises" qualification, which qualify them for a preferential income tax rate of 15 per cent. for the three years following the date of the grant of such qualification, and some of the Group's PRC subsidiaries have obtained the "Great Western Development Enterprises" qualification, which qualify them for a preferential income tax rate of 15 per cent. through 31 December 2030. There is no assurance that any of the Group's eligible PRC subsidiaries will be able to renew their "High and New Technology Enterprises" or continuously satisfy the "Great Western Development Enterprise" qualifications and continue to enjoy the 15 per cent. preferential income tax treatment or any other preferential tax treatment when such preferential tax treatment expires or the relevant qualification requirements being renewed, amended or modified. For example, on 13 December 2016, the State Administration of Taxation (the "**SAT**") and Ministry of Finance of the PRC (the "**MOF**") jointly promulgated the Notice on Reducing the Vehicle Purchase Tax on Passenger Vehicles with 1.6-litre or Lower Displacement(關於減徵1.6 升及以下排量乘用車車輛購置稅的通知), according to which the vehicle purchase tax on the passenger vehicles with an engine displacement of 1.6-litres or less was levied at the reduced rate of 7.5 per cent. from 1 January 2017 to 31 December 2017, but resumed at the statutory rate of 10.0 per cent. from 1 January 2018. In such case, the Group's results of operations and profit margin may be materially and adversely affected.

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

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

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

The interests of the Company's controlling shareholder may conflict with the interests of the holders of the Notes

As at 30 September 2020, Mr. Li Shufu and his son, Mr. Li Xingxing owned 91.075 per cent. and 8.925 per cent., respectively, of the Company's issued share capital. Mr. Li Shufu and Mr. Li Xingxing's interests may conflict with the interests of the holders of the Notes. Subject to the Company's articles of association and applicable laws and regulations, Mr. Li Shufu and Mr. Li Xingxing will continue to have the ability to exercise a controlling influence on the Company's management, policies and business by controlling the composition of its board of directors, determining the timing and amount of its dividend payments, approving significant corporate transactions and financing, including mergers and acquisitions and the issuance of bonds, and approving its annual budgets. There is no assurance that Mr. Li Shufu and Mr. Li Xingxing will not cause the Company to enter into transactions or will take, or fail to take, other actions or make decisions that may conflict with the best interests of the holders of the Notes and affect the value of their investment in the Notes.

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

The Group exports to the Middle East, Ukraine, Russia and other overseas markets, and it intends to continue its business in these markets. Certain of these markets, however, have experienced or are experiencing political unrest or armed conflict, and therefore could be at risk of being targeted with further EU, US and/or UN sanctions moving forward. To the extent that new sanctions are introduced which target these or other markets (for example, as a consequence of wider financial, geo-political and/or general economic events arising), such sanctions may prevent the Group from selling its products to such locations (and such events could also otherwise adversely affect its business operations in those regions more generally).

It is not possible to predict the occurrence of any financial, geo-political or economic events or circumstances, including war or hostilities, in the future nor the introduction of any new EU, US or UN sanctions that are related to the same. Consequently, there is no assurance that the Group would be able to develop its business in these markets (including, in particular, its Middle Eastern, Ukrainian and Russian markets) if such adverse events were to occur.

The Group has conducted business activities in certain countries that are, or have been, the subject of United States, European Union and/or other countries' sanctions programmes, which, if violated, could result in penalties and other adverse consequences that materially and adversely affect investment in the Notes

The U.S. Government, including the State Department and the Department of the Treasury's Office of Foreign Assets Control (the "**OFAC**"), administers certain laws and regulations (the "**U.S. Economic Sanctions Laws**") that impose restrictions upon U.S. persons, including, in some instances, foreign entities owned or controlled by U.S. persons, as well as non-U.S. persons, with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of the U.S. Economic Sanctions Laws (the "**Sanctions Targets**"). Under the U.S. Economic Sanctions Laws, U.S. persons are generally prohibited from facilitating such activities or transactions. Furthermore, the U.S. Department of Commerce's Bureau of Industry and Security administers U.S. export control regulations ("**U.S. Export Controls**"). The U.S. Export Controls are applicable to all companies, regardless of their location, and engaging in export, re-export or transfer of certain U.S. origin goods, and even non-U.S. origin goods that contain more than a certain amount of U.S. components, software or technologies.

The Group has historically provided its products to sales agents who have business or trading activities in several countries that are or have been the subject of trade embargoes or sanctions under the U.S. Economic Sanctions Laws or U.S. Export Controls, including Cuba, Iran, Sudan, North Korea, Syria, the Crimea region of the Ukraine, Belarus, Myanmar, Iraq, Lebanon and Russia (the "**Sanctions Restricted Countries**"), which historically generated an insignificant portion of its profit and revenue. In 2012, the Group ceased all business activities in Syria. In 2014, it ceased all business activities in the Crimea Region. In 2015, it ceased all business activities in North Korea. In September 2018, it ceased all business activities in Cuba. In November 2018, the Group ceased all business activities in Iran. As at the date of this Offering Circular, the Group maintained distribution and agency agreements with dealers located in Myanmar, Iraq, Sudan, Lebanon, Russia and Belarus, to which the Group sold 108, nil, 3, 31 and 201 units of cars, and 19,814 units of automobile knock-down kits for the year ended 31 December 2020, respectively. In short, the Group has in recent years reduced its business activities within Sanctions Restricted Countries and expects that its revenue and profit attributable to such activities will continue to decrease in the future.

As a non-U.S. incorporated entity, the Group does not violate applicable primary U.S. Economic Sanctions Laws by engaging in this business provided that prohibited elements such as U.S. persons, the U.S. financial system and U.S.-origin goods are not involved, although it, like all non-U.S. companies, could risk enforcement under secondary U.S. Economic Sanctions Laws if it were, for example, to conduct significant or material business with certain Sanctions Targets. The Group has no intention to undertake any future business that would cause the Group or its investors to violate or become a target of U.S. Economic Sanctions Laws and/or U.S. Export Controls (or any other sanctions). However, there is no assurance that the Group's past or future business activities in Sanctions Restricted Countries are or will be free of risk under such laws and regulations (as well as the sanctions laws of other jurisdictions, such as the EU).

In addition, because many sanctions programmes are evolving, new requirements or restrictions could come into effect, which might increase scrutiny on business activities within Sanctions Restricted Countries or with Sanctions Targets and/or result in increased compliance costs or compliance risk. If the Group were to become the target of sanctions, or a sanctions-related enforcement action, it may be subject to monetary or non-monetary penalties and/or prevented from engaging in certain trade transactions in the United States and/or obtaining certain types of financing from the United States (or other relevant jurisdictions whose sanctions regimes have been violated, if relevant). In these circumstances, U.S. persons (and nationals of any other jurisdictions which have created sanctions regimes which have penalised the Group) could be prohibited from engaging in transactions that are related to the Notes.

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

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

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

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

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

The Group's results of operations may be affected by social and political instability as well as the occurrence of epidemics and natural disasters

Any social or political unrest, wars, acts of terrorism and other instability in Hong Kong, the PRC or other parts of the world may disrupt the Group's business operations and have a material adverse impact on the Group's business performance. In addition, the Group's business may be affected by major natural disasters, such as typhoon, floods, windstorms and earthquakes, or widespread outbreaks of infectious diseases in Hong Kong, the PRC or any other parts of the world. Past occurrences of epidemics, depending on their scale of occurrence, have caused different degrees of damage to national and local economies.

An outbreak of respiratory illness caused by a novel coronavirus, COVID-19, continues to expand globally. The new strain of COVID-19 is considered highly contagious and may pose a serious public health threat. On 30 January 2020, the World Health Organisation (the "**WHO**") declared the outbreak of COVID-19 a Public Health Emergency of International Concern. As at the date of this Offering Circular, the epidemic has escalated into a major public health crisis on a global scale and declared a pandemic by the WHO. Public-health authorities around the world are also intensifying containment efforts, leading to a severe drop in business activity and curtailing global trade. It also remains uncertain as to when the outbreak of COVID-19 will be contained. In the event that the outbreak of COVID-19 is not effectively controlled within a short timeframe, the Group's business operations and financial condition may be materially and adversely affected as a result of the changes in the outlook of the automobile market, any slowdown in economic growth, negative business sentiment or other factors that the Group cannot foresee.

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

The Group does not carry comprehensive insurance against all potential losses or damages relating to its operations. There is no assurance that the Group will not have any such complaints or claims, which may result in substantial costs and the diversion of resources. The occurrence of certain incidents, including earthquakes, typhoons, floods, wars and riots, and the consequences, damages and disruptions resulting from them, may not be covered adequately or at all by current insurance policies. In the PRC, the Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be compliant with applicable laws and regulations and in line with industry practice. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations and cash flow may be materially and adversely affected.

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

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

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

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

The relationship of the United Kingdom with the European Union may affect the business of the Group

During the past two years, the Group has undertaken preparatory measures in anticipation of the United Kingdom's exit from the European Union. The United Kingdom withdrew from the European Union ("**EU**") on 31 January 2020 ("**Brexit**"), but continued to participate in certain EU organizations (such as the customs union) during a transition period that ended on 31 December 2020. With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. Although a new trade and cooperation agreement between the United Kingdom and EU was agreed upon on 24 December 2020 and will apply on a provisional basis for a limited time until 30 April 2021, it is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the EU and the rest of the world. The outlook for the world economy and financial markets remains uncertain. Any volatility in the global markets and negative economic developments could, in turn, materially adversely affect the Group's business, prospects, financial condition or results of operations.

As at the date of this Offering Circular, the Group is not aware of any material adverse change in the Group's business and operation caused by Brexit. However, due to the on-going political uncertainty as regards the structure of the future relationship between the United Kingdom and the European Union, the precise impact on the business of the Group is difficult to determine. As such, no assurance can be given that such matters would not have a material adverse effect on the Group's results of operations and financial condition.

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

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

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

The Group may from time to time pursue acquisitions and strategic alliances that it believes will complement its current business by expanding into new geographic areas, diversifying its customer base and enabling it to specialise, expand or enhance technological capabilities. The Group completed the acquisition of LEVC in 2013. In 2017, the Group acquired 49.9 per cent. equity interests of Proton and 51.0 per cent. equity interests in Lotus. In September 2018, the Group completed its acquisition of Saxo Bank, a Danish fintech specialist provider of multi-asset trading and investment. In July 2020, through its subsidiary, Zhejiang Geely New Energy Commercial Vehicle Co., Ltd.(浙江吉利新能源商用車集團有限公司)("**Geely New Energy Commercial Vehicle**"), the Group acquired 15.24 per cent. equity interest in Hanma Technology Group Co., Ltd.(漢馬科技集團股份有限公司)("**Hanma Technology**", stock code: 600375. SSE) (formerly known as Hualing Xingma Automobile (Group) Co., Ltd.(華菱星馬汽車(集團)股份有限公司)). For the acquisition of LEVC, Proton, Lotus, Saxo Bank, Hanma Technology and any future acquisitions and strategic alliances, there are risks and uncertainties related to these activities, including difficulties of integrating acquired operations, technology and products, diversion of its management's attention from other business concerns, potential unknown liabilities associated with an acquired company, undisclosed risks affecting an acquired company and potential adverse effects on existing business relationships with current customers and suppliers. In addition, any acquisitions could involve the incurrence of substantial additional indebtedness. The Group may not be able to successfully integrate any acquisitions that it undertakes or that such acquisitions will perform as planned or prove to be beneficial to its operations and cash flow. Each of these factors could have a material adverse effect on its business, results of operations and financial condition.

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

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

- inefficient control and management of the subsidiaries;
- difficulty of enforcing agreements, collecting receivables and protecting assets;
- limitations on repatriation of earnings, including withholding and other taxes on remittances and other payments by subsidiaries;
- export and import restrictions; and
- compliance with the requirements of applicable sanctions, anti-bribery and related laws and regulations.

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

Due to the Group's increasing footprint in China and other markets, and the significance of its business relationships with automotive manufacturers worldwide as part of its global strategy, the Group's exposure to the risks described above may be greater in the future.

RISKS RELATING TO THE AUTOMOBILE INDUSTRY

The Group is facing increasing competition

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

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

The Group has historically experienced fluctuations in operating income and operating profit due to volatility in automobile demand in China and other markets.

Demand for automobiles in China and the rest of the world is cyclical in nature and is affected by various factors, including sales and financing incentives, costs of raw materials, parts and components, cost of fuel, environmental concerns and governmental regulations, including tariffs, import regulation and other taxes. Fluctuations in demand may lead to lower vehicle sales and increased inventory, which may result in further downward price pressure which will inevitably adversely affect the Group's financial condition and results of operations. According to CAAM, in 2018 the vehicle sales in the PRC declined for the first time in decades, falling 2.8 per cent. compared to 2017 and it further decreased by 8.2 per cent. in 2019. The national vehicle production and sales volume for the year ended 31 December 2020 was 25.2 million and 25.3 million units, down 2.0 per cent. and 1.9 per cent., respectively, as compared to 2019. According to CPCA, the total retail sales of passenger vehicles for the year ended 31 December 2020 was 19.3 million units, down 6.8 per cent. as compared to 2019. The decline began as trade tensions between the U.S. and China grew, and dragged on amid the economic slowdown under the effect of COVID-19 and tighter vehicle emissions standards introduced in many areas in recent years.

The Group generates operating income principally from manufacturing and sale of complete vehicles and the Group's capability to benefit from manufacturing and sale of complete vehicles may fluctuate due to the changing market demand for automobiles. The Group has historically experienced fluctuations in its operating income and operating profit due to volatility in automobile demand in China and other markets. For example, for the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2019 and 2020, the Group recorded total operating income of RMB278.3 billion, RMB328.5 billion, RMB330.8 billion, RMB226.9 billion and RMB212.7 billion, respectively, and it's operating profit amounted to RMB22.9 billion, RMB26.0 billion, RMB18.5 billion, RMB13.7 billion and RMB7.1 billion, for the same periods. See " – *Summary Consolidated Financial Information of the Company*". Over the years, the Group has increased its production capacities in anticipation of a continuous increase in demand for automobiles in the PRC and certain other markets. There is no assurance that the Group will not experience similar fluctuations in its operating income and operating profit in the future. Any slowdown in demand for automobiles in the Group's key markets may lead to an inventory surplus and could result in a significant under utilisation of its production capacity, which would in turn, result in diminished returns to the substantial resources invested in the expansion of its production capacities. If these events occur, the Group's results of operations and financial condition could be materially and adversely affected.

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

The Group's operations are sensitive to changes in the government's policies relating to all aspects of the automobile industry. The Group is subject to various laws, rules and regulations in the countries where it has operations, in particular, the PRC imposed at both the national and regional levels laws, rules and regulations that regulate or affect the automobile manufacturing industry and automobile parts and components manufacturing industry, mainly including: (i) crash test requirements and other safety compliance standards in relation to automobile, auto parts and components; (ii) emission standards; (iii) maximum fuel consumption standards; (iv) automobile recall requirements; (v) noise, waste, discharge and other pollution controls relating to manufacturing of automobiles; and (vi) market entry requirements and minimum production requirements for automobile and automobile parts and components manufacturers. For example, in China, all models of automobiles manufactured must be submitted to, and approved and announced by, the MIIT. This approval process can be lengthy and may materially and adversely impact on its ability to introduce new products in a timely manner. Accordingly, any delay in the approval process can limit its flexibility to respond to market conditions or competition in a timely manner. According to the Notice on Further Improvement of the Subsidy Policies to Popularise the New-Energy Automobiles (關於進一步完善新能源汽車推廣應用財政補貼政策的通知) jointly promulgated by the NDRC, the MIIT, the MOF and the Ministry of Science and Technology of the PRC (the "**MOST**") on 31 December 2020, the subsidies granted to the purchasers of the new-energy automobiles decreased year by year as compared to 2017, 2018 and 2019. In addition, the Group is subject to various laws, rules and regulations overseas, where it has operations and plan to expand. If the Group fails to comply with such laws and regulations, it may result in fines, penalties or lawsuits, which may have a material adverse effect on its financial condition and results of operations.

The Group is exposed to risks relating to environmental concerns relating to internal combustion engines ("ICE") emissions

Vehicle emissions standards and test procedures have been under scrutiny in many parts of the world, including the PRC, the U.S. and Europe, and are subject to increasingly stringent regulatory standards and tests. The Group's internal and external costs to audit and monitor emissions testing may increase as a result of heightened regulatory requirements and enforcement. To comply with such regulations and testing procedures, the Group may have to incur additional capital expenditure and research and development expenditure to upgrade products and plants, which could have an impact on the Group's cost of production and results of operations and may be difficult to pass through to consumers.

In addition, a number of factors may lead demand to increasingly shift from ICE vehicles to battery electric vehicles ("**BEVs**") sooner than expected, including reduced total cost of ownership, increased supply of different types of BEVs, simplified usage (including charging) and/or regulatory action together with infrastructure put in place to serve increased demand in BEVs and countries implementing laws and taxes favourable to electric vehicles ("**EVs**"). If demand for ICE cars declines as a result of negative public perception, increased car prices due to the inclusion of additional emissions equipment, a less favourable tax regime or for any other reason, it may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is exposed to risks relating to the development of electric vehicle technology

The Group has placed considerable emphasis on research and development relating to electrification and battery-electric technology. The Group is therefore exposed to the risk that another technology other than battery-electric develops as a sustainable way of mobility, such as fuel cells, or that the development of battery-electric technology does not progress as fast as anticipated.

The development of this technology is, in part, limited by the availability of charging infrastructure. Consumers who do not have access to charging either at home, or at work, may be less likely to adopt electric vehicle solutions, restricting the pace of growth. Lithium-ion battery demand also continues to rise rapidly, and the Group's supply chain needs to be able to respond to that demand. As well as manufacturing capability, the development of battery-electric industry is also dependent upon the availability of raw materials. If there are insufficient suppliers of suitable battery technology, the development of battery-electric vehicle technology will be slowed down.

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

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

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

The Group's results of operations are sensitive to changes in overall economic and political conditions that affect consumer spending in its major markets. The passenger vehicle market, in particular, is very sensitive to broad economic changes and consumer purchases tend to decline during economic downturns.

There are a number of factors that are beyond the Group's control, including interest rates, recession, inflation and deflation, energy costs and availability, consumer credit availability and terms, availability of consumer finance, tax rates and policy and unemployment trends influencing consumer confidence in spending. The domestic and international political environment, including military conflicts and political instability, may also affect consumer confidence in spending and may lead to a general reduction in the level of consumer spending which could in turn materially and adversely affect the Group's growth and profitability.

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

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

The outlook for the world economy and financial markets remains uncertain. With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. Since 2018, the United States announced a series of additional tariffs on imported goods from China. Although the "phase one" trade deal was signed in January 2020, any further change in the U.S. global trade policy against China, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on China's economy.

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

RISKS RELATING TO FINANCIAL INFORMATION

The Company's Financial Statements were audited or reviewed in accordance with PRC GAAP which may be different from IFRS

The Company's Audited Financial Statements were audited, and the September 2020 Financial Statements were reviewed in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Differences Between PRC Accounting Standards and International Financial Reporting Standards*". There is no guarantee that the PRC GAAP will fully converge with IFRS or that there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisers for a full understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

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

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

The Company's auditors have been administratively sanctioned by relevant PRC authorities

Beijing Xinghua, the Company's independent auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the China Securities Regulatory Commission (the "**CSRC**") and National Association of Financial Market Institutional Investors (the "**NAFMII**").

During the period in which Beijing Xinghua audited or reviewed the Company's consolidated financial statements included in this Offering Circular, Beijing Xinghua was administratively sanctioned by the CSRC and NAFMII for certain deficiencies in its audit work performed for companies other than the Company. These sanctions include, but are not limited to, the following: (i) in December 2020, the CSRC Beijing Regulatory Bureau issued a warning letter to Beijing Xinghua in relation to deficiencies in the audit of the financial statements of Ronglian Group Limited (榮聯科技集團股份有限公司) for the year ended 31 December 2019; (ii) in October 2020, the CSRC fined Beijing Xinghua in the amount of RMB2.36 million for failure to detect certain false misstatements when performing the audit of the financial statements of Linzhou Heavy Machinery Group Co., Ltd. (林州重機集團股份有限公司) for the year ended 31 December 2017; (iii) according to an announcement published by the NAFMII on 23 January 2020, Beijing Xinghua was found to have breached certain interbank market self-regulations with respect to the audit of the 2015 and 2016 financial results of Kangde Investment Group Co., Ltd. (康得投資集團有限公司), a company which is not related to the Group; (iv) in November 2019, the CSRC fined Beijing Xinghua in the amount of RMB0.6 million for failure to detect certain false misstatements when performing the audit of the financial statements of Shangdong Xinlv Food Co. Ltd. (山東新綠食品股份有限公司) for the period from 1 January 2013 to 30 April 2015; (v) in February 2019, two auditors of Beijing Xinghua were convicted of criminal liabilities for issuing false audit reports for Zhongao Holding Group Co., Ltd. (中澳控股集團有限公司); (vi) in December 2018, the CSRC Jiangxi Regulatory Bureau issued a warning letter to Beijing Xinghua in relation to deficiencies in the audit of the financial statements of Kunwu Jiuding Investment Holdings Co., Ltd. (昆吾九鼎投資控股股份有限公司) for the year ended 31 December 2017; (vii) in September 2018, the CSRC Hubei Regulatory Bureau issued a warning letter to Beijing Xinghua in relation to deficiencies in the audit of the financial statements of Zhijiang Jinrunyuan Construction and Investment Holding Co., Ltd.（枝江金潤源建設投資控股集團有限公司）for the year ended 31 December 2017; and (viii) in April 2018, the CSRC Zhejiang Regulatory Bureau issued a warning letter to Beijing Xinghua in relation to its lack of communication with predecessor auditors and inadequate procedures when performing the audit of the financial statements of Wuyang Construction Group Co., Ltd.（五洋建設集團股份有限公司）for the year ended 31 December 2015.

As confirmed by Beijing Xinghua, the abovementioned sanctions do not (i) disqualify Beijing Xinghua from participating in the offering of the Notes as auditors of the Group, (ii) have any impact on Beijing Xinghua's unqualified audit opinion for the Company's consolidated financial statements as at and for the years ended 31 December 2018 and 2019; or (iii) have any impact on Beijing Xinghua's ability to provide services to the Company and the Group. The companies involved in the administrative sanctions and regulatory actions above were all unrelated to the Group and the audit work performed for the Group is not affected by the above incidents and the audit reports included elsewhere in this Offering Circular remain valid and effective. The auditors who participated in the audit of the Group's historical financial statements were not the subject of, or involved in, the above administrative and regulatory actions. Beijing Xinghua has further confirmed that it has taken the required rectification measures for all the above matter cited. Beijing Xinghua also confirmed that its ability to provide comfort letters and the qualification of the auditors participating in this offering are not affected by such administrative and regulatory actions. There can however be no assurance that Beijing Xinghua's involvement in such sanctions or any negative news about Beijing Xinghua would not affect investor confidence in companies and financial statements audited by it. Prospective investors should consider these factors prior to making any investment decision.

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

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

RISKS RELATING TO THE PRC

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

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per. cent in 2019. In 2020, China's GDP shrank by 2.3 per cent. year-on-year, as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth.

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

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

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets, deleveraging the economy by reducing borrowing levels and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in cities such as Wuhan and in the infrastructure construction demand in the PRC and other industries that the Group operates depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, such growth may also slow down, and the Group's business and prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Notes, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

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

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

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

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

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

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

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

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

PRC laws require that dividends be paid only out of net profit, calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, PRC laws require enterprises to set aside part of their net profit as statutory reserves before distributing the net profit for a current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Company's operations and to service its indebtedness partly depends upon dividends received from its subsidiaries and associates, any legal restrictions on the availability and usage of dividend payments from the Company's subsidiaries and associates may impact the Company's ability to fund its operations and to service its indebtedness.

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

The PRC Labour Contract Law（中華人民共和國勞動合同法）became effective on 1 January 2008 and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. The PRC Labour Contract Law imposes greater liabilities on employers and significantly increases the cost to an employer for workforce reduction. It formalises workers' rights concerning layoffs, employment contracts and the role of trade unions and provides for specific standards and procedures for the termination of an employment contract. In addition, the PRC Labour Contract Law requires a statutory severance payment upon the termination of an employment contract in most cases, including in cases of the expiration of a fixed-term employment contract. In the event that the Group decides to change or decrease its workforce, the PRC Labour Contract Law could adversely limit the Group's ability to effect such changes in a timely and cost-effective manner, and may adversely affect its business and results of operations.

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

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

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

RISKS RELATING TO THE NOTES, THE KEEPWELL DEED AND THE STANDBY LETTER OF CREDIT

Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Notes may have adverse consequences for the Company and/or the Noteholders

According to Circular 2044, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with such requirement. The Company has obtained the NDRC pre-issuance registration on 2 March 2021. In the worst-case scenario, the non-compliance with the post-issue notification requirement under the Circular 2044 may result in it being unlawful for the Company to perform or comply with any of its obligations under the Notes and the Notes might be subject to enforcement as provided in Condition 9 (Events of Default) of the Terms and Conditions. Potential investors of the Notes are advised to exercise due caution when making their investment decisions. The Company has undertaken in the Conditions that it will file or cause to be filed the relevant information in connection with the Notes with the NDRC within the prescribed timeframe after the Closing Date.

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

The Issuer is a newly established company and currently does not have any operating activities or revenue. The Issuer's ability to pay principal and interest on the Notes will depend upon its future business, financial condition and results of operations, which cannot be predicted. If the Issuer cannot make payments under the Notes with its own cash flows, its ability to make payments under the Notes will depend upon its receipt of timely remittance of funds from the Company and/or other members of the Group. However, the Company assumes no guarantee of the payment obligation. In the event that the Company and/or other members of the Group do not provide such funds to the Issuer due to lack of available cash flows or other factors, the Issuer's ability to make payment under the Notes may be adversely affected.

The obligations of the Company under the Keepwell Deed do not constitute a guarantee of the payment obligations of the Issuer under the Notes and the Trustee's claims under the Keepwell Deed may not be registered as unsecured claims or any other debt claims in the event of any insolvency proceedings in relation to the Company in the PRC

The Company will enter into the Keepwell Deed in connection with the issuance of the Notes. See "Description of the Keepwell Deed". Upon a breach of the Keepwell Deed, the Trustee may take action against the Company to enforce the provisions of the Keepwell Deed. However, neither Keepwell Deed nor any actions taken by the Company under the Keepwell Deed can be deemed as a guarantee by the Company for the payment obligations of the Issuer under the Notes. Besides, any claim by the Trustee against the Company in relation to the Keepwell Deed will be effectively subordinated to all existing and future obligations of the Company's subsidiaries, and all claims by creditors of such subsidiaries will have priority to the assets of such entities over the claims of the Trustee and the Issuer under the Keepwell Deed. Accordingly, pursuant to the terms of the Keepwell Deed, the Company will only be obliged to make sufficient funds available to the Issuer rather than jointly or severally assume the payment obligation as in the case of a guarantee. Furthermore, even if the Company intends to perform its obligations under the Keepwell Deed, depending on the manner in which the Company arranges for sufficient funds to meet the payment obligations of the Issuer under the Notes, such performance may be subject to obtaining prior consent or approvals from relevant PRC governmental authorities, including the People's Bank of China (the "**PBOC**"), the NDRC, the Ministry of Commerce of the PRC (the "**MOFCOM**") and SAFE. Although the Company is required to use all reasonable endeavours to obtain any required consents and approvals in order to fulfil its obligations under the Keepwell Deed, there is no assurance that such consents or approvals will be obtained in a timely manner or at all. Further, as the parties to the Keepwell Deed agree to submit to the exclusive jurisdiction of the Hong Kong courts, the Trustee who has successfully obtained a judgement from Hong Kong courts in relation to a claim under a Keepwell Deed may enforce such judgement in the PRC pursuant to the Arrangement. However, it is uncertain as to whether such judgement will be recognised and enforced by PRC courts as some requirements shall be satisfied under the Arrangement. If such judgment is not recognised or enforced by the PRC courts, the Trustee or the Noteholders may have limited or no remedies in the PRC in connection with the Keepwell Deed.

In addition, if the Company enters into the bankruptcy, insolvency, restructuring or similar proceedings (collectively referred to as ''insolvency proceedings'') in the PRC, i.e. the PRC court accepts the petition in the insolvency proceedings of the Company, the administrator in the insolvency proceedings of the Company may not recognise the claims declared by the Trustee under the Keepwell Deed as unsecured claims or any other debt claims which are entitled to the distribution of the Company's assets under the Enterprise Bankruptcy Law of the PRC. Further, according to the PRC laws, the PRC court which accepts the petition in insolvency proceedings of the Company will have the jurisdiction over all the commercial claims or disputes against the Company including the ones arising out of or in connection with the Keepwell Deed or the Notes. Thus, after the Company enters into the insolvency proceedings in the PRC, if the Trustee brings suits or legal actions against the Company in the Hong Kong court or such suits or legal actions are pending, the relevant PRC court may request the Hong Kong court to recognise the legal effect of the insolvency proceedings in the PRC. If the Hong Kong court recognises the legal effect thereof, it may suspend such suits or legal actions brought by the Trustee against the Company and provide certain judicial assistance on such insolvency proceedings. In such circumstances, the claims of the Trustee or the Noteholders under the Keepwell Deed may be brought into the scope of the review of the administrator in insolvency proceedings in the PRC and as mentioned above such claims may not be registered as unsecured claims or any other debt claims in the insolvency proceedings in the PRC.

In the above cases, the Trustee or the Noteholders may have limited or no remedies against the Company under the Keepwell Deed in such insolvency proceedings in the PRC.

However, if the Trustee has obtained the legally effective judgment from the Hong Kong court in favour of its claims under the Keepwell Deed which has been recognised by the PRC court before the Company's insolvency proceeding commences, the claims upheld by such judgment are likely to be registered as unsecured claims or any other debt claims by the administrator and in such case the claims will be entitled to the distribution of the Company's assets under the Enterprise Bankruptcy Law of the PRC.

The Notes are unsecured obligations

The Notes are unsecured obligations of the Issuer. The repayment of the Notes may be adversely affected if:

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

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

The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial conditions of Bank of China ("BOC")

The LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of the authorisation given by BOC, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, BOC would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit will depend on the financial conditions of BOC, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- Impaired loans and advances: BOC's results of operations have been and will continue to be negatively affected by its impaired loans. If BOC is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans BOC extends in the future, or BOC's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, BOC's financial conditions could be materially and adversely affected.

- Collateral and guarantees: A substantial portion of BOC's loans is secured by collateral and backed by guarantees. If BOC is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, BOC's financial conditions could be materially and adversely affected.

- Loans to the real estate sector and government financing platforms: BOC's loans and advances to the real estate sector primarily comprise loans issued to real estate companies and individual housing loans. The real estate market may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from overheating. Such factors may adversely affect the growth and quality of its loans to the real estate industry and, consequently, BOC's financial conditions and results of operations. Loans to government financing platforms are a part of the loan portfolio of BOC. The government revenues are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

Further, should BOC be required to satisfy the obligations of the LC Bank under the Standby Letter of Credit and where BOC intends to do so through cross-border capital flows (for example, where BOC injects capital or grants loans to the LC Bank), then the implementation of such cross-border capital flow plans may be subject to prior approvals from, and registrations with, the competent PRC authorities, including but not limited to the China Banking and Insurance Regulatory Commission (the "**CBIRC**"), NDRC and SAFE. Noteholders should be aware of the possibility that BOC may not be able to obtain such prior approvals from the competent PRC authorities at the time of performance or enforcement of the Standby Letter of Credit, which may adversely affect the ability of BOC to perform, or to assist the LC Bank to perform, the LC Bank's obligations under the Standby Letter of Credit.

In addition, as neither BOC nor the LC Bank has waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

The Issuer and the Company may not be able to meet their outstanding obligations under the Notes and the Keepwell Deed

The Issuer may (and at maturity, will) be required to redeem all of the Notes following the occurrence of certain events as described in the Conditions. In case of failure by Issuer to fulfil its payment obligations under the Notes, and the Company undertakes to cause the Issuer to have sufficient liquidity under the Keepwell Deed. If any of such events were to occur, the Issuer, or, as the case may be, the Company, may not have sufficient cash on hand and may not be able to arrange financing in time, or on acceptable terms, or at all. The ability of the Issuer to redeem the Notes may also be limited by the terms of other debt instruments. Failure to repay, purchase or redeem the Notes by the Issuer or, as the case may be, failure to perform the obligations under the Keepwell Deed by the Company, may constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's or the Company's other indebtedness.

The Notes may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- understand the tax consequence of the purchase, ownership and disposition of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to legal investment and regulations, or review or regulation by certain authorities.

The Issuer or the Company may not be able to raise the funds necessary to finance the purchase of Notes upon occurrence of a Change of Control at the option of the Noteholders

According to the Conditions, Change of Control occurs when (i) the Permitted Holders (as defined in the Conditions) ceases to Control the Company; or (ii) the Company ceases to own or hold 51 per cent. of the issued ordinary share capital of the Issuer. Following the occurrence of a Change of Control, Noteholders may require the Issuer to redeem their Notes. See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Change of Control*". The source of funds for any such redemption would be the Issuer's available cash or third party financing. However, there is no assurance that the Issuer or the Company would have sufficient funds at that time to make the required redemption of the Notes. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

The Maximum Limit of the Standby Letter of Credit will be reduced

Notwithstanding the Maximum Limit as stated in the Standby Letter of Credit, the Maximum Limit shall be irrevocably reduced with effect from and including the day falling six months after each Interest Payment Date (except for the Maturity Date) by the full amount of interest due paid by the Issuer to the Principal Paying Agent in accordance with the Agency Agreement. There is a risk, which neither the Trustee nor the Agents shall be responsible or liable for, that the payment made by the Issuer or any other person on the Issuer's behalf is avoided (by virtue of any laws or regulations relating to bankruptcy, insolvency, receivership, liquidation or similar laws of general application for the time being in force) after the reduction of the Maximum Limit which is irrevocable.

The Notes will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificates must rely on the procedures of the relevant Clearing System(s)

The Notes will initially be represented by a Global Certificate which will be deposited with a common depositary for Euroclear and Clearstream (a "**Clearing System**"). Except in the circumstances described in the Global Certificates, investors will not be entitled to receive definitive Notes. The Clearing System(s) will maintain records of the beneficial interests in the Global Certificates. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the Clearing System for distribution to their account holders. A holder of a beneficial interest in the Global Certificates must rely on the procedures of the Clearing System(s) to receive payments under the Notes. Neither the Issuer, the Trustee nor any Agent has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates.

Holders of beneficial interests in the Global Certificates will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificates will not have a direct right under the Global Certificates to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Trust Deed.

Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade

The denominations of the Notes are U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$1,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 will not receive a definitive certificate in respect of such holding of Notes (should definitive certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Noteholders should be aware that Notes with aggregate principal amounts that are not an integral multiple of U.S.$1,000 may be illiquid and difficult to trade.

The insolvency laws of British Virgin Islands and the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar

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

The Issuer may issue additional Notes in the future

The Issuer may, from time to time, and without prior consultation of the Noteholders create and issue further securities in accordance with the Conditions (see "*Terms and Conditions of the Notes – Further Issues*"). There can be no assurance that such future issuance will not adversely affect the market price of the Notes.

Decisions that may be made on behalf of all holders of the Notes may be adverse to the interests of individual holders of the Notes

The Conditions contain provisions for calling meetings of holders of the Notes to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all holders of the Notes including holders who did not attend and vote at the meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of the individual Noteholders.

Investors in the Notes may be subject to foreign exchange risks

The Notes are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Notes, due to, among other things, economic, political and other factors. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes.

Changes in market interest rates may adversely affect the value of the Notes

The Notes will carry a fixed interest rate. Consequently, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

An active trading market for the Notes may not develop and the liquidity or price of the Notes may be volatile

The Notes are a new issue of securities for which there is currently no trading market. There is no assurance that an active trading market for the Notes will develop or as to the liquidity or sustainability of any such market, the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes. If a market does develop, it may not be liquid and the Notes may trade at prices that may be higher or lower than the initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Group. One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Notes which may reduce the liquidity of the Notes in the secondary trading market and such investors may have certain influence on matters voted on by holders of the Notes. The Managers are not obliged to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Managers. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

The ratings of the Notes may be downgraded or withdrawn and may adversely affect the market price of the Notes

The Notes are expected to be rated "A1" by Moody's upon issuance. The rating represents opinions of the rating agency and their assessment of the ability of the Issuer, the Company and the LC Bank to perform their respective obligations under the Notes, the Keepwell Deed and the Standby Letter of Credit and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold the Notes. The rating can be lowered or withdrawn at any time. No assurance can be given that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by the rating agency. Any decline in the financial position of the Issuer, the Company, any of its subsidiaries or the LC Bank may impair the ability of the Issuer or the LC Bank to make payments to the Noteholders under the Notes and/or result in the rating of the Notes being lowered, suspended or withdrawn entirely. If the rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, no person or entity will be obliged to provide any additional credit enhancement with respect to the Notes. Neither the Company nor the Issuer is obliged to inform the holders of the Notes if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Issuer's and the Company's ability to access debt capital markets.

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

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

Modifications and waivers may be made in respect of the Conditions, the Keepwell Deed, the Standby Letter of Credit, the Agency Agreement and the Trust Deed by the Trustee

The Conditions provide that the Trustee may, without the consent of Noteholders, agree to any modification (except as mentioned in the Trust Deed) of the Trust Deed, the Standby Letter of Credit, the Keepwell Deed, the Conditions and/or the Agency Agreement which in the opinion of the Trustee will not be materially prejudicial to the interests of Noteholders and to any modification of the Trust Deed, the Standby Letter of Credit, the Keepwell Deed, the Conditions and/or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provisions of applicable law.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or actual breach of the Notes, the Trust Deed, the Standby Letter of Credit, the Keepwell Deed,, the Conditions and/or the Agency Agreement if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

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

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

The Standby Letter of Credit expires 30 days after the Maturity Date.

The Standby Letter of Credit will expire 30 days after the Maturity Date, subject to the terms thereunder. In the event that the Trustee does not make a Demand under the Standby Letter of Credit by this expiration date, Noteholders will not be able to benefit from the credit protection provided by the LC Bank.

Exchange rate risks and exchange controls may result in a Noteholder receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Noteholder may receive less interest or principal than expected, or no interest or principal.

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

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC with its de facto management body located outside the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between mainland China and Hong Kong for avoidance of double taxation, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, shall only pay the income tax in Hong Kong (if any) on the gains derived from the transfer of the Notes if such gains are not connected with the Noteholder's establishment in the PRC.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Notes, the value of the relevant Noteholder's investment in the Notes may be materially and adversely affected.

A change in English law which governs the Notes may adversely affect holders of the Notes

The Conditions are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes and any such change could materially adversely impact the value of any Notes affected by it.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Notes would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes

The Conditions, the Keepwell Deed, the Standby Letter of Credit and the Trust Deed are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed in writing to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to amendment and save for the paragraphs in italics, is the text of the Terms and Conditions of the Notes which will appear on the reverse of each of the Certificates (as defined below) evidencing the Notes.

The issue of the U.S.$400,000,000 in aggregate principal amount of 1.375 per cent. bonds due 2024 with the benefit of a standby letter of credit (the "**Notes**" which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 (*Further Issues*) and consolidated and forming a single series therewith) was authorised by written resolutions of the directors of LEVC Finance Ltd (the "**Issuer**") dated 15 January 2021. The Notes are constituted by a trust deed dated 25 March 2021 (the "**Issue Date**") (as such may be amended, supplemented or modified from time to time, the "**Trust Deed**") between the Issuer, Zhejiang Geely Holding Group Company Limited (the "**Company**") and DB Trustees (Hong Kong) Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Notes. The Notes are the subject of an agency agreement dated on or about the Issue Date (as such may be amended, supplemented or modified from time to time, the "**Agency Agreement**") between the Issuer, the Company, the Trustee, Deutsche Bank AG, Hong Kong Branch as registrar (the "**Registrar**"), as transfer agent (the "**Transfer Agent**") and as initial principal paying agent (the "**Principal Paying Agent**"), other agents named therein, Deutsche Bank AG, Hong Kong Branch as the account bank (the "**Pre-funding Account Bank**") where the Pre-funding Account (as defined below) is held and as the account bank (the "**LC Proceeds Account Bank**") where the LC Proceeds Account (as defined below) is held. References herein to "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Notes. The Notes will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") dated on or about 25 March 2021 issued by Bank of China Limited, Singapore Branch (the "**LC Bank**"). The Notes also have the benefit of a keepwell deed dated on or about the Issue Date (as such may be amended, supplemented or modified from time to time, the "**Keepwell Deed**") entered into by the Company, the Issuer and the Trustee and executed in favour of the Trustee on behalf of the Noteholders. The entering into the Keepwell Deed was authorised by written resolutions of the directors of the Issuer dated 15 January 2021 and by resolutions of the board of directors of the Company dated 16 December 2020 and the resolutions of the general meeting of the Company dated 16 December 2020. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Keepwell Deed, the Agency Agreement and the Standby Letter of Credit applicable to them. Copies of the Trust Deed, the Keepwell Deed, the Agency Agreement and the Standby Letter of Credit are available for inspection by Noteholders upon prior written request and proof of holding to the satisfaction by the Trustee or the Principal Paying Agent, as the case may be, at all reasonable times during usual business hours (being between 9.00 a.m. and 3.00 p.m.) on any weekday (Saturdays and public holidays excepted) at the specified office of the Principal Paying Agent (presently at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

The Notes are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Notes are evidenced by registered certificates ("**Certificates**") and, save as provided in Condition 2(b) (*Transfer*), each Certificate shall represent the entire holding of Notes by the same holder. Title to the Notes shall pass by transfer and registration in the Register as described in Condition 2 (*Transfers of Notes*). The holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on (other than the endorsed form of transfer) or the theft or loss of such Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" or "**holder**" in relation to a Note means the person in whose name a Note is for the time being registered in the Register (as defined below) (or, in the case of a joint holding, the first named thereof).

Upon issue, the Notes will be evidenced by a global certificate (the "Global Certificate") substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions Relating to the Notes in Global Form".

Except in the limited circumstances described in the Global Certificate, owners of interests in Notes evidenced by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

2 Transfers of Notes

(a) Register

The Issuer will cause the register (the "**Register**") to be kept at the specified office of the Registrar outside of the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders and the particulars of the Notes held by them and of all transfers of the Notes. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) Transfer

Subject to the Agency Agreement and Conditions 2(e) (*Closed Periods*) and 2(f) (*Regulations*), a Note may be transferred by delivery of the Certificate issued in respect of that Note, with the form of transfer on the back of the Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any Transfer Agent. No transfer of title to a Note will be valid unless and until entered on the Register.

Transfers of interests in the Notes evidenced by the Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) (*Transfer*) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c) and Condition 2(e), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant holder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); and (ii) subject to Condition 2(f) (*Regulations*).

(e) Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal, premium (if any) or interest on that Note, (ii) after a Put Exercise Notice has been deposited in respect of the Notes pursuant to Condition 6(c) (*Redemption for Change of Control*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a) (*Method of Payment*)).

(f) Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the holders) by the Registrar to any holder who requests one in writing.

3 Status, Standby Letter of Credit and Pre-funding

(a) Status

The Notes constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by statute or applicable law.

(b) Standby Letter of Credit

The Notes will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the holders of the Notes, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Notes upon the presentation of a demand by authenticated SWIFT sent by the Trustee or an agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a "**Demand**") stating that (i) the Issuer has failed to comply with Condition 3(c) (*Pre-funding*) in relation to pre-funding an amount that is payable under these Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 3(c) (*Pre-funding*) or (ii) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and the Trustee has given notice to the Issuer that the Notes are immediately due and payable in accordance with Condition 9 (*Events of Default*) or (iii) the Issuer has otherwise failed to pay the fees and expenses it is obliged to pay under the Conditions or the Trust Deed when due and such failure has continued for a period of seven days from the date of the Trustee delivering its demand therefor to the Issuer in accordance with the Conditions.

Each drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account.

Every payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Notes, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Notes shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Notes, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Notes.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not exceed U.S.$417,500,000 (the "**Maximum Limit**") being an amount representing the aggregate principal amount of the Notes being U.S.$400,000,000, plus interest and premium (if any) payable in accordance with Condition 5 (*Interest*), plus an additional amount intended to cover fees, expenses and any other amounts payable by the Issuer in connection with the Notes or the Trust Deed. The Standby Letter of Credit expires at 6:00 p.m. (Singapore time) on 24 April 2024, subject to the terms of the Standby Letter of Credit. Notwithstanding the Maximum Limit above, the Maximum Limit shall be irrevocably reduced with effect from and including the day falling six months after each Interest Payment Date (as defined below)) (except for the Maturity Date (as defined below)) by the full amount of interest due paid by the Issuer to the Principal Paying Agent in accordance with the Agency Agreement, as evidenced by the Required Confirmations delivered to the LC Bank by facsimile or email by the Issuer by no later than the Business Day falling ten Business Days prior to the due date for such payment in accordance with the Condition 3(c) *(Pre-funding)*.

See "Appendix – Form of Irrevocable Standby Letter of Credit" for the form of the Standby Letter of Credit".

(c) Pre-funding

In order to provide for the payment of any amount in respect of the Notes and any amount payable under the Trust Deed (other than the Optional Redemption Amount payable under Condition 6(d) (*Redemption at the Option of the Issuer*) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Business Day (the "**Pre-funding Date**") falling ten Business Days prior to the due date for such payment under these Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account; and

(ii) deliver to the Trustee, the Principal Paying Agent and the LC Bank by facsimile or email (x) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Singapore time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

The Pre-funding Account Bank shall notify the Trustee upon any failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with the Conditions. If the Relevant Amount has not been paid into the Pre-funding Account in full, or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Singapore time) on the Business Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall by no later than 4:30 p.m. (Singapore time) on the second Business Day following the Pre-funding Date, issue a Demand to the LC Bank for the Relevant Amount (or if the Issuer has unconditionally paid or procured to be paid into the Pre-funding Account, an amount less than the full amount of the Relevant Amount and the Trustee has received Required Confirmations in respect of such lesser amount, an amount representing the difference between the full amount of the Relevant Amount and the amount received in the Pre-funding Account) in accordance with the Standby Letter of Credit, provided that, in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT or facsimile sent on its behalf.

After receipt by the LC Bank of such Demand, the LC Bank shall by 11:00 a.m. (Singapore time) on the fourth Business Day (if a Demand is received after 6:00 p.m. (Singapore time) on a Business Day, the fifth Business Day) immediately following receipt of such Demand pay to or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account.

For the purposes of these Conditions:

"**Authorised Signatory**" has the meaning given to it in the Trust Deed;

"**Business Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in New York, Singapore and Hong Kong;

"**LC Proceeds Account**" means a non-interest-bearing U.S. dollar account (account number: 0036327-05-0) established in the name of the Trustee with the LC Proceeds Account Bank;

"**Payment and Solvency Certificate**" means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Notes and confirming that (a) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 3(c) (*Pre-funding*) and (b) the Issuer is solvent; and

"**Pre-funding Account**" means a non-interest-bearing U.S. dollar account (account number: 0036335-05-0) established in the name of the Issuer with the Pre-funding Account Bank.

4 Covenants

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

In addition, the Company shall:

(i) within seven PRC Business Days after the submission of the Post-issuance Filing provide the Trustee with (x) a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Company confirming the submission of the Post-issuance Filing, and (y) a copy of the documents submitted in respect of the Post-issuance Filing; and

(ii) give notice to the Noteholders (in accordance with Condition 16 (*Notices*)) confirming the completion of the Post-issuance Filing within five PRC Business Days after the documents referred to in subparagraph (a) above are delivered to the Trustee. The Trustee shall have no obligation to monitor or ensure the completion of the Post-issuance Filing on or before the deadline referred to above or to assist with the Post-issuance Filing or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-issuance Filing or to notify the Noteholders whether or not the Trustee has received a certificate as contemplated above in this Condition 4(a) or the content of any certificate which is so received and shall not be liable to Noteholders or any other person for not doing so.

(b) Issuer's Activities

The Issuer undertakes that so long as any Note remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, it will not conduct any business or any activities other than the incurrence of indebtedness outside the PRC, including but not limited to the issue of the Notes, the lending of the proceeds thereof to any of the Company's Subsidiaries and affiliates and any other activities reasonably incidental thereto.

(c) Financial Information

For so long as any Note remains outstanding, the Company will furnish the Trustee (A) within 180 days of the end of each Relevant Period, with a copy of the relevant Company Audited Financial Reports prepared in accordance with the PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants), and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate signed by any Authorised Signatory of the Company certifying that such translation is complete and accurate; and (B) within 120 days of the end of each Relevant Period, with a copy of the Company Management Accounts prepared on a basis consistent with the Company Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate signed by any Authorised Signatory of the Company certifying that such translation is complete and accurate; provided that, in each case, if at any time the capital stock of the Company is listed for trading on a recognised stock exchange outside the PRC, the Company may furnish to the Trustee, as soon as they are available but in any event not more than 14 calendar days after any comparable annual and semi-annual financial reports of the Company are filed with the exchange on which the Company's capital stock is at such time listed for trading, a true and correct copy of any comparable annual and semi-annual financial report filed with such exchange (and if the same are not in the English language, an English translation of the same translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate signed by any Authorised Signatory of the Company certifying that such translation is complete and accurate to be provided within the time periods as described in (A) or, as the case may be, (B) above) in lieu of the reports identified in Conditions 4(b)(A) and 4(b)(B) above.

(d) Compliance Certificate

For so long as any Note remains outstanding, each of the Company and the Issuer shall provide to the Trustee a Compliance Certificate (on which the Trustee may conclusively rely as to such compliance) (i) within 14 days of a written request by the Trustee and (ii) at the same time as the provision of the relevant Company Audited Financial Reports or any comparable annual financial report referred to in Condition 4(c) (*Financial information*) above.

(e) Ratings

For long as any Note remains outstanding, the Issuer will maintain a rating on the Notes by at least one Rating Agency.

(f) Maintenance of Consolidated Net Worth; Liquidity

Under the Keepwell Deed, the Company has undertaken with the Issuer and the Trustee that, in order to maintain the long-term stability of the Issuer, the Company shall cause:

(i) the Issuer to have a Consolidated Net Worth of at least U.S.$1.00 at all times;

(ii) the Issuer to have sufficient liquidity to ensure timely payment by the Issuer of any and all amounts payable in respect of the Notes in accordance with the Trust Deed and the Conditions and any and all payments due under the Trust Deed and the Agency Agreement.

In these Conditions:

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

"**Company Audited Financial Reports**" means the annual audited consolidated balance sheet, income statement, statement of cash flow and statement of changes in owners' equity of the Company together with (if applicable) any statements, reports (including any auditors' reports) and notes attached to or intended to be read with any of them;

"**Company Management Accounts**" means (i) the semi-annual unaudited and unreviewed consolidated balance sheet, income statement and statement of cash flow of the Company and the notes, if any;

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

(i) no Event of Default (as defined in Condition 9 (*Events of Default*)) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) each of the Issuer and the Company (as the case may be) has complied with all its obligations under the Trust Deed, the Keepwell Deed and the Notes, to which it is a party;

"**Consolidated Net Worth**" shall mean the excess of total assets of the Issuer and its consolidated subsidiaries over total liabilities of the Issuer and its consolidated subsidiaries, total assets and total liabilities each to be determined in accordance with International Financial Reporting Standards, as in effect from time to time;

"**Potential Event of Default**" means a continuing event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9 (*Events of Default*) become an Event of Default;

"**PRC**" means the People's Republic of China, which for the purposes of these Conditions, shall exclude the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan; and

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing;

"**Rating Agency**" means (1) Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's**") or Fitch Ratings Ltd. ("**Fitch**") or their respective successors; or (2) if none of S&P, Moody's and Fitch shall make a rating of the Securities publicly available, the Issuer or the Company shall select any other reputable credit rating agency of international standing;

"**Relevant Period**" means (a) in relation to the Company Audited Financial Reports, each period of twelve months ending on the last day of its financial year (being 31 December of that financial year); and (b) in relation to the Company Management Accounts for a semi-annual period, each period of six months ending on the last day of its first half financial year (being 30 June of that financial year); and

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 Interest

The Notes bear interest on their outstanding principal amount from and including 25 March 2021 at the rate of 1.375 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$6.875 per Calculation Amount (as defined below) on 25 March and 25 September in each year (each an "**Interest Payment Date**"). Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven calendar days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each. Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In these Conditions, the period beginning on and including 25 March 2021 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

6 Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 25 March 2024 (the "**Maturity Date**"), subject as provided in Condition 7 (*Payments*). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6 (*Redemption and Purchase*).

(b) Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the Tax Redemption Notice (as defined below) that:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)), or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 18 March 2021, the Issuer would be required to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*); and

(ii) the requirement cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders (the "**Tax Redemption Notice**") in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued up to but excluding the date of redemption, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts, were a payment in respect of the Notes then due. Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory of the Issuer stating that the requirement referred to in (a) above will apply and cannot be avoided by the Issuer taking reasonable measures available to it and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment, and the Trustee shall be entitled to conclusively rely and accept such certificate and opinion as sufficient evidence of the *satisfaction of the conditions precedent set out above, in which event they shall be conclusive and* binding on the Noteholders.

(c) Redemption for Change of Control

Following the occurrence of a Change of Control (as defined below), the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Put Settlement Date (as defined below) at 100 per cent. of their principal amount together with accrued interest up to but excluding the Put Settlement Date. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption (in the form for the time being current) obtainable from the specified office of any Paying Agent (the "**Put Exercise Notice**") together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, as the case may be, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

The Put Settlement Date shall be the fourteenth day or, if such day is not a Business Day, the next following Business Day (as defined in Condition 7 (*Payments*)) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes which are the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date. If the Notes become due and repayable due to the occurrence of an Event of Default following the delivery of a Put Exercise Notice but prior to the occurrence of the relevant Put Settlement Date, such Put Exercise Notice shall be deemed to be void.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to Noteholders or any other person for not doing so. The Issuer or the Company shall give notice to Noteholders and the Trustee in accordance with Condition 16 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 6 (*Redemption and Purchase*) and shall give brief details of the Change of Control.

(d) Redemption at the Option of the Issuer

On giving not less than 15 nor more than 45 days' notice (an "**Optional Redemption Notice**") to the Noteholders in accordance with Condition 16 (*Notices*) and in writing to the Trustee and the Principal Paying Agent, the Issuer may at any time redeem the Notes, in whole but not in part, at a redemption amount per Note equal to the Make Whole Amount at the redemption date (the "**Optional Redemption Date**") as specified in the Optional Redemption Notice, together with accrued and unpaid interest up to but excluding such Optional Redemption Date (collectively, the "**Optional Redemption Amount**"); provided that, the Issuer shall, (i) on or before 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately preceding the Optional Redemption Date, unconditionally pay or procure to be paid the Optional Redemption Amount in full into the Pre-funding Account and (ii) prior to giving such Optional Redemption Notice, deliver to the Trustee and the Principal Paying Agent by facsimile or email (x) a Redemption and Solvency Certificate signed by any Authorised Signatory of the Issuer, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay in full, from the Pre-funding Account, the Optional Redemption Amount to the Principal

Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the Optional Redemption Date (together, the "**Optional Redemption Confirmations**").

If the Optional Redemption Amount is not received in full in the Pre-funding Account on or before the fifth Business Day immediately preceding such Optional Redemption Date, the Issuer's exercise of its right to redeem the Notes under this Condition 6(d) (*Redemption at the Optional of the Issuer*) and such Optional Redemption Notice shall be immediately and automatically cancelled and shall cease to have any further effect, and the Issuer shall immediately on the same day as such pre-funding date give notice to the Noteholders in accordance with Condition 16 (*Notices*) and in writing to the Trustee, the Principal Paying Agent and the Pre-funding Account Bank to withdraw such Optional Redemption Notice and the existing payment instruction. Nothing herein shall prejudice the Issuer's right to issue a new Optional Redemption Notice at any time after such cancellation.

For the purposes of these Conditions:

"**Adjusted Treasury Rate**" means, with respect to an Optional Redemption Date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Optional Redemption Date;

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

a "**Change of Control**" occurs when (x) the Permitted Holders ceases to Control the Company; or (y) the Company ceases to own or hold 51 per cent. of the issued ordinary share capital of the Issuer;

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes;

"**Comparable Treasury Price**" means, with respect to any redemption date of the Notes:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(2) if such release (or any successor release) is not published or does not contain such prices on such business day, (x) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (y) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations;

"**Control**" means (where applicable), with respect to a Person, (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly, or (ii) the right to appoint and/or remove all or the majority of the members of the Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms "controlling" and "controlled" have meanings correlative to the foregoing;

"**Make Whole Amount**" means, with respect to a Note at the Optional Redemption Date, the amount that is the greater of (i) the present value of the principal amount of the Note, assuming a scheduled repayment thereof on the Maturity Date, plus all required remaining scheduled interest payments due on such Note through the Maturity Date (but excluding accrued and unpaid interest to the Optional Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, and (ii) the principal amount of such Note. Such Make Whole Amount shall be determined and notified in writing by the Quotation Agent to the Trustee, the Principal Paying Agent, the Issuer and the Company;

"**Permitted Holders**" means any or all of the following:

(1) Mr. Li Shufu;

(2) any Affiliate of, or any Person acting in concert with, the Person specified in clause (1); and

(3) any Person both the capital stock and the voting power of which (or in the case of a trust, the beneficial interests in which) are owned 80 per cent. or more by one or more of the Persons specified in clauses (1) and (2);

a "**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

"**Quotation Agent**" means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee and the Principal Paying Agent;

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected by the Issuer in good faith; and

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and an Optional Redemption Date, the average as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Optional Redemption Date.

(e) Notice of Redemption

All Notes in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Condition 6(b) (*Redemption for Tax Reasons*) and Condition 6(d) (*Redemption at the Option of Issuer*) and any Put Exercise Notice given by a

Noteholder pursuant to Condition 6(c) (*Redemption for Change of Control*)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the Put Exercise Notice shall prevail.

(f) Purchase

The Issuer, the Company or any of the Company's other Subsidiaries (as defined in Condition 4 (*Covenants*)) may at any time purchase Notes in any manner and at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Company or any of their respective Subsidiaries or the holding company of the Issuer or the Company or any Subsidiary of such holding company, shall not entitle the holder to vote at any meetings of the holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Conditions 9 (*Events of Default*), 12(a) (*Meetings of Noteholders*) and 14 (*Enforcement*).

(g) Cancellations

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

(h) No Verification by Trustee or Agents

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Noteholders or any other person for not doing so.

7 Payments

(a) Method of Payment

(i) Payments of principal, premium (if any) or the Make Whole Amount shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Notes evidenced by such Certificates) in the manner provided in Condition 7(a)(i) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the fifth Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank.

(iii) If the amount of principal, premium (if any) or the Make Whole Amount being paid upon surrender of the relevant Certificate is less than or, as the case may be, is made in respect of less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal in respect of which such payment is so paid and will (if so requested in writing by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining outstanding principal amount in respect of which such payment has not been so paid. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of *business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(b) *Payments subject to Fiscal Laws*

Payments in respect of principal, premium (if any) and interest on Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) *Payment Initiation*

Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or if that is not a Business Day, for value the first following day which is a Business Day) will be initiated, and, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of the relevant Paying Agent or of the Registrar, on a day on which the Registrar or such Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) *Agents*

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that (i) the Issuer shall at all times maintain (x) a Principal Paying Agent, (y) a Registrar and (z) a Transfer Agent, in each case as approved by the Trustee, and (ii) for so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore (the "**Singapore Paying Agent**"), where the Certificates may be presented or surrendered for payment or redemption.

It is not anticipated that a Singapore Paying Agent will be required unless the Global Certificate is exchanged for definitive Certificates. In the event that the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by or on behalf of the Issuer on the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the Singapore Paying Agent.

Notice of any such termination or appointment or any change of any specified office shall promptly be given by the Issuer to the Noteholders.

(e) *Delay in Payment*

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7 (*Payments*), "**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in New York City and Hong Kong and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

8 Taxation

All payments of principal, premium (if any), interest or the Make Whole Amount in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the rate of up to and including the aggregate rate applicable on 18 March 2021 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as may be necessary in order that the net amount received by Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction.

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

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

(b) (in the case of payment of principal, premium (if any) or interest (other than interest due on an Interest Payment Date)) if the Certificate in respect of such Note is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to Additional Tax Amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 7 (*Payments*)).

In these Conditions:

(a) "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*); and

(b) "**Relevant Jurisdiction**" means British Virgin Islands, the PRC or any political subdivision or any authority therein or thereof having power to tax to which the Issuer becomes subject in respect of payments made by it of any sums due in respect of the Notes.

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any additional amounts which may be payable under any undertakings given in addition to, or in substitution for, this Condition 8 pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter (1/4) in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (the "**Events of Default**"):

(A) With respect to the Issuer and the Company

(a) if default is made in the payment of any principal, premium or interest due in respect of the Notes or any of them and, in the case of interest only, such default continues for a period of 10 consecutive days, however, that it shall not be an Event of Default for the Issuer to fail to pay the Optional Redemption Amount as permitted in Condition 6(d) *(Redemption at the option of the Issuer)*; or

(b) if the Issuer or the Company fails to perform or observe any of its other obligations under these Conditions, the Trust Deed or the Keepwell Deed other than those referred to in Condition 9(A)(a) and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Trustee on the Issuer or the Company (as the case may be) of notice requiring the same to be remedied, as the case may be; provided that (A) any non-compliance with Condition 3(c) (*Pre-funding*) does not constitute an Event of Default under this Condition 9(A)(b) (*Breach of other Obligations*) unless and until an Event of Default has occurred under Condition 9(A)(a) (*Non-Payment*) and (B) any non-compliance with the Keepwell Deed which gives rise to a Change of Control does not constitute an Event of Default; or

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Company or any of the Company's other Subsidiaries becomes, or becomes capable of being declared, due and repayable prematurely by reason of an event of default or potential event of default (however described); (ii) the Issuer, the Company or any of the Company's other Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; or (iii) the Issuer, the Company or any of the Company's other Subsidiaries fails to make any payment in respect of any amount payable under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person on the due date for payment; provided that no event described in this subparagraph 9(A)(c) shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) through (iii) inclusive above which have occurred, amounts to at least U.S.$50,000,000 (or the equivalent thereof in any other currency); or

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

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

(f) if (i) any mortgage, charge, lien, pledge or other security interest, present or future, created or assumed by the Issuer, the Company or any of the Company's Significant Subsidiaries in respect of all or a material part of its assets is or becomes enforceable; and (A) proceedings are initiated against the Issuer, the Company or any of the Company's Significant Subsidiaries in relation to all or any substantial part of the undertaking or assets of the Issuer, the Company or any of the Company's Significant Subsidiaries, or (B) the Issuer, the Company or any of the Company's Significant Subsidiaries (or their respective directors or shareholders) initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or any material part of its debts), or (C) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Company or any of the Company's Significant Subsidiaries or, as the case may be, in relation to all or any substantial part of the undertaking or assets of the Issuer, the Company or any of the Company's Significant Subsidiaries or (ii) an encumbrancer takes possession of all or any part of the undertaking or assets of the Issuer, the Company or any of the Company's Significant Subsidiaries, or (iii) a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or any substantial part of the undertaking or assets of the Issuer, the Company or any of the Company's Significant Subsidiaries; and in each such case (other than the appointment of an administrator) is not discharged or stayed within 60 days; or

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

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

(i) if any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable each of the Issuer and the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes, the Trust Deed and the Keepwell Deed (other than with regard to the performance of and compliance with the obligations under the Keepwell Deed which may be subject to the approval or other authorisation of PRC governmental authorities), (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Trust Deed and the Keepwell Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) if it is unlawful for the Issuer or the Company to perform or comply with any one or more of their respective obligations under any of the Notes, the Trust Deed or the Keepwell Deed; or

(k) if the Keepwell Deed is not (or is claimed by the Company to not be) enforceable, valid or in full force and effect, or the Keepwell Deed is modified or amended other than strictly in accordance with its terms or these Conditions; or

(l) if any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in paragraphs (d) to (h) of this Condition 9(A) (*With respect to the Issuer and the Company*).

In this Condition 9 (*Events of Default*), "**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by such seller.

"**Group**" means the Company and its Subsidiaries, taken as a whole.

"**Significant Subsidiary**" means any Subsidiary of the Issuer or the Company (as the case may be) whose total amount of revenue or total assets or net profit (excluding intra-group items) represents 10 per cent. or more of the revenue or total assets or net profit of the Issuer or the Group (as the case may be) calculated on a consolidated basis, as determined by reference to the latest audited consolidated financial statements of that Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries) and the latest audited consolidated financial statements of the Issuer or the Group (as the case may be).

A certificate signed by any Authorised Signatory of the Company confirming that a Subsidiary is or is not, or was or was not, a Significant Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate must, if there is a dispute as to whether or not any Subsidiary is a Significant Subsidiary, be accompanied by a report by a nationally recognised firm of independent accountants addressed to the Issuer or the Company (as the case may be) as to proper extraction and basis of the figures used by the Issuer or Company (as the case may be) in determining its Significant Subsidiaries and mathematical accuracy of the calculation.

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money (including but not limited to bank loans and other borrowings) or any liability under or in respect of any acceptance or acceptance credit.

(B) With respect to the LC Bank

(a) Cross-Default:

(i) any other present or future Public External Indebtedness of the LC Bank or any of its LC Bank Subsidiaries becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof; or

(ii) any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period,

provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 9(B)(a) (*Cross Default*) have occurred equals or exceeds U.S.$25,000,000 or its equivalent; or

(b) *Insolvency*: the LC Bank or any of the Material Subsidiaries is insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any of the Material Subsidiaries; or

(c) *Winding-up:* an order is made or an effective resolution passed for the winding-up or dissolution or administration of the LC Bank or any of the Material Subsidiaries, or the LC Bank ceases to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Noteholders, or (b) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the LC Bank or another of its Subsidiaries; or

(d) *Illegality:* it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit, and the LC Bank fails to obtain the necessary waiver or approval or complete such other necessary remedial action within 30 calendar days such that the LC Bank may lawfully perform such obligations; or

(e) *Standby Letter of Credit:* the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect or the Standby letter of Credit is modified, amended or terminated without the Trustee's consent; or

(f) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(B)(b) (*Insolvency*) to 9(B)(d) (*Illegality*) (both inclusive).

In this Condition 9(B) (*With respect to the LC Bank*):

"**LC Bank**" means Bank of China Limited, Singapore Branch;

"**LC Bank Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(i) of which the first Person controls or has the power to control, 50 per cent. or more of the share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such person; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Material Subsidiary**" means an LC Bank Subsidiary of the LC Bank whose total assets or total revenue as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which the audited financial statements relate, account for five per cent. or more of the consolidated assets or consolidated revenue of the LC Bank as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to another LC Bank Subsidiary of the LC Bank, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer; and

"**Public External Indebtedness**" means any indebtedness of the LC Bank, any of its LC Bank Subsidiary, or any guarantee or indemnity by the LC Bank of indebtedness, for money borrowed which, (i) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and is, or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal, premium (if any) or the Make Whole Amount) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is mutilated, defaced or is or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Noteholders, Modification, Waiver and Authorisation

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or the Keepwell Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or the Keepwell Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one quarter, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting and whether or not voting on such Extraordinary Resolution.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution; (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding (a "**Written Resolution**"); and (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than three-fourths in principal amount of the Notes outstanding (an "**Electronic Consent**") shall in each case for all purposes be as valid and effective as an Extraordinary Resolution. A Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Notes, the Standby Letter of Credit or the Keepwell Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provisions of applicable law.

(c) Trustee to Have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

(d) Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them and the timing to complete the Post-issuance Filing) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 (*Further Issues*). However, such further securities may only be issued if (i) the Rating Agency which has provided credit ratings in respect of the Notes has been informed of such issue; (ii) such issue will not result in any adverse change in the then credit rating of the Notes, (iii) a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit is at least equal to the principal of and an amount equal to one interest payment due on such further securities up to the maturity date of such securities plus 30 days) and (iv) such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit.

14 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer, the Company or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Keepwell Deed, and the Notes and, where appropriate, to draw down on and enforce the Standby Letter of Credit, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in principal amount of the Notes then outstanding, and (b) other than in the case of the making of a drawing under the Standby Letter of Credit, it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder may proceed directly against the Issuer, the Company or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee and its Contracting with the Issuer and the Company

(a) Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking and/or instituting any steps, actions and/or proceedings to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity and/or security and/or pre-funding is satisfactory to it, the Trustee shall be entitled (a) to evaluate its risk in any given circumstance by considering the worst-case scenario and (b) to require that any indemnity and/or security and/or pre-funding given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. Notwithstanding anything to the contrary, the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or the Conditions of the Notes, the Trust Deed, the Keepwell Deed, the Standby Letter of Credit and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal expenses), losses and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by the Issuer, the Company, the LC Bank, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification as a result of, where the Trustee is seeking such directions, or in the event that no direction is given to the Trustee by the Noteholders.

The Trustee may conclusively rely, without liability to Noteholders or any other person, on any Compliance Certificate, Payment and Solvency Certificate, or on any report, confirmation, information, opinion or certificate or any opinion or advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may at its sole discretion accept and shall be entitled to conclusively rely (without further investigation or enquiry) on any Compliance Certificate, Payment and Solvency Certificate, or any such report, confirmation, opinion, certificate or advice and in such event, such Compliance Certificate, Payment and Solvency Certificate or such report, confirmation, opinion, certificate or advice shall be binding on the Issuer, the Company, the LC Bank, the Trustee and the Noteholders(and in the case of the Issuer and the Company, provided that the report, confirmation, opinion, certificate or advice is procured or issued by the Issuer and/or the Company, or the Issuer and/or the Company expressly agreed to be bound by it).

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and/or the Company, the LC Bank and any other person appointed by the Issuer and/or the Company and/or the LC Bank in relation to the Notes of the duties and obligations on their part expressed in respect of the Notes and/or in the Trust Deed, the Keepwell Deed, and/or the Agency Agreement and, unless it has written notice from the Issuer or the Company to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the Company, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to conclusively rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to take any steps to ascertain whether any winding-up, Change of Control, Potential Event of Default (as defined in the Trust Deed), Event of Default or any event which could give rise to a right on the part of the Issuer to redeem the Notes has occurred or may occur or monitor the occurrence of any winding-up, Change of Control, Potential Event of Default or Event of Default, or monitor compliance by the Issuer or the Company with the provisions of the Trust

Deed, the Agency Agreement, the Keepwell Deed, the Standby Letter of Credit or these Conditions, and shall not be liable to the Issuer, the Company, the Noteholders or any other person for not doing so.

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

(b) Trustee Contracting with the Issuer and the Company

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

16 Notices

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar or published in a leading newspaper having general circulation in Hong Kong or, if such publication shall not be practicable, in a daily newspaper with general circulation in Asia approved by the Trustee. It is expected that such publication will normally be made in the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the seventh day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

18 Governing Law

(a) Governing Law

The Notes, the Keepwell Deed, the Agency Agreement, the Trust Deed and the Standby Letter of Credit and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Keepwell Deed, the Agency Agreement, the Trust Deed, or the Standby Letter of Credit and accordingly any legal action or proceedings arising out of or in connection with any Notes, the Keepwell Deed, the Agency Agreement, the Trust Deed or the Standby Letter of Credit ("**Proceedings**") may be brought in such courts. Pursuant to the Keepwell Deed, the Agency Agreement and the Trust Deed, each of the parties has irrevocably submitted to the exclusive jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Service of Process

Pursuant to the Keepwell Deed, the Agency Agreement and Trust Deed, each of the Issuer and the Company has irrevocably appointed Geely International (Hong Kong) Limited as its agent in Hong Kong at Unit 2204, 22/F, Lippo Centre Tower 2, 89 Queensway, Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Keepwell Deed, the Notes, the Agency Agreement and/or the Trust Deed.

If for any reason Geely International (Hong Kong) Limited shall cease to be such agent for service of process, the Issuer and the Company shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within seven days of Geely International (Hong Kong) Limited ceasing to be such agent for service of process. Each of the Issuer and the Company agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. Nothing in these Conditions shall affect the right to serve process in any other manner permitted by law.

19 Waiver of Immunity

Each of the Issuer and the Company has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Certificate contains the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificate, some of which modify the effect of the Terms and Conditions of the Notes. Terms defined in the Terms and Conditions of the Notes have the same meaning in paragraphs below.

ACCOUNTHOLDERS

For so long as all of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "**Noteholders**" and references to "**holding of Notes**" and to "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, the Company and the Trustee, solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

CANCELLATION

Cancellation of any Note following its redemption or purchase by the Issuer, the Company or any of the Company's other Subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

PAYMENTS

Payments of principal, premium (if any) and interest in respect of Notes represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Each payment will be made to or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which Euroclear and Clearstream are open for business.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

NOTICES

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream (as the case may be) for communication by it to entitled

Accountholders in substitution for notification as required by the Conditions of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the Business Day on the day on which the said notice was given to Euroclear, Clearstream or such other clearing system.

REGISTRATION OF TITLE

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, as appropriate, notifies the Issuer and the Company that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, and in each case a successor clearing system approved by the Trustee is not appointed by the Issuer and the Company within 90 days after receiving such notice from Euroclear or Clearstream, as relevant. In these circumstances title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

TRANSFERS

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants.

NOTEHOLDERS' REDEMPTION

For so long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, the Noteholder's redemption option in Condition 6(c) of the Conditions may be exercised by any holder of Notes giving notice to any Agent in accordance with the standard procedures of Euroclear or Clearstream (which may include notice being given on his instructions by Euroclear or Clearstream or any common depositary for them to any Agent by electronic means) of the principal amount of Notes in respect of which the option is exercised and presenting or procuring the presentation of the Global Certificate to such Agent for endorsement within the time limits specified in the Conditions.

DESCRIPTION OF THE KEEPWELL DEED

The following contains summaries of certain key provisions of the Keepwell Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell Deed. Defined terms used in this section shall have the same meanings given to them in the Keepwell Deed.

Under the Keepwell Deed, the Company will undertake to the Issuer and the Trustee that (i) it shall own or hold 100 per cent. of the issued ordinary share capital of the Issuer and (ii) the Company will not directly or indirectly pledge, grant a security interest or in any way encumber or otherwise dispose of any shares held by it in the Issuer, unless the Company is required to dispose of any or all such shares pursuant to law or regulation or a court decree or order of any governmental authority which, in the opinion of a legal advisor to the Company, may not be successfully challenged.

In addition, the Company will undertake with the Issuer and the Trustee that it shall cause:

(a) the Issuer to have a Consolidated Net Worth of at least U.S.$1.00 at all times; and

(b) the Issuer to have sufficient liquidity to ensure timely payment by the Issuer of any amounts payable in respect of the Notes in accordance with their terms of payment as and when due.

"Consolidated Net Worth" in respect of the Issuer, the excess of total assets of the Issuer and its consolidated subsidiaries over total liabilities of the Issuer and its consolidated subsidiaries, total assets and total liabilities each to be determined in accordance with IFRS, as in effect from time to time.

The Keepwell Deed may be modified, amended or terminated by the written agreement of the Company and the Trustee.

For so long as the Notes are outstanding, the Company will undertake in the Keepwell Deed to use its best endeavours:

(a) not to amend the memorandum or articles of association or other constitutive documents of the Issuer in a manner that is adverse to Noteholders;

(b) to cause the Issuer to remain in full compliance with the Conditions of the Notes, the Trust Deed, the Agency Agreement and all applicable rules and regulations of the British Virgin Islands;

(c) to cause the Issuer either to use the proceeds itself or to lend the proceeds from the offering of the Notes only to the Company or the Company's Subsidiaries or affiliates (each a "Relevant Affiliate"), and to cause such Relevant Affiliate to pay the interest and principal in respect of such intercompany loan on time;

(d) to the extent a Relevant Affiliate lends, novates or assigns any of the proceeds it receives from the Issuer from the offering of the Notes, to cause such Relevant Affiliate to lend, novate or assign such proceeds only to another Relevant Affiliate;

(e) promptly to do all such things and take any and all such actions necessary to comply with its obligations under the Notes and this Deed; and

(f) to cause the Issuer to do all such things and take any and all such actions necessary in a timely manner to comply with its obligations under the Notes and this Deed.

The Keepwell Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, a guarantee by the Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction.

The parties to the Keepwell Deed will acknowledge that in order for the Company to comply with its obligations under the Keepwell Deed, the Company may require governmental or regulatory approvals, permits and filings pursuant to applicable laws.

The Keepwell Deed and any contractual obligations arising out of or in connection with it shall be governed by English law with the exclusive jurisdiction to the Hong Kong courts.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes will be U.S.$399.58 million. The Issuer intends to use the proceeds from the offering of the Notes to refinance the Group's certain existing offshore bonds due in May 2021.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a central parity exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable.

On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to that of the U.S. dollar. Under the policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies determined by PBOC. The PRC government has since made and in the future may make further adjustments to the exchange rate system. PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 AM each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, PBOC announced that the floating band of Renminbi trading prices against the U.S. dollar in the interbank spot foreign currency exchange market would be increased from 0.3 per cent. to 0.5 per cent. from 21 May 2007.

On 15 March 2014, PBOC announced that since 17 March 2014, the floating band of inter-bank spot foreign exchange market trading price of RMB against U.S. dollar was further widened from 1 per cent. to 2 per cent. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. On 11 December 2015, China Foreign Exchange Trade System (the "**CFETS**"), published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective, and the CFETS currencies basket increased to 24 currencies since 1 January 2017 by including 11 new currencies. On 1 October 2016, the IMF included Renminbi in the basket of currencies that make up the SDR, along with the U.S. dollar, the euro, Japanese yen and the British Pound. The PRC government may adopt further reforms of its exchange rate system, including but not limited to promoting the opening of the capital account items in the future.

The following table sets forth the noon buying rates in Renminbi per U.S. dollar, as set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

	Renminbi per U.S. Dollar Noon Buying Rate			
Period	**Period End**	**Average[(1)]**	**Low**	**High**
	RMB per U.S.$1.00			
2012	6.2301	6.2990	6.2221	6.3879
2013	6.0537	6.1412	6.0537	6.2438
2014	6.2046	6.1704	6.0402	6.2591
2015	6.4778	6.2869	6.1870	6.4896
2016	6.9430	6.6549	6.4480	6.9580
2017	6.5063	6.7350	6.4773	6.9575
2018	6.8755	6.6090	6.2649	6.9737
2019	6.9618	6.9014	6.6822	7.1786
2020	6.5250	6.9042	6.5208	7.1681
2021				
January	6.5250	6.4672	6.4282	6.4822
February	6.4730	6.4601	6.4344	6.4869
March (through 12 March)	6.5081	6.4904	6.4648	6.5250

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's capitalisation and indebtedness as at 30 September 2020 on an actual basis and on an adjusted basis after giving effect to the issuance of the Notes in this offering. The following table should be read in conjunction with the summary consolidated financial information and the audited consolidated financial statements and related notes included in this Offering Circular.

	As at 30 September 2020			
	Actual		As adjusted	
	(RMB'000)	*(USD'000)* (5)	*(RMB'000)*	*(USD'000)* (5)
Short-term indebtedness				
Short-term loans	30,884,614	4,548,812	30,884,614	4,548,812
Long-term loans due within one year	3,163,808	465,979	3,163,808	465,979
Bonds payable due within one year	5,984,644	881,443	5,984,644	881,443
Other current liabilities (1)	2,000,000	294,568	2,000,000	294,568
Total short-term indebtedness:	**42,033,066**	**6,190,802**	**42,033,066**	**6,190,802**
Long-term indebtedness				
Long-term loans	48,413,632	7,130,557	48,413,632	7,130,557
Bonds payable	34,219,779	5,040,029	34,219,779	5,040,029
Notes to be issued (2)	–	–	2,715,840	400,000
Total long-term indebtedness	**82,633,411**	**12,170,586**	**85,349,251**	**12,570,586**
Total indebtedness (3)	**124,666,477**	**18,361,388**	**127,382,317**	**18,761,388**
Total equity	140,109,235	20,635,860	140,109,235	20,635,860
Total capitalisation (4)	**264,775,712**	**38,997,248**	**267,491,552**	**39,397,248**

Notes:

1. This amount represents the short-term financing recognised under other current liabilities.

2. This amount represents the aggregate principal amount of the Notes to be issued.

3. Total indebtedness equals the sum of total short-term indebtedness and total long-term indebtedness.

4. Total capitalisation equals the sum of total indebtedness and total equity.

5. For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.7896 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 September 2020.

Since 30 September 2020, the Group has incurred additional indebtedness to satisfy its capital needs, including but not limited to (1) the RMB2.0 billion 3.85 per cent. medium-term notes due 2023 issued by the Company in November 2020 and (2) the EUR500.0 million 2.5 per cent. green bond due 2027 issued by the Volvo Car AB (publ.). The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

Except as otherwise disclosed in the previous paragraph, there has been no material change in the Group's capitalisation or indebtedness since 30 September 2020.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer was incorporated as a BVI business company with limited liability under the laws of the British Virgin Islands on 23 December 2020. The Issuer is a wholly-owned subsidiary of London EV Company Limited, which is a wholly-owned subsidiary of the Company as at the date of this Offering Circular.

The registered office of the Issuer's is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands. The correspondence address of the Issuer and its principal place of business is Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands.

DIRECTORS AND OFFICERS

As at the date of this Offering Circular, the directors of the Issuer are Mr. Guo Junchu, Mr. Li Yifan and Mr. Joerg Matthias Waldemar Hofmann. As at the date of this Offering Circular, the Issuer does not have any employees.

SHARE CAPITAL

As at the date of this Offering Circular, it is authorised to issue a maximum of 50,000 shares with no par value each of a single class and has 50,000 share in issue. The register of members of the Issuer is maintained at its registered office. None of the equity securities of the Issuer are listed or dealt in any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought as at the date of this Offering Circular.

FINANCIAL INFORMATION

As at the date of this Offering Circular, the Issuer has not published, and does not propose to publish, any financial statements. The Issuer is not required under the laws of the British Virgin Islands to file, and does not propose to file, any of its interim or annual accounts.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, the Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threaten action against it.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a global automotive group. The Group offers a comprehensive product portfolio under its complementary brand portfolio, which mainly includes passenger vehicles under its two subsidiary groups: the Geely Auto Group and the Volvo Car Group. The Group operates many well-known international automotive brands including Geely Auto, Lynk & Co, Volvo Cars, Polestar, Geometry, LEVC, Lotus, Farizon Auto and Terrafugia, with global operations spanning the automotive value chain from research, development and design to production, sales and servicing. The Company has been recognised as a Fortune 500 company for the last nine consecutive years and was ranked No. 243 by Fortune Global in 2020, and has been ranked by Fortune China among "China's Top 500 Companies" for the last 17 consecutive years and ranked by the CAAM as one of the "Top Ten Automobile Manufacturers" for the last 16 consecutive years. According to CPCA, the sales volume of the Geely Auto Group in 2020 ranked No. 1 among all home-grown passenger vehicle enterprises in China.

The Group has an established global footprint. As at 30 September 2020, the Group had manufacturing plants located in China, Belgium, the United Kingdom, Sweden and the United States and its sales network covered around 100 countries worldwide. For the years ended 31 December 2017, 2018, 2019 and 2020, the Group sold approximately 1.8 million, 2.1 million, 2.1 million and 2.0 million units of vehicles worldwide, respectively. As at 31 December 2020, the Geely Auto Group has set up four research and development centres located in Hangzhou, Ningbo Hangzhou Bay, Gothenburg and Frankfurt, respectively, and built up strong capacity to develop vehicles, engines, gearboxes and automotive electronics. The Geely Auto Group has also set up four design centres in Shanghai, Gothenburg, California and Barcelona to create a global design platform. As at 31 December 2020, the Volvo Car Group has established research & development and design centres in Gothenburg, California and Shanghai.

Founded in 1986 and headquartered in Hangzhou, Zhejiang Province, the PRC, the Group entered into the automobile industry in 1997 and has accumulated rich experience in developing, manufacturing and selling passenger vehicles and automobile parts and components. Over the past few decades, the Group has evolved from a home-grown automobile company with one brand into a global company owning multiple brands. Having established itself firmly in the domestic market of China, the Group acquired Volvo in 2010, which has allowed access to Volvo's vast experience and technology knowhow. Since then, the Group's global presence and brand awareness have been further strengthened. In 2013, the Group acquired LTC and in July 2017 renamed it as LEVC. LEVC is the manufacturer of the iconic London taxi which represents a significant share of all taxis in London. The name change represents the Group's commitment to becoming a leading producer of new energy-focused urban commercial vehicles. With a new factory base at Coventry, the United Kingdom, LEVC aims to become a leader of lightweight vehicle and range extender powertrain technologies. In June 2017, the Group acquired a 51.0 per cent. equity interest in British sports carmaker Lotus and a 49.9 per cent. equity interest in its Malaysian parent Company Proton, thereby gaining platforms to expand into the Southeast Asian and luxury sports car markets. In November 2017, the Group completed the acquisition of a U.S. start-up, Terrafugia, a world-leader in flying-car technology. Furthering the expansion of its global reach, in June 2018 the Group made its investment in AB Volvo (publ), a Swedish leading commercial vehicles and industrial engineering group. The transaction made the Company the largest shareholder and the second largest holder in voting rights of AB Volvo (publ) as at 30 September 2020. The Group and AB Volvo (publ) expect to benefit from a global trend to replace diesel-powered trucks with gas-powered trucks, of which AB Volvo (publ) is a leading manufacturer, to reduce emissions.

In 2017, 2018 and 2019, and for the nine months ended 30 September 2019 and 2020, the Group recorded operating income of RMB278,264.6 million, RMB328,520.9 million, RMB330,817.7 million, RMB226,851.2 million and RMB212,722.2 million, respectively, and recorded net profit of RMB18,824.2 million, RMB20,267.6 million, RMB14,190.8 million, RMB10,560.6 million and

RMB5,562.5 million, respectively, for the same periods. The following table sets forth a breakdown of the Group's operating income and its absolute percentage of the Group's total operating income for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2017		2018		2019		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)									
Manufacturing and sale of complete vehicles	266,950.4	95.9	315,186.9	95.9	324,310.6	98.0	221,893.4	97.8	206,639.1	97.1
Geely series[(1)]	98,230.8	35.3	124,183.1	37.8	117,808.6	35.6	80,923.1	35.7	73,031.0	34.3
Volvo series[(2)]	168,719.6	60.6	191,003.8	58.1	206,501.0	62.4	140,970.3	62.1	133,608.1	62.8
Parts and others[(3)]	11,314.2	4.1	13,334.0	4.1	6,508.1	2.0	4,957.8	2.2	6,083.1	2.9
Total	**278,264.6**	**100.0**	**328,520.9**	**100.0**	**330,817.7**	**100.0**	**226,851.2**	**100.0**	**212,722.2**	**100.0**

Notes:

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

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

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

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

	Year ended 31 December						Nine months ended 30 September			
	2017		2018		2019		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)									
Manufacturing and sale of complete vehicles	59,085.7	93.9	67,805.2	91.1	65,374.8	96.1	43,732.4	95.4	40,183.1	94.6
Geely series[(1)]	21,792.1	34.6	28,471.8	38.3	24,553.0	36.1	16,666.2	36.4	13,864.6	32.6
Volvo series[(2)]	37,293.6	59.3	39,333.4	52.8	40,821.8	60.0	27,066.2	59.0	26,318.5	62.0
Parts and others[(3)]	3,845.4	6.1	6,661.9	8.9	2,673.6	3.9	2,116.3	4.6	2,281.5	5.4
Total	**62,931.1**	**100.0**	**74,467.1**	**100.0**	**68,048.4**	**100.0**	**45,848.7**	**100.0**	**42,464.6**	**100.0**

Notes:

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

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

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

RECENT DEVELOPMENTS

Additional Indebtedness Since 30 September 2020

Since 30 September 2020, the Group has incurred additional indebtedness to satisfy its capital needs, including but not limited to (1) the RMB2.0 billion 3.85 per cent. medium-term notes due 2023 issued by the Company in November 2020 and (2) the EUR500.0 million 2.5 per cent. green bond due 2027 issued by the Volvo Car AB (publ.). The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

Proposed Listing on the Sci-Tech Board and Issue of RMB Shares

On 17 June 2020, the board of directors of Geely approved a preliminary proposal for the Proposed Issue of RMB Shares. The Proposed Issue of RMB Shares has been approved by the listing committee for the SSE STAR Market in accordance with the review result of the review meeting held on 28 September 2020. As at the date of this Offering Circular, Geely has not been listed on the SSE STAR Market and no concrete timetable or detailed plans of the Proposed Issue of RMB Shares have been formed or announced.

Business Combination and Collaboration to be Carried Out by Geely and Volvo

On 24 February 2021, Geely published the Announcement on the Hong Kong Stock Exchange regarding its business combination and collaboration with Volvo to deepen their cooperation in powertrains, electrification, autonomous drive technologies and sales network, while maintaining their existing independent corporate structure. According to the Announcement, Geely and Volvo will (i) combine powertrain operations through equity merger in order to develop powertrain products and next-generation dual-motor hybrid system; (ii) jointly develop the next-generation modular electric vehicle architecture and share technologies on electrification and intelligent connectivity; and (iii) jointly develop advanced autonomous driving solution. The Geely Auto Group's Lynk brand will further expand globally by leveraging Volvo's overseas sales channels and after-sales network. As at the date of this Offering Circular, there's no concrete timetable or detailed plans of such business combination and collaboration.

COMPETITIVE STRENGTHS

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

A Leading Global Automobile Group

The Group is one of the leading automakers in the world, focusing on manufacturing and sales of passenger vehicles, as well as automobile parts and components. The Company has been recognised as a Fortune 500 company for nine consecutive years and was ranked No. 243 by Fortune Global in 2020, and Geely has been ranked by Fortune China among "China's Top 500 Companies" for 17 consecutive years and ranked by CAAM as one of the "Top Ten Automobile Manufacturers" in China for 16 consecutive years. In October, the Group's aggregate vehicle sales volume exceeded 10 million for the first time.

"Geely Auto" brand has been recognised as one of China's most recognised brands and its trademark was accredited as a well-known trademark in the PRC by the Trademark Office of the State Administration for Industry & Commerce of the PRC. According to CPCA, the sales volume of the Geely Auto Group ranked No. 1 among all home-grown passenger vehicle enterprises in China and No. 4 among all passenger vehicle enterprises in China, with market share of approximately 6.7 per cent. for the year ended 31 December 2020. Global awareness of the Group has strengthened since its acquisition of Volvo, one of the world's best-known and most respected vehicle brands, and its acquisition of LEVC, the iconic London taxi manufacturer. Founded in 1927, Volvo was a subsidiary of the AB Volvo Group until it was sold to Ford Motor Company in March 1999 and later the Group in 2010. Today, the Volvo Car Group is a global automotive brand focused on design, engineering, manufacture, distribution and sale of premium passenger cars, as well as related parts and services. Volvo produces a range of premium cars, including sedans, wagons and SUVs. Volvo's long heritage is underpinned by a reputation for safety and technology as evidenced by industry-leading innovations such as the introduction of the three-point safety belt, the rear-facing child safety seat and the child booster cushion. LEVC is known for producing taxis that are safe, reliable and durable. To develop this significant investment, LEVC opened a new plant in Coventry, the United Kingdom. In November 2019, the first locally assembled TX4 was released in Thailand and in January 2020, LEVC launched its electric TX model in Tokyo, Japan. Furthermore, the Group expanded its fleet into the field of sports cars and the Southeast Asian market in 2017 by taking a majority equity interest in the British sports car brand Lotus and a 49.9 per cent. equity interest in its Malaysian parent company Proton. In 2017, the Group entered the flying car field through the acquisition of Terrafugia, a world-leading company in flying car technology.

The Group has received notable recognition for its contribution from governments both in China and overseas. Government leaders have demonstrated strong government support by personally visiting the Group's factories. For example, when Chinese President Xi Jinping visited Europe in April 2014, he specifically visited Volvo's factory in Ghent, Belgium. In October 2015, Chinese President Xi Jinping and his wife Peng Liyuan, accompanied by Prince William and his wife Princess Kate, participated in the unveiling ceremony for the next generation zero-emission capable London taxi, namely, the TX series. In June 2017, Chinese Premier Li Keqiang and Belgian Prime Minister Charles Michel jointly visited the Geely-Volvo Innovation Display in Brussels, Belgium. Also in June 2017, Swedish Prime Minister Stefan Löfven and Gothenburg Mayor Ann-Sofie Hermansson visited the Group's headquarters in Hangzhou. In August 2018, the Malaysian Prime Minister visited the Group's headquarters in Hangzhou for the second time to attend the signing ceremony for the framework agreement to deepen the strategic cooperation between the Group and Proton in electrification and globalisation. In November 2019, the British Prime Minister visited LEVC's production plant at Antsy, Coventry, the first production plant in the United Kingdom dedicated to the manufacture of electric vehicles.

The Group provides a comprehensive product range and an optimised product portfolio for the evolving needs and preferences of its domestic and international customers. Its brands complement each other in terms of product strengths and customer base. The Group believes that the Geely Auto Group's established market position in China, the Volvo Car Group's strong market position in the global market and the Group's acquisitions of LEVC, Terrafugia Inc and Lotus and its investment in AB Volvo (publ) (a non-consolidated subsidiary) will provide it with a solid foundation to strengthen its market position in the global automobile industry.

Strong Research and Development Capabilities

The Group owns the world's leading intelligent safety technologies and intelligent systems, including among others: Adaptive Cruise Control system, 360 Surround View, Passive Safety system, Blind Spot Information system, Active High Beam Control system, Lane Keeping Aid, Volvo on Call car manager and the Autonomous Driving system. The Volvo Car Group's car safety technology has created a number of new world firsts, including its XC60, which ranked top among all cars for safety features in the 2019 Driver Power Survey. The Group has invested heavily in technological innovation in the pursuit of more sustainable manufacturing technologies.

As at 31 December 2020, the Geely Auto Group has set up four research and development centres located in China, Sweden and Germany, respectively, namely (i) China Euro Vehicle Technology AB ("**CEVT**") in Gothenburg, Sweden; (ii) the Geely automobile research and development centre in Hangzhou, China; (iii) the research and development centre in Frankfurt, Germany and (iv) the Hangzhou Bay flagship research and development centre in Ningbo, China. As at 31 December 2020, the Volvo Car Group has established research & development and design centres in Gothenburg, California and Shanghai. CEVT is a research and development centre which has been instrumental in developing Compact Modular Architecture ("**CMA**"), a new generation of scalable architecture on which the Group will be able to accommodate a wide variety of vehicle sizes and body styles. CEVT has engaged in the development of new car technologies with the aim to deliver advanced and cost-saving technologies and new vehicle models using the CMA platform. This platform has been used for both the production of Volvo and Geely brand products and the Group expects it to create significant economies of scale that will help it compete with other automobile companies in the breadth of models offered. As at 31 December 2020, Geely New Energy Commercial Vehicle has established the LEVC research and development centre in Coventry in the United Kingdom. The LEVC research and development centre launched its new zero-emission capable range of electric taxis ahead of London's

"Zero-Emission Capable" regulation under which all new London taxis were required to have zero-emissions capability from 1 January 2018. For details of the research and development centres, see "– *Research and Development*". In addition, the Group has set up design centres in Shanghai, Gothenburg, Coventry, California and Barcelona to create a global design platform.

The Group's focus on research and development has allowed it to capture a wide range of business opportunities. The Group believes it is among the technology leaders in the automobile industry and is well positioned to capture future growth in this industry.

Globally Diversified Sales and Production Footprint

The Group has an established global footprint, which enables manufacturing and sales flexibility, efficiency and cost reduction. The Geely Auto Group is deeply rooted in China. As at 31 December 2020, the Geely Auto Group had 15 production bases. Geely Auto Group has a presence in all first, second and third-tier cities, benefiting from the huge growth potential of the China market. As at 30 September 2020, the Geely Auto Group had 958 dealer and agent outlets covering 311 cities and 33 provinces and autonomous regions for its Geely brand products, 290 dealer and agent outlets covering 205 cities and 31 provinces for its Lynk brand, and 159 dealer and agent outlets covering 99 cities and 25 provinces for its Geometry brand. The Geely Auto Group has also entered overseas markets with a focus on developing countries located in the Middle East, Eastern Europe, Central America, South America and Africa. As at 30 September 2020, the Geely Auto Group exported its products to 22 countries through 21 sales agents and over 300 sales and service outlets. The Volvo Car Group is based in Western Europe, the Americas and China, with a presence in Sweden, Norway, Denmark, Finland, the Netherlands, Belgium, France, Spain, Italy, Germany, Switzerland, Austria, Ireland, the United Kingdom, Greece, Portugal and so forth. In June 2018, the Volvo Car Group successfully opened its new assembly plant in Charleston, South Carolina, which is its first assembly plant established in the U.S., with the goals of saving costs and ensuring the flexibility of sales in the U.S. In September 2018, production of the new S60 sedans started in the new Charleston plant. As at 30 September 2020, the Volvo Car Group sold cars in approximately 100 countries through approximately 2,400 dealers. For the years ended 31 December 2017, 2018, 2019 and 2020, the Group sold approximately 1.8 million, 2.1 million, 2.1 million and 2.0 million units of vehicles worldwide, respectively. The Group believes its extensive global presence and strategically positioned distribution network will continue to contribute to its success in capturing growth opportunities arising within both domestic and overseas markets.

Strategic Synergies between the Geely Auto Group and the Volvo Car Group

The Group's growth path has mostly been upward, especially after its strategic acquisition of Volvo in 2010, which drew worldwide attention and made Geely a Chinese representative of expansion into the global market. Since the acquisition, the Group's global presence and its brand awareness have been further strengthened, which helped it consolidate its position as a global automobile manufacturer. Volvo and Geely continue to remain autonomous brands after the acquisition, but the Geely Auto Group and the Volvo Car Group have established a committee, led by Mr. Li Shufu, to promote synergies in areas including technologies, facilities, procurement and marketing.

- *Technologies*: This cooperation creates synergies that allow the Geely Auto Group to access the Volvo Car Group's vast experience and technology knowhow. For example, the Geely Auto Group has strengthened the safety and quality of its products by introducing the safety and quality management system from the Volvo Car Group. Several of the Volvo Car Group's original safety techniques have been applied to Geely brand products, such as Blind Spot Information System and Intelligent Driver Information System. With the benefit of the access to the Volvo Car Group's technology, the Geely Auto Group launched its first high-class models, which made great breakthroughs in design, safety and interior air quality management technology and which have been chosen as the diplomatic concierge car for the Ministry of Foreign Affairs. The Volvo Car Group inaugurated a new research and development centre in Shanghai in 2013. The facility strengthens the Volvo Car Group's local research and development capabilities and contributes to the automobile industry in China by developing local talent. This move establishes the Volvo Car Group as the only international premium car maker that has core vehicle research and development capabilities in China. In February 2013, Geely and Volvo jointly established CEVT which is instrumental in developing CMA. The XC40 series, Lynk & Co 01 and Polestar 2 are all based on the CMA co-developed by the Volvo Car Group and the Geely Auto Group. In December 2017, the Geely Auto Group and the Volvo Car Group established a new technology joint venture, GV Automobile Technology (Ningbo) Co. Ltd.(寧波時空方程技術有限公司), to share existing and future technology and provide economies of scale that will allow them to more rapidly develop next generation electrified vehicle technology. In June 2020, Volvo Car Group, together with its affiliates Polestar and Lynk & Co, established a strategic partnership with Waymo LLC, a world leader in fully self-driving technology development. In February 2021, Geely and Volvo further announced that they will combine powertrain operations through equity merger in order to develop powertrain products and next-generation dual-motor hybrid system.

- *Facilities*: The Volvo Car Group's engine factory at Zhangjiakou has been shared by the Geely Auto Group and the Geely Auto Group's Luqiao Plant produces the XC40 series for the Volvo Car Group. In July 2017, Geely, Volvo and the Company signed a memorandum of understanding for cooperation on technology and sourcing through the new joint venture Lynk & Co, in which Geely holds a 50 per cent. equity interest, Volvo holds a 30 per cent. equity interest, and the Company holds a 20 per cent. equity interest as at the date of this Offering Circular. Lynk & Co launched the Lynk & Co 01 model in November 2017 which has been manufactured by Luqiao plant. Polestar, the electric performance brand co-owned by Volvo and the Company announced in April 2019 has officially begun to build the fully electric Polestar 2 fastback in Luqiao since March 2020.

- *Procurement*: The Volvo Car Group and the Geely Auto Group started joint procurement of components worldwide in 2013. The Geely Auto Group is building a long-term relationship with large international suppliers by virtue of the global supplier network of the Volvo Car Group and is upgrading its supplier network to an international level. The Volvo Car Group is simultaneously and systematically optimising its purchase of components on the basis of maintaining quality, in order to achieve a healthier cost structure. By executing these initiatives the Group continues to improve its cost efficiency and further enhance its profitability.

- *Marketing*: Volvo has grown significantly as a European luxury brand, particularly in China. According to CAAM, in 2018 the auto industry in China experienced its first decline in auto sales in over 20 years and the sales volume declined further in 2019 and 2020. According to the CPCA, the total retail sales of passenger vehicles for the year ended 31 December 2020 was 19.3 million units, down 6.8 per cent. as compared to 2019. Despite market headwinds, the Volvo Car Group sold 166,617 cars in 2020 in China, as compared to the sale of 41,989 units in 2012, achieving an annual growth of 7.5 per cent. compared to 2019. The result is an all-time record for the Volvo Car Group in China and the highest sales number it has ever reached in a single market. Leveraging Volvo's global high-end brand image, Geely successfully completed the brand upgrade and smoothly integrated with the international market.

The Group believes that it will continue to benefit from the synergies between the Geely Auto Group and the Volvo Car Group through shared knowhow, global production and distribution footprint, as well as enhanced cost and operational efficiency.

Well Positioned to Benefit from Industry Trends in Emission Efficiency

The global trend has been to tighten regulations on vehicle carbon emissions. The Group is dedicated to developing low-emission new energy vehicles in order to protect the environment and to remain competitive in the automobile industry. In 2018, 2019 and 2020, the Geely Auto Group sold 67,069 units, 113,067 units and 68,142 units of new energy vehicle models, respectively, amongst which the best-selling models are "ICON MHEV", "Emgrand EV", "Xingyue MHEV", "Borui GE MHEV" and "Jiaji MHEV". The Group is proactively leading the research into environmentally friendly technologies. For example:

- in July 2015, the Group invested in Carbon Recycling International ("**CRI**"), a leading global company in developing technology to produce renewable methanol fuel from clean energy and recycled CO2 emissions. In November 2015, the Group announced a major shift to alternative energy vehicles in order to focus on developing into a leading new energy vehicle producer. The Geely Auto Group began to manufacture a methanol automobile in Shanxi Province, China in December 2015. In February 2016, CRI's first batch of methanol cars was road-tested;

- the Volvo Car Group introduced its first plug-in hybrid diesel version vehicles in 2012, launched the Drive-E powertrain in 2013 and introduced plug-in hybrid twin engine petrol version vehicles in 2015. In July 2017, the Volvo Car Group announced comprehensive electrification strategy in which plug-in hybrids would be introduced across its entire range. In October 2017, Polestar became a standalone brand under the Volvo Car Group focusing on high performance electric cars. In January 2018, the first climate neutral manufacturing plant of Volvo switched to renewable heating. In 2019, the Volvo Car Group produced its first all-electric car, the XC40 Recharge. In 2020, the Volvo Car Group's Chengdu base has become the 1st net zero car manufacturing plant in China. In 2021, the Volvo Car Group introduced its pure electric compact SUV model C40 Recharge. The Volvo Car Group intends to launch a new model of all-electric car every year over the next few years; and

- LEVC opened a new factory in Antsy, United Kingdom in March 2017, which is the first new energy vehicle production centre established in the United Kingdom in the last decade and it possesses ten times the production capacity of the factory it replaced. In December 2017, LEVC launched TX5, the first zero-emission capable black cab in London. In January 2020, LEVC launched its electric TX model in Tokyo, Japan. In November 2020, LEVC's electric van model VN5 was put into production, and it was awarded the Best Medium EV Van of the Year accolade in 2021 by the Company Car & Van. "Farizon Auto" brand was officially launched in October 2016, with its first products being a pure electric light commercial vehicle and a city bus. In April 2019, Farizon Auto launched the world's first M100 methanol fuel heavy truck. In May 2019, Farizon Auto launched two new zero-emission buses.

The Group intends to promote the offering of gasoline-electric hybrid vehicles, plug-in range extended electric vehicles and electric vehicles. With a substantial investment in new technologies and innovations like powertrain, new energy and turbocharged engines over the past few years, the Group's products have become far more environmentally friendly and fuel-efficient. The Group will continue to offer more energy-efficient solutions to its customers such as plug-in range extended electric vehicles and hybrid electric vehicles, and high-performance turbocharged engines for more of its models, thus strengthening its product line and enhancing the competitiveness of its products.

Strong Liquidity and Diversified Funding Sources

The Group has been able to maintain strong cash flows and obtain multiple channels of financing. The Group actively explores diversified financing sources, including bank loans, equity and debt financing, and has established a receivables management system to conduct comprehensive credit assessment on its clients and frequently monitors of receivables. The Group also strategically manages its payables by focusing on cooperation with strategically selected suppliers in order to optimise its capital structure and to increase overall liquidity. As such, the Group has been able to record positive net operating cash flows in recent years. As at 30 September 2020, the Group's total indebtedness (which comprises short-term loans, long-term loans due within one year, bonds payable due within one year, short-term financing recognised under other current liabilities, long-term loans and bonds payable) was RMB124,666.5 million, of which RMB9,148.5 million will due within one year, and its cash was RMB78,395.0 million, accounting for 18.2 per cent. of its total assets.

The Group has established cooperative relationships with, and received bank loans from, various PRC banks such as China Development Bank, The Export-Import Bank of China, Bank of China, China Construction Bank, as well as overseas financial institutions, which, in addition to securing access to low-cost financing, allow it to receive long-term loans. As at 30 September 2020, the Group had an aggregate credit facility of approximately RMB217.5 billion with an undrawn balance of RMB120.7 billion. The Group has a strong ability to raise funds from the capital markets. It has successfully completed multibillion Renminbi financings in the domestic debt market through the issuance of corporate bonds, green bonds, medium-term notes, short-term commercial paper and senior notes, and has also successfully raised funds in overseas capital market.

The Group monitors its key leverage ratios to maintain its financial stability. The Group believes its strong cash flow, multiple financing channels and the recognition and upgraded rating of its two core subsidiaries by the international rating agencies will enable it to expand steadily into its target markets and sustain long-term growth.

Experienced and Dedicated Management Team with Global Vision

The Group has a respected senior management team with global vision, extensive expertise and experience in the automobile industry, including automobile manufacturing and engineering, strong execution capabilities, and a commitment to operating efficiency. The industry experience and knowledge of the Group's senior management team have significantly contributed to the success of its operations. Mr. Li Shufu, the Group's founder and chairman, has over 30 years of experience in the automobile manufacturing industry. He was named as one of the "50 most influential persons during the past 50 years in China's automobile industry"(中國汽車工業50年50位傑出人物) in 2003 by China Automotive News (中國汽車報), one of the "most respected entrepreneurs"(最受尊敬企業家稱號) in 2010 by Huade Award (華德獎), and one of the "Top 10 economic persons of the new century"(新世紀10年十大經濟人物稱號) in 2011 by China Economic Net (中國經濟網). Mr. Li was awarded the Order of Leopold (利奧波德騎士勳章) in 2011 by Prince Philippe of Belgium for his contribution in operating Volvo. Mr. Li was awarded as one of the "25 most influential entrepreneurs in China in the 20th century"(20世紀影響中國的25位企業家) and ranked 34th of the "50 most influential business leaders in China"(中國最具影響力的50位商界領袖) in 2012 by Fortune Magazine. In 2017, Mr. Li was named as the "Person of the Year for 2016"(2016年度人物) by China Automotive Review. In November 2017, Mr. Li Shufu was jointly awarded the George A. Olah Memorial Outstanding Contribution Award by the Methanol Institute and the Loker Hydrocarbon Research Institute in the University of Southern California for the Group's work on promoting methanol vehicles.

The Group's senior management team members have extensive experience in finance, technological development and marketing and many of them had worked with reputable state-owned or global conglomerates before joining the Group. For example, Mr. Yang Jian is the vice chairman of the board of directors of the Company. He joined the Group in 1996 and has held various key positions, including product research and development, engineering and construction, manufacturing, quality improvement, marketing, after-sales service and operation and management in the PRC and overseas. Mr. Li Donghui is the chief executive officer of the Company. Mr. Li had taken up senior roles, such as chief financial officer and general manager, in various companies including BMW Brilliance Automotive Ltd. (華晨寶馬汽車公司) and Danfoss (Tianjin) Limited (丹佛斯天津有限公司). The stability of the Group's management team is critical to its long-term development and the continued growth of its business.

BUSINESS STRATEGIES

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

To Continue Diversifying the Group's Brand Portfolio

The Group is committed to becoming a global automotive company leveraging on its global brands and wide-range of product offerings. The Geely Auto Group primarily operated a well-known domestic automotive brand Geely Auto. In 2010, the Group acquired Volvo, a global luxury car brand, as a significant step to fulfil the Group's brand strategy. The Group plans to further offer the products under Geely Auto and Volvo Cars to achieve the synergy between the two brands. On 1 February 2016, the Group announced the establishment of Geely New Energy Commercial Vehicle, which currently manages two brands, LEVC and Farizon Auto, as part of the Group's full offering of passenger and commercial vehicle offerings. Farizon Auto focuses on the development, manufacturing and distribution of clean energy vehicles, and LEVC plans to build on its manufacturing history to focus on the manufacturing of taxis of high quality and light commercial vehicles. In July 2017, Geely, Volvo and the Company signed a memorandum of understanding for cooperation on technology and sourcing through the new joint venture Lynk & Co, in which Geely holds a 50 per cent. equity interest, Volvo holds a 30 per cent. equity interest, and the Company holds 20 per cent. equity interest as at the date of this Offering Circular. Further, since 28 September 2018, Polestar was no longer consolidated into the Volvo Car Group and has operated as a standalone electric performance car brand of the Group. The Group believes its core development goal can be achieved through the diversified brands under the Group with its capability to continue expanding its brand portfolio in future.

To Further Enhance the Group's Capability in Research and Development

With its belief of "Indigenous Innovation, Global Wisdom, Core Technology", the Group aims to seek technological innovations and breakthroughs in new product structuring, vehicle networking, new energy and new materials. The Group believes that this goal can be achieved through integration of its four sub-strategies, namely product platform strategy, safety first strategy, energy diversification strategy and intelligent technology strategy.

According to its product platform strategy, the Group plans to keep developing its modular architectures to cover the entire product line, with the application of platforms including Scalable Product Architecture (SPA) platform, CMA platform, B-segment Modular Architecture (BMA) platform and its Sustainable Experience Architecture (SEA) platform. The Group's SEA platform launched in 2020 represents a leading open-source electric vehicle architecture in the world, with scientific and technological advances in six major areas, namely, interior space, electric power, smart connectivity, autonomous driving, safety and vehicle performance. Under the safety first strategy, the Group has developed several models which have received 5+ star safety ratings from the China-New Car Assessment Program. Pursuant to its energy diversification strategy, the Group also focuses on developing its new energy power system through four technological pathways, namely the pure electric technology, the hybrid technology, the alternative fuels technology and the hydrogen fuel cell technology. The Group will continue focusing on its quality and safety control with regard to the development and manufacture of automobiles. Furthermore, "intelligent connectivity" and "intelligent drive" will be the core technology development strategies of the Group in the next ten years.

To Build Up a Well-established Talent Introduction and Training System

The Group focuses on the combination of internally developed talent with talent brought in from elsewhere in the Chinese and international automotive sectors to form a diverse pool of skills and abilities. The Group attracts talent through multiple channels and creates effective incentive programs to align diverse interests. Following the Group's principles of "respect, achievement and happiness", it plans to offer its employees abundant training opportunities to build ties with their colleagues across the global network and to broaden their own professional horizons. The Group aims to focus on its talent introduction and training system and strive to build a team that is competent, efficient, qualified, energetic and internationally competitive.

To Achieve the Group's Sustainable Development Goal of "Zero-Emissions"

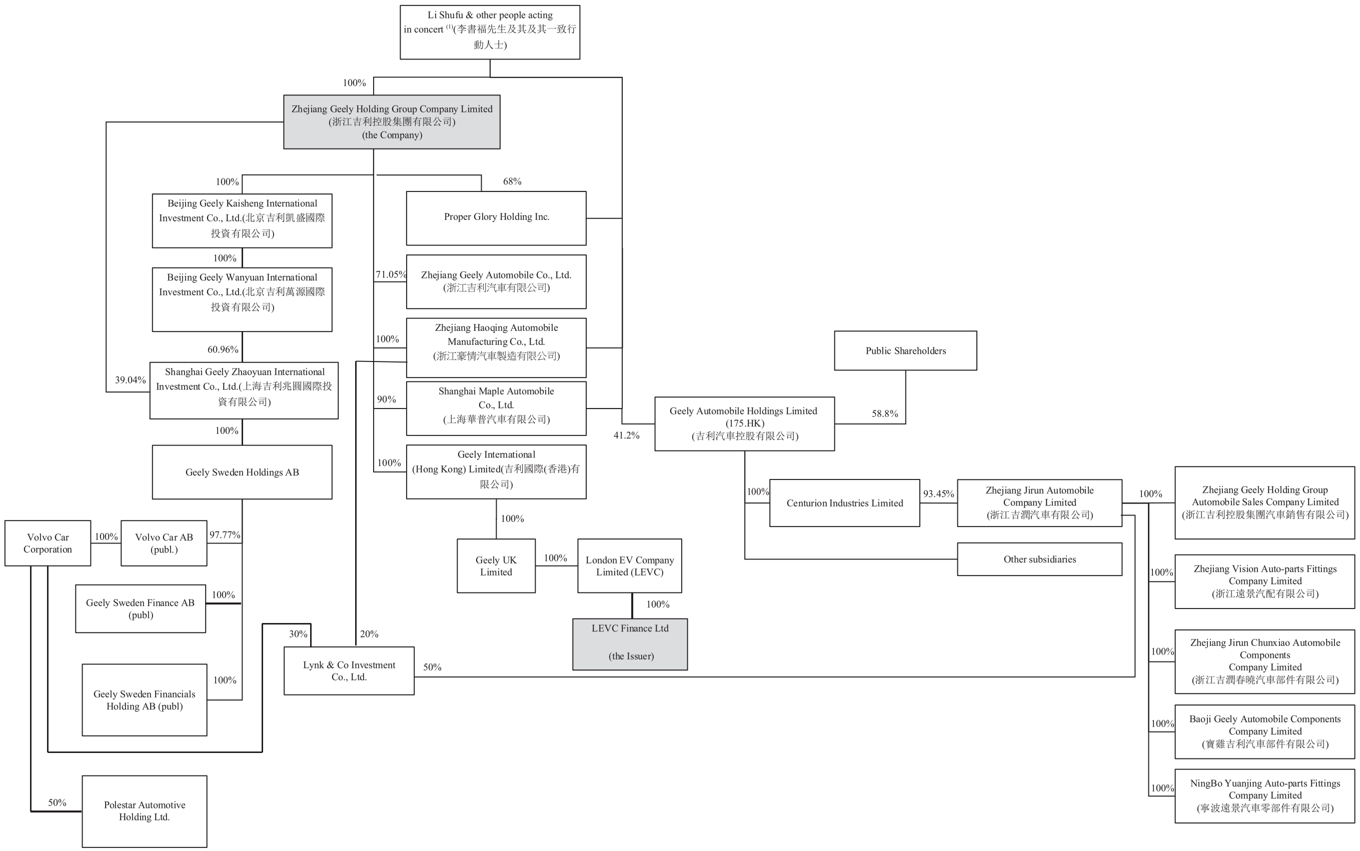
New energy vehicles are expected to be the future growth driver of the automobile industry. The Group plans to further implement its new energy development strategy, including actively exploring alternative fuels and developing new energy solutions. In February 2021, the Group announced its action plans under the "Blue Geely Initiative", according to which it intends to continue developing energy-saving vehicles and new energy vehicles including HEV, PHEV, extended range PHEV and small displacement energy saving vehicles. It further plans to establish a new automobile company to improve its pure electric smart vehicles segment. The Geely Auto Group plans to achieve a leading position in new energy vehicles through the research and development of hydrogen fuel and metal fuel vehicles that employ recent advances in intelligent and lightweight technologies. As the high-end automotive brand under the Geely Auto Group, Lynk & Co intends to develop all-electric versions of every future Geely vehicle model. In addition, the Group aims to release more energy-efficient vehicles, such as Volvo's plug-in extended range electric vehicles and hybrid electric vehicles, to the domestic and overseas markets, to further achieve its goal to replace all old models with more environmentally friendly and more energy-efficient models that are equipped with state-of-the-art powertrain technologies and new energy. In Mar 2021, the Volvo Car Group announced that it is committed to becoming fully electric by 2030, with all fully electric models sold online only. It aims to achieve 50 per cent. of sales from fully electric cars with the rest hybrids by 2025, with the ambition to be a climate-neutral company by 2040.

To Expand the Group's International Presence

The Group has built manufacturing plants, assembly plants, research and development centres and design centres in several major countries and regions, including China, the United States, Belgium, Sweden, the United Kingdom, Germany, India, Spain and Malaysia. As at 30 September 2020, the Group employed approximately 120,000 people globally and its products were sold in more than 100 countries. The Group intends to continue to expand the international presence of its automotive brands by leveraging its established overseas distribution network and broadening product offerings to further increase sales revenue. The Group believes that this strategy will help to expand its revenue base and increase its brand awareness globally.

CORPORATE STRUCTURE

The following chart illustrates a simplified ownership and corporate structure of the Group as at 30 September 2020:



Note:

(1) As at 30 September 2020, Mr. Li Shufu and his son, Mr. Li Xingxing owned 91.075 per cent. and 8.925 per cent., respectively, of the Company's issued share capital.

HISTORY AND DEVELOPMENT

The following are certain key milestone events of the Group.

1986	The predecessor of the Company was established.
1997	The Group entered into the automobile industry.
1998	The Group's first car "Haoqing" commenced production.
2001	The Group obtained licence to produce automotive vehicles, becoming the first private automobile company in China.
2002	The Company was ranked as one of the top ten automobile companies in terms of sales volume in China according to CAAM.
2003	Zhejiang Geely Holding Group Company Limited (the Company) was established. The Group exported its first batch of cars overseas.
2005	One of the Company's subsidiaries, Geely Automobile Holdings Limited, became the first Chinese automotive manufacturer to be listed on The Hong Kong Stock Exchange (HK: 0175).
2010	The Group acquired Volvo from Ford Motor Company, and became the first multinational automotive group in China. The transaction was completed on 2 August 2010.
2012	The Group was listed as a Fortune 500 company for the first time.
2013	In February 2013, the Group acquired 100 per cent. control of Manganese Bronze and its subsidiary, London Taxi International and its joint venture in Shanghai. The Geely Auto Group and the Volvo Car Group jointly established CEVT which is instrumental in developing CMA.
2014	In February 2014, the Group acquired Emerald Automotive, a leader in the development of lightweight and range-extended electric vehicles. In April 2014, the Group officially showcased the flagship GC9 sedan and announced its new brand positioning and official tie-up with the Chinese Olympic Swimming Team. The new brand mission is "Creating Refined Cars for Everybody".
2015	On 26 March 2015, the Group announced its £250 million investment to build a new state-of-the-art research, development and assembly facility for LTC to prepare for the introduction of the next generation London black cab. On 3 July 2015, the Group announced its U.S.$45.5 million investment in Iceland's Carbon Recycling International to develop and use methanol as a clean and sustainable fuel in China.

2016	On 20 May 2016, the Group issued its first U.S.$400 million green bond, only the first offshore green bond ever issued in the PRC automobile industry, for the further development of LTC.
	On 20 October 2016, the Group launched the Lynk & Co brand, a new global car brand with an open application programming interface ("**API**"), personalised services, sharing possibilities and the first dedicated app stores in Gothenburg and Berlin.
	On 5 November 2016, the Geely Auto Group announced its "20200 Strategy" which aims to increase sales volumes to two million by the year 2020.
2017	In May 2017, the Group released the technology brand of "iNTEC Humanized Intelligence Drive Technology" as a strategic direction to focus on intelligent solutions for driving.
	On 23 June 2017, the Group signed an agreement to acquire a 49.9 per cent. equity interest in Malaysian automaker Proton and acquire a 51 per cent. equity interest in luxury sports car brand Lotus from DRB-HICOM Berhad of Malaysia.
	On 13 November 2017, the Group entered into an agreement with Terrafugia Inc, a US-based company focused on the innovation, engineering and production of flying cars and future technologies, to acquire its operations and assets in their entirety.
2018	On 28 June 2018, the Group acquired 8.2 per cent. stake (15.6 per cent. voting right) in AB Volvo (publ), a leading Swedish commercial vehicles and industrial engineering group, becoming its largest shareholder and second largest holder in voting rights.
	In July 2018, the Company established a joint venture with China Railway Investment Co. Ltd. and Tencent Holdings Ltd. ("**Tencent**") to provide Wi-Fi and travel services for high-speed railway passengers.
	In December 2018, the Geely Auto Group and Contemporary Amperex Technology established a joint venture company to produce and develop vehicle batteries for new energy vehicles.
2019	On 28 March 2019, the Company and the Daimler AG announced their plan to form a joint venture to own, operate and develop the Smart brand, a leading brand among small urban vehicles and premium-electrified vehicles.
	On 11 April 2019, the Geely Auto Group launched its first pure electric brand Geometry and its first model Geometry A in Singapore.
	On 13 April 2019, the Company attended the signing ceremony with the 19th Asian Olympic Council and officially partnered with the 19th Asian Games to be held in Hangzhou in 2022.

On 31 June 2019, the Geely Auto Group's subsidiary, Shanghai Maple Guorun Automobile Co., Ltd.(上海華普國潤汽車有限公司), established a joint venture with LG Chem Ltd., a company listed on the Korea Exchange (KRX: 051910), to produce and sell new energy vehicle batteries.

On 3 July 2019, the Company announced that it would cooperate with Baidu, Inc. in the fields of intelligent connectivity, smart mobility, smart home, e-commerce and in other areas related to AI technology.

On 11 November 2019, the first locally assembled TX4 was released in Thailand.

On 17 December 2019, Geely Sweden Holdings AB, a subsidiary of the Company, entered into an agreement with Saxo Bank to establish a technology joint venture aiming to provide financial and regulatory solutions to financial institutions and investors in China.

2020 . . . . On 8 January 2020, the Company and the Mercedes-Benz AG established a joint venture named smart Automobile Co., Ltd. for operating and developing the Smart brand.

On 10 January 2020, LEVC launched its electric TX model in Tokyo, Japan.

On 27 July 2020, the Company and Mercedes-Benz AG established a joint venture, smart Europe GmbH, to sell and service future smart vehicles in the European market.

In October 2020, the Group became the first Chinese automobile enterprise to reach the milestone of having the 10 millionth vehicle sold.

On 20 November 2020, the Company and Daimler AG launched plans to collaborate on developing highly efficient powertrain systems for next-generation hybrid vehicle applications.

2021 . . . . On 10 January 2021, the Company entered a strategic partnership with Baidu, Inc. to produce intelligent electric vehicles.

On 14 January 2021, the Company entered a strategic agreement with Foxconn Technology Group to establish a joint venture company to provide original equipment manufacturer production and consulting services.

On 19 January 2021, the Geely Auto Group and Tencent entered a strategic cooperation in the fields of digitalisation, intelligent cockpits, autonomous drive and low carbon development.

In February 2021, the Group established a joint venture with the Concordium Foundation to provide blockchain service in China.

On 24 February 2021, Geely announced its business combination and collaboration plan with Volvo to deepen their cooperation in powertrains, electrification, autonomous drive technologies and sales network, while maintaining their existing independent corporate structure.

AWARDS

The following are certain major honours and awards the Group has received since its inception:

- "China Automotive Industry Science and Technology Award" by China's Society of Automotive Engineers (SAE-China) in 2020;
- the "Top 500 of Fortune World" for nine consecutive years from 2012 to 2020 by Fortune;
- the "China Auto Service Golden Wrench Award" by Sohu.com and Car service Magazine in 2020 for the 12th consecutive time;
- the "2019 Best Automobile Brand in China" by the world's leading consulting institution Interbrand;
- the "Top Ten Annual Outstanding Brands" by the CCTV National Outstanding Brands Ceremony in 2019;
- the "Quality Prize" by the Zhejiang Provincial Government in 2018 and 2017;
- One of the "World's Fastest Growing Car Companies" in 2017 by Forbes;
- the "World's Leading Enterprises in Intellectual Property" by the 5th China Intellectual Property Forum in 2018;
- the "Zhejiang Patent Golden Award" by the Zhejiang Provincial Administration for Market Regulation and the Zhejiang Private Enterprise Development Association in 2018;
- the "China Trademark Golden Award" by the State Administration for Industry and Commerce of the PRC in 2017;
- the "Most Internationally Competitive Car Model Award" by Auto Business Review in 2017;
- the "China Auto Industry Award" ("Xuanyuan" Award) by Auto Business Review in 2016;
- the "Zhejiang Mechanical Engineering Mass Quality Activity Outstanding Corporation "in 2013-2014;
- the "China Credit Prize" in 2013 by the Automobile Manufacturing Summit & China Credit Prize Ceremony;
- the "Best Annual China Automobile Brand" in 2010 by the Seventh China Automobile General Evaluation Awards Ceremony in Zhengzhou held by China Mainstream Media Automobile Union; and
- the "Innovative Corporation Prize" in 2010 by the "2010 Annual Sci-Tech Innovation Awards Ceremony" held by China Quality Evaluation Association.

DESCRIPTION OF THE GROUP'S BUSINESS

The Group's Brands and Products Portfolio

The Group is principally engaged in the research and development, design, manufacturing, marketing and distribution of passenger vehicles, commercial vehicles and automobile parts and components. The Group offers a comprehensive product portfolio under its complementary brand portfolio, which mainly includes passenger vehicles under its two major subsidiaries: the Geely Auto Group and the Volvo Car Group. The Group operates many well-known international automotive brands including Geely Auto, Lynk & Co, Volvo Cars, Polestar, Geometry, LEVC, Lotus, Farizon Auto and Terrafugia with global operations spanning the automotive value chain, from research, development and design to production, sales and servicing.

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

	Year ended 31 December						Nine months ended 30 September			
	2017		2018		2019		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)									
Manufacturing and sale of complete vehicles	266,950.4	95.9	315,186.9	95.9	324,310.6	98.0	221,893.4	97.8	206,639.1	97.1
Geely series[1]	98,230.8	35.3	124,183.1	37.8	117,808.6	35.6	80,923.1	35.7	73,031.0	34.3
Volvo series[2]	168,719.6	60.6	191,003.8	58.1	206,501.0	62.4	140,970.3	62.1	133,608.1	62.8
Parts and others[3]	11,314.2	4.1	13,334.0	4.1	6,508.1	2.0	4,957.8	2.2	6,083.1	2.9
Total	**278,264.6**	**100.0**	**328,520.9**	**100.0**	**330,817.7**	**100.0**	**226,851.2**	**100.0**	**212,722.2**	**100.0**

Notes:

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

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

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

The Geely Auto Group currently mainly operates two brands: Geely Auto and Lynk & Co, a new joint-venture brand developed by the Geely Auto Group and the Volvo Car Group which targets strategically at the new generation of consumers. The Volvo Car Group currently operates Volvo Cars, one of the most well-known and respected brands in the world with sales in more than 100 countries, and Polestar, a standalone electric performance car brand. LEVC and Farizon Auto are managed by the Geely New Energy Commercial Vehicle. In addition to the brands operated by the Geely Auto Group, the Volvo Car Group and managed by the Geely New Energy Commercial Vehicle, the Group owns other brands acquired through its global expansion, including the British sports car brand Lotus and the leader in flying-car technology Terrafugia.

A selection of the Group's major subsidiary groups and their respective principal vehicle models is set out below:

Geely Auto Group				Volvo Car Group				Geely New Energy Commercial Vehicle
Sedan	Crossover SUV	SUV	New energy vehicle	Sedan	Estate/ Hatchback	SUV/ Crossover	New energy vehicle	
Emgrand GL	Emgrand GS	Geely Boyue	Emgrand EV	S90	V90 Cross Country	XC90[3]	XC40 Recharge	TX – Electric Taxi[4] TX – Electric Shuttle
New Vision	Geely Borui[1]	Vision X6	E,grand PHEV	S60	V60	XC60	XC60 Recharge	E200 Pure Electric Box-type Transport Vehicle
New Emgrand	Lynk & Co 01[2]	Vision X3	Borui GE			XC40	XC90 Recharge	E200 Pure Electric Refrigerating Vehicle
Binrui			Lynk & Co 01				S90 Recharge	E200 Barrier Truck

Geely Auto Group				Volvo Car Group				Geely New Energy Commercial Vehicle
Sedan	Crossover SUV	SUV	New energy vehicle	Sedan	Estate/ Hatchback	SUV/ Crossover	New energy vehicle	
	Lynk & Co 02	Emgrand GS	PHEV				S60 Recharge	E200 Pure Electric engineering vehicle (Double row)
								RE500 (Range-extended Box-type Transport Vehicle)
								RE500 (Range-extended Refrigerating Vehicle)
								RE500 (Range-extended Caravan)
								E200S (Pure Electric Box-type Transport Vehicle)
								E200S (Pure Electric Barrier Truck)
								E200S (Pure Electric Fence vehicle)
								E5 (Pure Electric City Logistics Vehicle)
								E5L (Pure Electric Panel Van)
								E6 (Pure Electric Enclosed Transport Vehicle)
								E6 (Pure Electric Refrigerating Vehicle)
								EV Bus – Farizon E8/E10/E12
								Hydrogen Bus – Farizon F10/F12
								EV Coach – Farizon C11
Borui GE	Lynk & Co 03	Vision S1	Geometry A					M100
	Lynk & Co 05	Xingyue						FX
		Geely Haoyue						

Notes:

1. The Borui model won "The Best Domestic Mid-Size Sedan" in 2017 at the "Best Car 2017 Ceremony" held by Auto Motor und Sport.

2. The Lynk & Co 01 model received a five-star rating in the C-NCAP crash test in 2018.

3. The XC90 model received the top emergency brake system rating by Euro NCAP in 2017.

4. TX5 is a zero-emission capable taxi model developed by LEVC and launched in the UK at the end of 2017 and across international markets in 2018.

Manufacturing and Sale of Complete Vehicles – The Geely Auto Group

Headquartered in Hangzhou, Zhejiang Province, the Geely Auto Group entered the automobile industry in 1997 with its Geely Auto brand and, according to CPCA, became the largest home-grown PRC automobile company in terms of passenger vehicle sales in 2020. The Geely Auto Group currently mainly operates two brands: Geely Auto and Lynk & Co, a new joint-venture brand developed by the Geely Auto Group and the Volvo Car Group which targets strategically at the new generation of consumers. In 2017, 2018 and 2019 and for the nine months ended 30 September 2019 and 2020, operating income derived from the vehicle sales of the Geely Auto Group and Lynk & Co amounted to RMB98,230.8 million, RMB124,183.1 million, RMB117,808.6 million, RMB80,923.1 million and RMB73,031.0 million, respectively, which accounted for 35.3 per cent., 37.8 per cent., 35.6 per cent., 35.7 per cent. and 34.3 per cent. of the Group's total operating income during the relevant periods.

Procurement

The Geely Auto Group has a uniformed system of procurement to maximise its negotiating power and obtain favourable price and procurement agreement terms from suppliers. The Geely Auto Group has set up a tender and bid management office. The office is mainly responsible for establishing supplier, expert evaluation and pricing databases, evaluating bid evaluation team members, managing the bidding process and conducting post-bidding inspections. For special projects, the office will organise bidding activities together with the tender organisations.

The Geely Auto Group mainly procures three categories of raw materials, parts and components:

- Core parts and components: the Geely Auto Group develops, manufactures and sells core parts and components, including engines, gearboxes and electronic power steering gear.

- Steel: the Geely Auto Group procures steel from third-party suppliers in China. The Geely Auto Group has maintained good relationships with its steel suppliers and usually enters into one-year procurement agreements with them to ensure the stable supply of steel at reasonable cost.

- Other parts and components: the Geely Auto Group procures other parts and components including tyres, seats, bumpers, dashboards and seat belts from third-party suppliers.

The table below sets forth the Geely Auto Group's top five suppliers by transactional amount and the absolute percentage of the total transactional amount of each for the years or periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2017		2018		2019		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in millions, except percentages)									
Supplier 1	3,981.4	5.0	3,580.4	3.9	3,074.1	4.4	2,254.6	4.1	1,955.2	3.6
Supplier 2	2,053.5	2.6	2,898.6	3.2	2,199.2	3.2	1,995.8	3.6	1,651.1	3.1
Supplier 3	1,861.8	2.4	2,574.2	2.8	2,127.8	3.1	1,458.8	3.0	1,498.5	2.8
Supplier 4	1,690.7	2.1	2,216.9	2.4	1,747.4	2.5	1,458.8	2.7	1,460.2	2.7
Supplier 5	1,426.3	1.8	2,150.3	2.4	1,102.1	1.69	956.1	1.7	1,075.9	2.0
Total	**11,013.8**	**13.9**	**13,414.4**	**14.7**	**10,250.7**	**14.8**	**8,331.7**	**15.2**	**7,640.9**	**14.2**

The Geely Auto Group has cooperated with local governments to establish industrial parks at various locations near its manufacturing plants, such as Hangzhou Bay, which allows its suppliers to build their production facilities nearby, thus simplifying the logistics, shortening transportation distances and improving procurement efficiency. As at 31 December 2020, the Geely Auto Group has 15 manufacturing plants located in Hangzhou, Beilun, Hangzhou Bay, Chunxiao, Yuyao, Luqiao, Linhai, Xiangtan, Chengdu, Baoji, Jinzhong, Zhangjiakou and Guiyang, respectively. The Geely Auto Group aims to enter into long-term strategic cooperation agreements with suppliers in order to obtain more favourable terms. This also provides an opportunity to expand the Geely Auto Group's business into the upstream of the industry value chain to help support its production.

The Geely Auto Group has adopted information technology to monitor the procurement of raw materials. For example, the Geely Auto Group has adopted the SRM information system in order to streamline the raw materials, parts and components procurement process, manage suppliers' performance and eliminate suppliers that fail to meet its standards. The Geely Auto Group has also adopted the ERP system and the EWM system to improve management efficiency and inventory levels.

Production

Production processes

The production processes generally include the following processes:

- *Stamping*. Steel plates are stamped into body parts of vehicles. Most of the stamping operation is completed at the Group's production facilities.

- *Welding*. Welding is a process whereby the vehicle bodies are formed by welding together the relevant vehicle body parts produced by the Group's stamping workshops and other stamped parts and accessories procured from the suppliers.

- *Painting*. All semi-finished components and external parts are treated on the surface and painted using advanced and automated processes.

- *Assembly*. All semi-finished components, external parts, tyres, engines and other standard outsourced parts are assembled to form the finished goods.

- *Testing and inspection*. Finished products are sent for testing and further adjustments and fine-tuning followed by comprehensive overall inspection.

- *Warehousing and dispatch*. Final products are delivered to the Group's sales agents' warehouses for storage.

Production mode and capacity

The Geely Auto Group adopts a centralised production mode. Under this mode, transportation costs are relatively lower because production plants are close to sales markets and sources of raw materials. In addition, as the needs of customers may vary in different regions, under this mode the Geely Auto Group can manufacture various automobile types based on regional differences. As at 31 December 2020, the Geely Auto Group has 15 manufacturing plants located in Hangzhou, Beilun, Hangzhou Bay, Chunxiao, Yuyao, Luqiao, Linhai, Xiangtan, Chengdu, Baoji, Jinzhong, Zhangjiakou and Guiyang, respectively. The table below sets forth the vehicle production capacity of the Geely Auto Group's existing production facilities as at 31 December 2019:

Name	**Usable Annual Production Capacity**	**Models**
	(Units Per Double Shift)	
Luqiao plant	150,000	Vision X3
Ningbo/Cixi plant	300,000	New Emgrand, Emgrand EV, Emgrand PHEV Vision S1 Binrui
Chunxiao plant	200,000	Geely Borui, Borui GE MHEV Geely Boyue
Xiangtan plant	240,000	Vision Series Binyue, Binyue PHEV
Chengdu plant	130,000	Vision SUV, Emgrand EV
Baoji plant	200,000	Geely Boyue
Linhai plant	300,000	Emgrand GL, Emgrand GL PHEV Emgrand GS
Dajiangdong plant	100,000	Geometry A
Hangzhou Bay DMA plant	150,000	Xingyue, Xingyue PHEV
Guiyang plant	150,000	Jiaji, Jiaji PHEV
Jinzhong plant	180,000	Emgrand GS, Emgrand GSe Emgrand EV, Emgrand PHEV, Geometry A
Total	**2,100,000**	

Primary factors affecting production capacity utilisation rates include market demand, the ability to utilise newly expanded capacity and labour market conditions, such as statutory working hours and statutory holidays. The Geely Auto Group intends to continue to increase its production capacity by expanding existing production facilities, constructing new production facilities, further streamlining and integrating its production processes, and acquiring or building new manufacturing plants.

Marketing, Branding and Sales

Marketing and Branding

The Geely Auto Group has set up a strategic marketing department for market research and analysis, mainly responsible for both domestic and overseas automobile markets research and product analysis. Through its strategic marketing department, the Geely Auto Group understands market needs, predicts future industry trends and provides a basis for making decisions on new product developments.

The Geely Auto Group's marketing and sales subsidiaries covering domestic and overseas markets are in charge of formulating and coordinating overall sales and marketing activities. The Geely Auto Group's marketing and promotional strategy seeks to enhance its brand image and increase consumer awareness of its products in target markets. In addition to its efforts to create a unified brand and a consistent retail experience through a unified store layout and design in its dealer stores, the Geely Auto Group engages in different marketing activities to promote its brands. For example, the Geely Auto Group has adopted new marketing methods in second-and third-tier markets, such as vehicle television shopping, online shopping and vehicle supermarkets, and has created a "hand-to-hand" chain of stores nationally by providing vehicle services.

Sales

The Geely Auto Group sells its products through dealers and franchisees in the domestic and overseas market. As at 30 September 2020, the Geely Auto Group and Lynk & Co had over 1,400 dealers and over 1,300 service stations across China, covering 31 provinces and autonomous regions. As at 30 September 2020, the Geely Auto Group exported its products to 22 countries through 21 sales agents and over 300 sales and service outlets.

The following table sets forth the sales volumes of the Geely Auto Group and Lynk & Co for the periods indicated:

	Year ended 31 December			Nine months ended 30 September		Year ended 31 December
	2017	**2018**	**2019**	**2019**	**2020**	**2020**
	(units)	*(units)*	*(units)*	*(units)*	*(units)*	*(units)*
Sales in the PRC	1,235,873	1,473,305	1,332,552	934,626	836,986	1,247,526
Overseas Sales	11,243	27,533	29,008	23,484	38.486	72,691
Total	**1,247,116**	**1,500,838**	**1,361,560**	**958,110**	**875,472**	**1,320,217**

Pricing and payment arrangements

In determining the suggested retail price for its products, the Geely Auto Group typically takes into account the availability and pricing of comparable products in the market, its cost of goods or services and the positioning of the products and services in the target market. When launching new products, the Geely Auto Group will adjust the pricing of old products accordingly. Pricing for the products will be monitored regularly to ensure competitiveness.

For the domestic market, the Geely Auto Group generally requires advance cash payment before delivery. For certain dealers and franchises which are unable to make advance cash payments, the Geely Auto Group may accept bankers' acceptance with interests charged. For the overseas market, the Geely Auto Group sells its products to dealers and franchisees generally on open account. It offers credit terms to its dealers and franchisees on a case-by-case basis, depending on the location, the credibility and volume of purchases of, each dealer.

After-sale Service System

The Geely Auto Group is committed to providing excellent after-sale service to its end-user customers. The Geely Auto Group has developed vehicle repair and maintenance service centres in the rural areas of China, established a rescue management system, upgraded the repair consultation system, and implemented a quality information feedback mechanism in the market. Its commitment to after-sale service has contributed to its brand recognition, business growth, improved performance and enlarged end-user customer base. The Geely Auto Group's after-sales service has been awarded the title of "Golden Wrench" for the last 12 consecutive years.

Quality Control and Product Safety

The Geely Auto Group has set up a quality management department for product quality control. As an essential member of the Quality Assurance Committee, the Geely Auto Group's quality management department is mainly responsible for quality strategic planning, quality system construction, management platform construction and quality control training.

The Geely Auto Group's quality system is designed to monitor the quality of the products from development to production. In addition, the Geely Auto Group has established a system to improve its quality satisfaction by investigating its customer's satisfaction through various means, including third-party surveys, online surveys, on-site interviews and telephone interviews. The Geely Auto Group has also promoted the informatisation and standardised quality management by establishing the Quality Net System ("**QNS**"), a quality control and management system.

The Geely Auto Group generally provides warranties on the quality of the products it sells to dealers according to applicable laws and regulations. Since 2004, the Geely Auto Group has established procedures and measures in respect of product recall according to PRC laws and regulations. For example, in January 2019, the Geely Auto Group recalled an aggregate of 42,216 units of Geely Vision and GC7 models and 47,441 units of EC7 models due to defective fuel pumps. In September 2020, the Group recalled an aggregate 244,800 Volvo brand vehicles due to flaws in the design of seat belts. In November 2020, the Group further recalled an aggregate 4,479 Volvo brand vehicles, including 369 units of S60 and 4,410 units of S80 due to risk of malfunction of the airbags. See "*Risk Factors – The Group may be unable to maintain an effective quality control system at the Group's manufacturing facilities*."

The Geely Auto Group has been committed to improving product safety and quality. It has developed a comprehensive management system, Geely Total Safety Management, which is an evaluation system and takes all-round look into the safety management over a car's lifespan. The process begins with the initial planning for higher specification cars to research and development, then the rigorous production control phase and lastly, safety education and sales process.

Manufacturing and Sale of Complete Vehicles – The Volvo Car Group

The Group acquired Volvo in 2010, from which it not only inherits the Scandinavian heritage but also derives the majority of its total operating income from the operations of the Volvo Car Group. In 2017, 2018, 2019 and for the nine months ended 30 September 2019 and 2020, operating income derived from the Volvo Car Group's vehicle sales amounted RMB168,719.6 million, RMB191,003.8 million, RMB206,501.0 million, RMB140,970.3 million and RMB133,608.1 million, respectively, which accounted for 60.6 per cent., 58.1 per cent., 62.4 per cent., 62.1 per cent. and 62.8 per cent. of the Group's total operating income during the relevant periods.

Procurement

The Volvo's procurement department in Gothenburg is responsible for the Volvo Car Group's procurement. The Volvo Car Group purchases raw materials, parts and components from various suppliers on both a global and local basis to leverage the price advantages of different markets around the world. As long as global procurement is practicable, the Volvo Car Group will make its procurements on a global basis. The Volvo Car Group's procurements consist of productive procurement and non-productive procurement. Productive procurement means the procurement of automobile parts and components (excluding engines) and steel. Non-productive procurement means procurement of services, including hotel accommodation purchasing, ticket purchasing and logistics-related purchasing.

Since 2014, the Volvo Car Group and the Geely Auto Group have jointly purchased certain automobile parts and components across the world. The procurement department of the Volvo Car Group is generally responsible for technical assessments and the Geely Auto Group is responsible for negotiations, which substantially decreases the procurement cost for both of the Volvo Car Group and the Geely Auto Group.

Production

Production mode and capacity

Similar to the Geely Auto Group, the Volvo Car Group also adopts a centralised production mode for its various models which are categorised by model range (40, 60, and 90) as well as body type (Sedan (S), Wagon (V) and SUV (XC)). In addition, the Volvo Car Group also offers variants such as R-Design, Inscription, Cross Country and Excellence on certain models to cater for consumer demands in respect of driving experience, comfort and styling.

As at 31 December 2020, the Volvo Car Group has established eight vehicle production plants in Belgium, Sweden, China and the United States and an assembly plant in India. In particular, the Volvo Car Group's first U.S. factory in South Carolina was fully established and put into operation in June 2018, further enhancing the Volvo Car Group's global footprint and production capability. In September 2018, production of the new S60 sedans started in the new South Carolina plant.

The table below sets forth the Volvo Car Group's vehicle production capacity of its existing production facilities as at 31 December 2019:

Name	Usable Annual Vehicle Production Capacity	Usable Annual Engine Production Capacity	Models
	(Units)	*(Units)*	
Ghent Plant, Belgium	300,000	–	V40/V40CC, XC40, V60 p
Torslanda Plant, Sweden	300,000	–	XC90, V90/V90CC, XC60,V60/V60CC
Malaysia Plant	20,000	–	XC90, S90, XC60,V60, XC40, S60
Skövde Plant, Sweden	–	600,000	Gas and diesel engines
Charleston Plant, South Carolina, the United States	150,000	–	S60
Zhangjiakou Plant, China	–	300,000	Gas engines
Chengdu Plant, China	150,000	–	XC60, S60L
Daqing Plant, China	150,000	–	S90/S90L, S60
Total	**1,070,000**	**900,000**	

Marketing, Branding and Sale

Marketing and Branding

The Volvo Car Group maintains its brand positioning as a luxury brand. The Volvo Car Group has established the following strategies: (i) stay client-oriented consistently; (ii) commit to innovation and seize the opportunity of global economic development, especially China's economic development; and (iii) focus on China's market and Sweden's market, strengthen presence in European and US markets, and develop the Asian, African and Latin American markets.

Sales

The Volvo Car Group sells its vehicles through its wholly-owned sales companies in different regions through local dealers including four sales companies in the United States, 22 sales companies in EMEA countries, and eight sales companies in Asian Pacific countries. For the years ended 31 December 2017, 2018, 2019 and 2020, China continued to be Volvo Car Group's largest market by country, followed by the United States. The following table sets forth the Volvo Car Group's sales volume by market for the periods indicated:

	Year ended 31 December			Nine months ended 30 September		Year ended 31 December
	2017	**2018**	**2019**	**2019**	**2020**	**2020**
	(units)	*(units)*	*(units)*	*(units)*	*(units)*	*(units)*
Sales in the PRC	114,410	130,593	154,961	109,512	113,278	166,617
Sales outside the PRC	457,167	511,660	550,491	398,192	337,850	495,096
Europe[(1)]	298,948	318,235	341,200	247,610	200,061	288,325
United States	81,504	98,263	108,234	77,432	73,604	110,129
Others	76,715	95,162	101,057	73,150	64,185	96,642
Total	**571,577**	**642,253**	**705,452**	**507,704**	**451,128**	**661,713**

Notes:

(1) Representing the total number of vehicles sold in all countries in the Europe (including United Kingdom).

After-sale Service System

The Volvo Car Group offers various types of after-sale services to customers such as preventive maintenance services, assistance services and IT services. The range and flexibility of its after-sale services mean that the solutions can be customised for each customer. In 2012, the Volvo Car Group established a parts and components redistribution centre in Beijing, which is the second parts and components redistribution centre it has established in China, following the first one in Shanghai. In the future, the Volvo Car Group will further improve its after-sale service to meet its growing customers' needs.

Quality Control and Product Safety

The Volvo Car Group aims to achieve three core values of quality, safety and environmental protection with regard to the development and manufacture of automobiles. It developed the world's leading technologies for promoting air quality inside an automobile, the Indoor Air Quality System and the Environmental Concept Car, which significantly filter road dust, pollen particles and other substances, and minimise the density of nitrogen dioxide and hydroxides inside the automobile.

The Volvo Auto Group generally provides warranties on the quality of the products it sells to dealers according to applicable laws and regulations. In August 2020. Volvo Cars Sales (Shanghai) Co., Ltd. ("**Volvo Sales Shanghai**")(沃爾沃汽車銷售(上海)有限公司) and Zhejiang Haoqing Automobile Manufacturing Co., Ltd. ("**Zhejiang Haoqing**")(浙江豪情汽車製造有限公司) jointly recalled in aggregate 244,800 units of imported and domestically manufactured Volvo cars for design defect in its seat belt fixing cable. In September 2020, Volvo Sales Shanghai and Zhejiang Haoqing further recalled in aggregate 135,316 units of XC60 due to incorrect installation parameters set on the front windshield wiper arm. In December 2020, Volvo Sales Shanghai recalled in aggregate 4,779 units of imported S60 and S80 due to defect in their gas generators.

Parts and Others

In addition to the manufacture of complete vehicles conducted through the Geely Auto Group and the Volvo Car Group, the Group also manufactures and sells passenger vehicles under the LEVC, Farizon Auto, Lotus and Terrafugia brands. Operations have also included production of automobile parts and components. In 2017, 2018 and 2019 and for the nine months ended 30 September 2019 and 2020, operating income derived from the Group's parts and other businesses amounted to RMB11,314.2 million, RMB13,334.0 million, RMB6,508.1 million, RMB4,957.8 million and RMB6,083.1 million, respectively, which accounted for 4.1 per cent., 4.1 per cent., 2.0 per cent., 2.2 per cent. and 2.9 per cent. of the Group's total operating income during the relevant periods.

Parts

The Group offers a full range of engines, new small displacement engines and corresponding manual or automatic gearboxes. The core components, including engines, gearboxes and electronic power steering are mainly developed and produced by the Geely Auto Group. As at 30 September 2020, the Group's manufacturing of engines and parts is carried out through its six subsidiaries that specialise in the core components production. These subsidiaries are Hunan Luoyou Engine Co., Ltd. (湖南羅佑發動機部件有限公司), Zhejiang Geely Luoyou Engine Co., Ltd. (浙江吉利羅佑發動機有限公司), Zhejiang Fengrui Engine Co., Ltd. (浙江鋒銳發動機有限公司), Baoji Geely Engine Co., Ltd. (寶雞吉利發動機有限公司), Zhejiang Yili Engine Co., Ltd. (浙江義利汽車零部件有限公司) and Ningbo UMD Automatic Transmission Co., Ltd. (寧波上中下自動變速器有限公司). The Group continues to emphasise the development of automobile core components. The Group's 4G18CVVT engine, with a power of 57.2kw, is a world-class engine in terms of power. The Group's Z-series automatic transmission filled in a gap in Chinese automatic transmission technology, and won the first prize for Scientific and Technological Progress in the China Automobile Industry (中國汽車行業科技進步一等獎).

Geely New Energy Commercial Vehicle (LEVC and Farizon Auto)

Geely New Energy Commercial Vehicle is a new energy commercial vehicle company that manages two brands: LEVC and Farizon Auto. LEVC is the manufacturer of the iconic London taxi and is committed to becoming a leading producer of new energy-focused urban commercial vehicles. Farizon Auto has three core product lines: new energy-focused trucks, bus chassis and new energy powertrains. Farizon Auto launched its first core products in October 2016 including the E12 pure electric city bus and the E200 pure electric logistics vehicle. As at 31 December 2020, Geely New Energy Commercial Vehicle had established six production plants in China based in Zibo, Yiwu, Nanchong, Jinzhong, Ma'anshan and Shangrao, respectively and one production plant in the United Kingdom in Coventry.

Lotus

In 2017, the Group acquired a 51.0 per cent equity interest in Lotus. Lotus is a British luxury sports car brand founded in 1952. Lotus Engineering, a subsidiary of Lotus, has helped develop some of the most iconic and famed performance sports cars.

Terrafugia

Terrafugia was founded in 2006 by five award-winning MIT graduates that had a vision and a passion for changing the way humans move around their environment. With Terrafugia now being part of the Group, the Group will continue to promote the development of Terrafugia's flying car plans with strengthened research and development efforts in the United States.

RESEARCH AND DEVELOPMENT

The Group places significant emphasis on research and development. As at 31 December 2020, the Geely Auto Group has set up four research and development centres located in China, Sweden and Germany, respectively, namely (i) CEVT in Gothenburg, Sweden; (ii) the Geely automobile research and development centre in Hangzhou, China; (iii) the research and development centre in Frankfurt, Germany and (iv) the Hangzhou Bay flagship research and development centre in Ningbo, China. As at 31 December 2020, the Volvo Car Group has established research & development and design centres in Gothenburg, California and Shanghai.

Established in Gothenburg, Sweden in 2013, CEVT is a research and development centre which has been instrumental in developing CMA, a new generation of scalable architecture on which the Group will be able to accommodate a wide variety of vehicle sizes and body styles. CEVT covers vital aspects of passenger car development – from architecture to powertrain and drive line components, to top hat engineering to a vehicle's exterior design. The first model based on CMA developed at CEVT was introduced in October 2016. CEVT has engaged in the development of new car technologies with the aim to deliver advanced and cost-saving technologies and new vehicle model using the CMA platform. This platform will be used for both the production of Volvo and Geely brand products and the Group expects it to create significant economies of scale that will help it compete with other automobile companies in the breadth of models offered.

The first phase of the Geely automobile research and development centre covers an area of 142,904.45 square metres, including the modelling centre, research and development building, vehicle trial production centre, powertrain test centre, vehicle test centre and staff living facilities. On 10 May 2017, the Group officially released the "iNTEC Humanised Intelligence Drive Technology", including high-efficiency power technology, people-based safety technology, intelligent driving technology, eco-friendly technology and smart connected car technology. The research and development centre has the largest and most advanced whole vehicle trial production centre. The centre passed the national laboratory CNAS system certification in April 2015. It has the most comprehensive self-driving test field in China. The technical parameters of road facilities meet local vehicle regulations and standards in China, the EU, North America, Pan-Europe and the Middle East.

As at 31 December 2020, Geely New Energy Commercial Vehicle has established the LEVC research and development centre in Coventry in the United Kingdom. The LEVC research and development centre launched its new zero-emission capable range of electric taxis ahead of London's "Zero-Emission Capable" regulation under which all new London taxis require zero-emissions capability from 1 January 2018.

The Group also invests in advanced research and development and collaborates with governmental and non-governmental partners to enhance vehicle safety and security solutions. The Group's product development is driven by the cost of and availability of fuel, environment-related legislation and new technologies. Therefore, it focuses its research and development on reducing emissions and increasing energy efficiency, product and traffic safety, and transport solutions.

INTELLECTUAL PROPERTY RIGHTS

Patents, trademarks, trade secrets and other intellectual property rights are crucial to the Group's continued success. The Group is committed to the development and protection of its intellectual property portfolio. The Group has registered or is in the course of registering several trademarks, including its brands "Geely", and "Volvo", in various markets, including those where its products are principally sold. The Group has also obtained patent protection and is in the process of applying for patent protection for certain inventions. As at the end of February 2021, the Group had 15,143 registered patents, which remain alive and effective.

In order to defend the intellectual property rights and the intellectual property rights that it is licensed to use, the Group implemented a set of internal intellectual property management procedures and all matters related to trademarks, patents and trade secrets are required to comply with such procedures. The Group monitors whether there is any infringement of its intellectual property rights by regularly reviewing industrial information and its competitors' product and technology offerings, as well as conducting patent and technology searches and other internet searches. In cases of infringement of its intellectual property rights by third parties, the Group may actively pursue legal action against such third parties. As at the date of this Offering Circular, none of the Issuer, the Company or any other member of the Group is involved in any litigation or arbitration proceedings relating to the Group's intellectual properties, which could have a material adverse effect on the Group's businesses, results of operations and financial condition.

COMPETITION

The industry in which the Group operates is characterised by intense competition among indigenous automobile companies and Sino-foreign joint venture automobile companies as well as international automobile companies. The Group considers its major domestic competitors to be other automobile companies in China with a national presence. The Group also competes across all of its product lines with Sino-foreign joint venture automobile companies as well as international automobile companies. Geely faces competition in the PRC from home-grown automobile manufacturers such as Shanghai General Motors, FAW Group, Dongfeng Motor, and Chang'an Motor. Volvo competes globally with luxury brands such as Mercedes, BMW and Audi.

The Group believes that it is able to compete on the basis of its reputation, extensive sales network, and continuous research and development efforts. The Group believes the entry barriers to its industry are substantial due to the significant amount of capital required to construct manufacturing facilities, high production volumes needed to bring down unit costs, significant technological know-how, research and development capabilities needed to develop high-end products and time and capital required to establish a sales network.

ENVIRONMENTAL PROTECTION AND WORKPLACE SAFETY

Safety and Environmental Protection Office

The Group has set up a safety and environmental protection office for production safety management, occupational health and environmental protection. The office is mainly responsible for establishing emergency management system regulations, making comprehensive emergency plans and coordinating and supervising emergency management offices of each subsidiary. The office aims to ensure manufacturing safety, production emission compliance with applicable PRC laws and regulations and employee occupational health.

Environmental Protection

The Group is subject to the environmental laws and regulations in jurisdictions where it has operations. These laws and regulations in general empower government authorities to impose fees for the discharge of waste, levy fines for offences, or order the closure of any manufacturing facilities that fail to comply with related laws and regulations. Under the relevant environmental laws and regulations, the construction, expansion and operation of the Group's production facilities are subject to certain environmental impact assessments, government inspections and other relevant government environmental approvals. In addition, as the Group's production processes generate noise, waste water, gases and other industrial waste, the Group is also required to comply with applicable national and local environmental regulations. Any failure by the Group to control the use or to restrict adequately the discharge of hazardous substances could subject it to potentially significant monetary damages and fines, suspensions or closures of its business operations.

Safety Management

The Group is subject to various laws and regulations regarding labour, safety and work-related incidents. The Group's corporate safety requirements promote safe manufacturing practices at its manufacturing plants, and each plant also establishes its own safety rules to minimise site-specific employee hazards. The Group has established safety production management systems at its production sites and workplace. The Group has also established equipment safety operation guidelines, conducted regular equipment inspections, adopted advanced technologies and well-designed machinery and equipment, obtained certifications from various certification bodies and provided mandatory staff safety training to ensure the safety of its employees and reduce their exposure to safety risks.

INSURANCE

The Group currently maintains commercial property insurance, employer's liability insurance, cash insurance, personal accident insurance, serious disease insurance and public liability insurance for major operational risks. The Group's insurance policies do not cover environmental damage arising from its operations or caused by natural disasters, such as floods. Accordingly, there may be circumstances in which the Group will not be covered or compensated for certain losses, damages and liabilities, which may in turn adversely affect its financial position and results of operations. Separately, the Group maintains and contributes to insurance coverage for its employees that is required by applicable local laws. For example, the Group has maintained and contributed pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance for its employees in the PRC.

EMPLOYEES

As at 30 September 2020, the Group had approximately 120,000 employees, including approximately 80,000 employees of the Geely Auto Group and approximately 40,000 employees of the Volvo Car Group.

The Group views recruiting, training and retaining skilled employees as an important element of its business. The Group recruits employees from a number of sources, including certain universities, internal applicants, search firms, careers fairs, advertising and the internet. Candidates are reviewed internally and interviewed by a selection team. The Group offers training programs to its employees, which are designed to develop their skills to meet the Group's enterprise standards and customer requirements. For example, the Group has a retention program that includes individual development plans, merit wage adjustments and promotions. In addition, the Group has adopted employee incentive plans designed to attract, retain and incentivise employees with a view to encouraging the participants to commit to enhancing value for the Group and its shareholders as a whole. The Group's full-time employees also participate in various employee benefit plans including pension schemes, extended disability benefits and worker compensation.

As at the date of this Offering Circular, none of the Issuer, the Company or any other member of the Group is involved in any litigation or arbitration proceedings in any labour dispute with the Group's employees, which could have a material adverse effect on the Group's businesses, results of operations and financial condition.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

From time to time, the Group is subject to various legal actions and claims incidental to its business, including those arising out of alleged defects, breaches of contract, product warranties, intellectual property matters, and employment-related matters. See "*Risk Factors – The Group may be subject to disputes, legal, regulatory or other proceedings*".

In addition, the Group is party to numerous administrative, legal and arbitration proceedings and claims that arise in the ordinary course of its business involving purported violations of contractual terms, regulations and laws, none of which are expected to have a material adverse effect on its business, results of operations and financial condition. As at the date of this Offering Circular, the Company is not aware of any material pending or threatened litigation, arbitration, administrative proceeding or claim.

DIRECTORS

The board of directors of the Company is responsible and has general powers for the management and conduct of the Company's business. The Company's board of directors currently consists of eight directors. The term of appointment of a director shall not exceed three years. Upon expiry of the term of appointment, a director may be re-elected. The following table sets forth certain information concerning the Company's directors.

Name	Year of birth	Position
Mr. LI Shufu (李書福)	1963	Chairman of the Board of Directors
Mr. YANG Jian (楊健)	1962	Vice Chairman of the Board of Directors
Mr. SUN Hong (孫宏)	1959	Vice Chairman of the Board of Directors
Mr. AN Conghui (安聰慧)	1970	Director and President
Mr. LI Donghui (李東輝)	1970	Director and Chief Executive Officer
Mr. ZHOU Jianqun (周建群)	1965	Director
Mr. XU Zhihao (徐志豪)	1976	Director
Mr. WANG Xinggui (王興貴)	1962	Director
Mr. PAN Leifang (潘雷方)	1979	Secretary to the Board of Directors, Assistant to the Chairman

Mr. LI Shufu (李書福) is the chairman of the board of directors of the Company and is responsible for overall strategic planning, board leadership, corporate governance and formulation of the corporate policies. Mr. Li founded the Geely Auto Group in 1995 and the Group in 2003. Mr. Li is the Group's controlling shareholder. Mr. Li has almost 30 years of experience in the investment and management of the automobile manufacturing business. Mr. Li is a member of the Chinese People's Political Consultative Conference. Mr. Li was accredited as one of the "50 Most Influential Persons in China's Automobile Industry in the 50 years" in 2003 by China Automotive News (中國汽車報), "China's The Most Respected Entrepreneur" in 2010 by Huade Award Ceremony, "CCTV Chinese Business Person" in 2009, one of the "Top 10 Private Entrepreneurs" in 2004, "Business Person of the Year in Zhejiang" in 2004, one of the "Top 10 Leaders of Independent Innovation among China's Private Entrepreneurs" in 2006, and "Annual Person of the Year of People's Enterprise Social Responsibility" in 2014 by People.net. Mr. Li holds a master's degree in engineering from Yan Shan University (燕山大學).

Mr. YANG Jian (楊健) is a vice chairman of the board of directors of the Company and is responsible for assisting the chairman in board leadership and corporate governance. Mr. Yang joined the Group in 1996 and has held various key positions, including product research and development, engineering and construction, manufacturing, quality improvement, marketing, after-sales service and operation and management in the PRC and overseas. Mr. Yang is a senior economist and a senior engineer in the PRC and holds an EMBA degree and graduated from Zhejiang Radio and Television University (浙江廣播電視大學) with a focus on production management.

Mr. SUN Hong (孫宏) is a vice chairman of the board of directors of the Company and is responsible for compliance, information security, legal matters, bidding, safety and environmental protection. Mr. Sun joined the Group in 2014 and served as a vice president, chief compliance officer, general manager of the Legal Affairs Centre (法律事務中心) of the Company and a vice president and general manager of the Legal Affairs Centre of the Geely Auto Group. Mr. Sun holds a doctor's degree in law from Jilin University (吉林大學).

Mr. AN Conghui (安聰慧) is a director and the president of the Company and is responsible for managing the Group's operations and business. Mr. An joined the Group in 1996 and held various key positions, including chief engineering officer and general manager. Mr. An has extensive professional knowledge and senior managerial experience in the automobile industry, particularly in the field of automotive engineering. Mr. An was previously in charge of the operation under the "Emgrand" product brand following the Group's implementation of the multi-brand strategy and the Group's production of gearboxes, engines and drivetrain systems. Mr. An holds a master's degree in engineering management from Zhejiang University (浙江大學) and a diploma in contemporary accounting from the Hubei University of Economic and Management (湖北經濟管理學院).

Mr. LI Donghui (李東輝) is a director and the chief executive officer of the Company. Prior to joining the Group, Mr. Li had taken up senior roles, such as chief financial officer and general manager, in various companies including BMW Brilliance Automotive Ltd. (華晨寶馬汽車公司) and Danfoss (Tianjin) Limited (丹佛斯天津有限公司). He currently focuses on the management of the Group's operations. He also serves as an independent board director of the China CYTS Tours Holding Co., Ltd. and the YTO Express (International) Holdings Ltd. Mr. Li holds an MBA degree from Kelley School of Business at Indiana University, a Master of Engineering Management from Beijing Institute of Machinery Industry, and a bachelor's degree from Renmin University of China.

Mr. ZHOU Jianqun (周建群) is a director of the Company. Mr. Zhou currently also serves as a chief executive officer of Geely New Energy Commercial Vehicle and is responsible for strategic development, investment, resource integration, joint venture cooperation and business model innovation. Mr. Zhou joined the Group in 2014 and served as a vice president of the Company and the chairman of LEVC. He was also a former vice president of China Association of Automobile Manufacturers (中國汽車工業協會), an expert of Expert Committee of China Automobile Industry (中國汽車行業專家委員) and was accredited as the Outstanding Entrepreneur of China Machinery Industry (中國機械工業優秀企業家) and the 5th Management Master of Zhejiang Province (浙江省第五屆經營管理大師). Mr. Zhou holds a diploma in automation from Nanjing Institute of Aeronautics and Astronautics (南京航空學院)[1].

Mr. XU Zhihao (徐志豪) is a director of the Company. Mr. Xu has been serving as the chief executive officer of Geely Technology Group Co., Ltd. (吉利科技集團有限公司) since December 2017 and has more than 20 years of experience in investment management and industrial group operations. He currently also serves as the chairman of Zhejiang Qjiang Motorcycle Co., Ltd. (浙江錢江摩托股份有限公司). Mr. Xu previously served as the first council member of the Internet Finance Association (互聯網金融協會) and accredited as the 2015 China's New Leader in Internet Finance Industry (2015中國互聯網金融行業新領軍人物) and China's Most Pioneering Internet Finance Leader (中國最具開拓力互聯網金融領袖人物). Mr. Xu holds a diploma from Renmin University of China (中國人民大學), a master's degree from Wudaokou School of Finance of Tsinghua University (清華大學五道口金融學院) and is currently a PhD candidate at Zhejiang University (浙江大學) and Singapore Management University (新加坡管理大學).

Mr. WANG Xinggui (王興貴) is a director of the Company. Mr. Wang currently also serves as the chairman of Mitime Investment and Development Group Co., Ltd. (銘泰投資發展集團有限公司), a vice chairman of Geely Talent Development Group Co., Ltd. (吉利人才發展集團有限公司), a vice chairman of China Automobile and Motorcycle Sports Federation (中國汽車摩托車運動聯合會) and the president of Beijing Automobile and Motorcycle Sports Association (北京市汽車摩托車運動協會). Mr. Wang previously served as the president and the director of the education management committee of Mitime Investment and Development Group Co., Ltd., a vice chairman of Geely Talent Development Group Co., Ltd. and the president of Beijing Geely College (北京吉利學院). Mr. Wang holds a diploma in accounting from Beijing Business School (北京商學院)[2] and an MBA degree from School of Economics and Management of Tsinghua University (清華大學經濟管理學院).

Mr. PAN Leifang (潘雷方) is the secretary to the board of directors and an assistant to the chairman of the Company and is mainly responsible for matters of the board of directors and work assigned by the chairman of the board. Mr. Pan joined the Group in 2002 and served as the planning manager of the marketing department of Geely Automobile Holdings Limited, the secretary to the chairman of the Group, a director of the Office of the Board of Directors (董事局辦公室) of the Company and the

1. Name changed to Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in 1993.
2. Merged with Beijing Technology and Business University (北京工商大學) in 1999.

general manager of Zhejiang Geely Commercial Co., Ltd.(浙江吉利商務有限公司). Mr. Pan has been a director of the China Association of Automobile Manufacturers Listed Company Committee(中國汽車工業協會上市公司委員會)since 2013. Mr. Pan holds a diploma in international trade from Shanghai University of International Business and Economics(上海對外經貿大學)and an MBA degree from Zhejiang Automotive Engineering Institute(浙江汽車工程學院).

SUPERVISORS

The Company's board of supervisors currently consists of two supervisors. The term of appointment of a supervisor shall not exceed three years. Upon expiry of the term of appointment, a supervisor may be re-elected. The following table sets forth information concerning the Company's supervisors.

Name	Age	Position
Mr. YE Weilie(葉維列)	1963	Supervisor
Mr. LI Xingxing(李星星)	1985	Supervisor

Mr. YE Weilie(葉維列) is a supervisor of the Company and serves as the general manager of Geely Automobile Parts Purchasing Ltd. Mr. Ye was appointed as the Company's supervisor in 2012. He joined the Group in 2002, and was in charge of the Group's administrative and daily operations. Mr. Ye holds a bachelor's degree from the Zhejiang Gongshang University Hangzhou College of Commence.

Mr. LI Xingxing(李星星) is a supervisor of the Company. Mr. Li is one of the Company's minority shareholders and is the son of Mr. Li Shufu. He joined the Group in 2008, and was appointed as a supervisor in 2012. Mr. Li holds a bachelor's degree from the University of Essex.

SENIOR MANAGEMENT

The following table sets forth information of the Company's senior management:

Name	Age	Position
Mr. AN Conghui(安聰慧)	1970	Director and President
Mr. LI Donghui(李東輝)	1970	Director and Chief Executive Officer
Ms. WEI Mei(魏梅)	1969	Vice President
Mr. FENG Qingfeng(馮擎峰)	1972	Senior Vice President
Mr. CHEN Yimin(陳益民)	1969	Senior Vice President
Ms. WEI Zhiling(魏志玲)	1961	Senior Vice President
Mr. YANG Xueliang(楊學良)	1974	Senior Vice President and Spokesperson

Mr. AN Cong Hui(安聰慧). See "– *Directors*".

Mr. LI Donghui(李東輝). See "– *Directors*".

Ms. WEI Mei(魏梅) is a vice president of the Company and is responsible for human resources management. Before joining the Group in June 2009, Ms. Wei has served as the head of small appliances business department in Qingdao Haier Refrigerator Company Limited(海爾集團), human resources director of Beiqi Foton Motor Co., Ltd.(北汽福田公司)and vice chairman of Hangzhou Zhonggao Engine Company(杭州中高發動機公司). Ms. Wei is a senior economist and holds a bachelor's degree in science and a master's degree in management from the Ocean University of China(中國海洋大學), and a doctoral degree in management from the Northwest A&F University.

Mr. FENG Qingfeng(馮擎峰) is a senior vice president of the Company and is responsible for strategic innovation. He currently also serves as the CEO of Lotus(路特斯集團). Mr. Feng joined the Group in 1999 and served as the general manager of Zhejiang Geely Holdings Group Automobile Sales Co., Ltd.(浙江吉利控股集團汽車銷售有限公司), the president of Geely Automobile Research Institute

(吉利汽車研究院) and a vice president of the Geely Auto Group. Mr. Feng won the first prize of China Machinery Industry Science and Technology Award (中國機械工業科學技術獎) for his project "Research and Application of Key Eco-Design Technology by Privately-owned Automotive Brand" (自主品牌汽車生態設計關鍵技術研究及應用) in November 2014. Mr. Feng holds a diploma from East China University of Science and Technology (華東理工大學) and an EMBA degree from Tsinghua University.

Mr. CHEN Yimin (陳益民) is a senior vice president of the Company and is responsible for legal affairs. Mr. Chen joined the Group in 2015 and served as a senior director of the Legal Centre of the Group (吉利控股集團法務中心). Prior to joining the Group, he served as a partner of a world-renowned law firm. Mr. Chen holds a diploma from China University of Political Science and Law (中國政法大學) and an LL.M. degree from University of International Business and Economics (對外經濟貿易大學) in Beijing and Columbia University.

Ms. WEI Zhiling (魏志玲) is a senior vice president of the Company and is in charge of the Company's Beijing representative office (北京代表處). She currently also serves as a vice chairman of Federation of Automobile and Motorcycle Sports of People's Republic of China (中國汽車摩托車運動聯合會). Ms. Wei joined the Group in 2011 and served as a vice president of the Company. Ms. Wei holds a diploma from Xi'an University of Posts and Telecommunications (西安郵電學院) and a master's degree in business administration degree from University of Management and Technology.

Mr. YANG Xueliang (楊學良) is a senior vice president and spokesperson of the Company and is responsible for public relationship, motor sports, corporate social responsibility and the coordinated development of the Group's brands. Mr. Yang joined the Group in January 2010 and assisted in a series of international communications for mergers and acquisitions. He previously served as a vice president of the Geely Auto Group, a deputy general manager of Zhejiang Geely Holdings Group Automobile Sales Co., Ltd. and the executive vice president of Lynk & Co. Mr. Yang holds a bachelor of arts degree in English from University of International Relations (國際關係學院) and engaged in further studies at China Europe School of Business Administration in Shanghai (上海中歐工商管理學院) from 2014 to 2015.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. The Group has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, employees, directors, representatives, agents, officers or professional advisers, or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, employees, directors, representatives, agents, officers or professional advisers, or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

*The Notes will have the benefit of the Standby Letter of Credit which will be issued by Bank of China, Singapore Branch, as the LC Bank. Under PRC laws, the LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by Bank of China Limited ("**BOC**" or the "**Bank**", together with its subsidiaries, the "**BOC Group**"), and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, Bank of China Limited would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit.*

INTRODUCTION

Overview

Through BOC's continuous efforts and solid growth, it ranked first in the PRC banking industry in terms of the market share in foreign currency deposits from financial institutions, the inbound international settlement business volume and the overseas assets under custody, respectively. Within the Global 2000 selected by Forbes in 2020 in terms of total operating income, net profits, total asset and market values, BOC ranked the 10th among all companies. In the Top 1000 World Banks selected by The Banker in 2020 in terms of tier-one capital, BOC ranked the 4th.

BOC provides clients with a wide range of financial products and services and has formed a cross-market, internationalised and integrated business model with a focus on commercial banking. BOC has maintained a leading position in the PRC market in most of the core and emerging businesses of commercial banks.

BOC believes that "Bank of China" is one of the most recognised financial service brand names in the PRC with great international influence. BOC has won numerous awards over the years, including:

- the 7th "Overall Top 100 Listed Companies in Hong Kong" and "2019 Top 100 Listed Companies in China" in 2019;
- the "Quam IR Awards 2018" and "The Most Remarkable Investor Relations Recognition" in 2019 by Tonghai IR;
- the "Golden Round Table Award for Value Creation to Board of Directors" in 2019 by Directors & Boards;
- the "Comprehensive Strength Top 100", "Profit After Tax Top 10" and "Market Value Top 10" in 2019 by the Top 100 Hong Kong Listed Companies Research Centre;
- the "Annual Report Competition-Gold", "Top 80 Annual Reports in the Asia-Pacific Region", "Top 80 Chinese Annual Reports" and "Technical Achievement Award" in 2019 by the League of American Communications Professionals;

- the "Excellence Annual Report Award for H Share & Red Chip Entries" in 2019 by the Hong Kong Management Association;

- the "Gold Award in Chairman's/President's Letter" in 2019 by the Annual Report Competition;

- the "Excellence in Distributor for Private Equity" in the Ying Hua Awards organised by China Fund;

- the "Best National Private Banking in China" in 2019 by Asian Private Banker;

- the "2019 Best Cross-border Financial Service" in 2019 by China Business;

- the "Golden Award | Best Domestic Private Bank – Family Succession Service" in 2019 by Wealth;

- the "Innovative Institution of Best Local Family Service Practice" in 2019 by FOTT;

- the "Best Private Bank for International Network in China" and "Best Overall Chinese Bank for Belt and Road Initiative" in 2019 by Asiamoney;

- the "Annual Brand Award", "Annual Popular Brand Case Award", "Social Responsibility Annual Case Award" and "Integrated Marketing Annual Case Award" of the 2nd (2019) China Financial Brand Annual Brand Case Competition Award;

- the "Best Credit Card Brand" in 2019 by Sina;

- the "Risk Management Awards: Enterprise Technology Implementation of the Year" in 2019 by The Asian Banker;

- the "Best Social Responsibility Management", "Achievement Award for Supporting the Three Critical Battles" and "Achievement Award for Practicing Belt and Road Initiative" in 2019 by China Banking Association;

- the "2019 Best Commercial Bank" in 2019 by Financial Times; and

- the "2019 Responsible Enterprise" in 2019 by China Newsweek.

The following table sets forth details of the BOC Group's total assets, share capital, loans and advances to customers and due to customers as at 31 December 2017, 2018 and 2019 and 30 September 2020:

	As at 31 December			As at 30 September
	2017	**2018**	**2019**	**2020**
		(audited)		**(unaudited)**
		(RMB in millions)		*(RMB in millions)*
Total Assets	19,467,424	21,267,275	22,769,744	24,703,889
Share capital	294,388	294,388	294,388	294,388
Loans and advances to customers	10,896,558	11,819,272	13,068,785	14,307,435
Due to customers	13,657,924	14,883,596	15,817,548	17,384,991

As at 30 September 2020, BOC's core tier 1 capital adequacy ratio was 12.64 per cent., and BOC's capital adequacy ratio was 15.69 per cent.

BUSINESS OVERVIEW

The BOC Group's principal businesses include corporate banking, personal banking and treasury operations. The following table shows the operating income of the BOC Group's principal business segments in the period specified:

	Year ended 31 December					
	2017		2018		2019	
	(unaudited) (RMB in millions)	per cent	(unaudited) (RMB in millions)	per cent	(unaudited) (RMB in millions)	per cent.
Commercial banking business	497,424	90.44	462,355	91.77	436,251	90.18
Corporate banking	221,123	40.21	211,365	41.96	204,509	42.27
Personal banking	186,744	33.95	173,531	34.44	159,197	32.91
Treasury operations	89,557	16.28	77,459	15.37	72,545	15.00
Investment banking and insurance	35,226	6.40	25,524	5.07	31,622	6.54
Others and elimination	17,360	3.16	15,927	3.16	15,888	3.28
Total operating income	**550,010**	**100.00**	**503,806**	**100.00**	**483,761**	**100.00**

COMMERCIAL BANKING

The BOC Group's commercial banking business focuses on the three main tasks of serving the real economy, preventing financial risks, and deepening financial reform. It not only pursues progress but also ensures stability and strengthens the implementation of its development strategies. The BOC Group's commercial banking business includes corporate banking, personal banking and treasury operations.

Corporate Banking

The BOC Group provides a series of corporate banking products and services to state-owned enterprises, privately owned enterprises, foreign-invested enterprises, government authorities and other entities. The BOC Group's corporate banking products and services include corporate deposits and loans, inclusive finance, financial institutions business, transaction banking and pension business:

Corporate Deposits and Loans

The BOC Group's corporate deposits business provides corporate savings products and services for key industries such as public finance and social security, education and public health. It also serves customer along the upstream and downstream of supply chains and industrial chains. In order to strengthen its corporate deposits business, the BOC Group updates its corporate online banking system and enhances its role of settlement, cash management and other primary businesses in the corporate deposits business. It also promotes digital development in corporate banking, with big data techniques to help refine its management.

The BOC Group's corporate loans include short term loans and medium to long term loans. The BOC Group's corporate loans include working capital loans, project loans and property loans distributed by product line, and it provided greater credit support for projects in infrastructure, manufacturing, modern services, technological innovation enterprises and other fields, and improved services for private enterprises. It provides corporate clients with multiple interest-bearing demand and time deposit services in RMB and major foreign currencies. The BOC Group implements differentiated credit policies for regions of strategic significance, including the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Xiongan New Area, the Beijing-Tianjin-Hebei region and the Hainan Pilot Free Trade Zone.

Inclusive Finance

The BOC Group serves small and medium enterprise ("**SME**") customers in an all-round manner by building an independent system of small enterprise credit policies, processes and products and giving priority to credit resource allocation in this regard. The BOC Group provides micro- and small-sized enterprises with credit support, comprehensive policy and resource support. The BOC Group reduces financing costs for these enterprises and enhances quality and efficacy of its services. It also strengthens risk control and improved operational compliance to improve the systems and mechanisms, policy processes and information systems.

Financial Institutions Business

The BOC Group cooperates with different financial institutions, with the establishment and refinement of its integrated financial services platform. It provides such financial services for multinational institutions and enterprises as international settlement, bond financing, foreign exchange trading, investment custody and global cash management.

Having expanded its cross-border RMB businesses, the BOC Group becomes the major RMB clearing channel and main RMB cooperating bank for overseas central banks and other sovereign institutions, commercial banks and exchange houses. It also promotes the RMB Cross-Border Interbank Payment System ("**CIPS**") and maintains the cooperating relationship with domestic and overseas financial institutions.

The BOC Group provides an array of custody services to securities investment funds, enterprise annuity, National Council for Social Security Fund, insurance companies, commercial banks, qualified foreign institutional investors ("**QFII**"), RMB qualified foreign institutional investors ("**RQFII**") and other bank clients, including assets custody, capital clearing, accounting, transaction monitoring, performance appraisal and reporting service. In addition, it is also the sole settlement bank for the comprehensive promotion phase of H-share "full circulation" and the sole cross-border settlement account of China Securities Depository and Clearing Corporation Limited.

Transaction Banking

The BOC Group provides international trade finance and international settlement services to import and export enterprises, integrating financing, settlement, wealth management and trading to enhance its services. It largely completed the domestic and overseas framework and logical integration of its transaction banking business and the launch of the principal, first-phase components of the BOC Intelligent Global Transaction Banking service platform. To support the National Office of Port Administration in the financial services, the BOC Group has launched such functions as tax and fee payment, reservation for account opening, concentrated and consolidated tax collection letter of guarantee online application, cross-border remittance, SME tax and fee financing and insurance premium payment. It also provides an integrated financial services plan for cross-border e-commerce, covering matchmaking, financing and payment for cross-border e-commerce industry.

The BOC Group provides global supply chain products, integrates products denominated in RMB and foreign currencies to support financing for SME and has launched receivables buyout, dealer financing and other financial service solutions. By promoting the "BOC Bill E-discount", the BOC Group provides an online bill discount service for micro-, small- and medium-sized enterprises and private enterprises.

The BOC Group pushes forward RMB internationalisation in an orderly manner and serves as the main channel for RMB cross-border flows. In 2019, it was recognised as "Best Bank for Transaction Services" and "Best Chinese Bank for RMB Internationalisation" by *Global Finance*, and awarded "Best Transaction Bank for Trade Finance" and "Best Transaction Bank for International Cash Management" by *Asiamoney* and "Best Regional Cash Manager in Asia" by *Euromoney*.

The BOC Group also promotes the development of application scenarios for transaction banking such as the "Global Cash Management Platform+" to increase the number of group customers of its cash management business.

Pension Services

The BOC Group provides pension management and trusteeship services to personal accounts of basic pension funds and other pension funds. The BOC Group has built a diversified pension service system targeting at enterprise annuities, occupational annuities, employee benefit plans and pension security management products. The BOC Group has also launched scenario building for the silver economy as a part of its strategic planning of the pension business.

Personal Banking

The BOC Group's personal banking products and services include personal deposits, personal loans, wealth management and private banking and bank card business:

Personal Deposits

The BOC Group provides demand deposits and term deposits in RMB and foreign currencies. Customers can access their accounts through banking outlets, automated teller machines, cash deposit machines, as well as through facilities such as telephone banking, internet banking and mobile banking. It also provided payment agency customers with a package of integrated service solutions, including account opening, salary payment, consumption and investment.

Personal Loans

The BOC Group offers a range of products loans to personal customers, including personal housing loans, personal consumption loans, cultural consumption loans, personal business loans, overseas study loans and credit card overdrafts. The BOC Group also markets personal business loans targeting at key commodity trading markets and offers financing services to small- and medium-sized merchants. It launched "BOC E-Credit • Operation Loan", "BOC E-Credit • Tax Loan", "BOC Wealth Accumulator", loans for merchants and other inclusive finance loan products, and carried out state requirements for cutting taxes and fees, with a focus on addressing the difficulties and high financing costs faced by micro and small-sized enterprises.

Wealth Management and Private Banking

The BOC Group's wealth management and private banking services include asset management, alternative investment, fully entrusted business, consulting, financial management, cross-border financing and wealth inheritance. Private banking centres have been established in all domestic branches in China and areas with high concentrations of high net worth customers. It has established BOC Investment Strategy Research Centre and released the BOC Guangdong-Hong Kong-Macao Greater Bay Area Wealth Index and the 2020 BOC White Paper on Personal Banking Global Asset Allocation. In addition, the Bank continuously strengthened its service system building, improved its talent management mechanism, and achieved significant progress in cultivating teams of wealth management managers, private bankers and investment advisors.

Bank Card Business

Credit Card

The BOC Group offers a variety of credit cards. The Bank actively pushes forward credit card innovation and continuously enhances its credit card products system, introducing exclusive and eye-catching features. Striving to create a middle and high-end, international, metropolitan brand image, it has made promotional efforts for its Olympic Winter Games Beijing 2022-themed Credit Card, China UnionPay Winter Sports-themed Credit Card BOC Great Wall Globe-in-One Credit Cards, Car Credit Card, and ETC Co-branded Credit Card products. It has issued BOC Digital Credit Card and established a "Digital Card Plus" payment ecosystem, ensuring that customers remain active upon acquisition. By focusing on people's livelihood, household, auto and featured services, the Bank creates a diversified, efficient and market-leading consumer finance products system. It promotes such instalment service as the online "BOC E Instalment", such authentication technologies as the "BOC Smart Payment" and such online checkout product as the "BOC Smart Merchant" to meet customers' diverse demands for financial services.

Debit Card

The Bank steadily promoted its debit card business and expanded scenario-based applications for mobile payment, thus continuing to improve customer experience. The BOC Group also expands its service scope to cover primary and high schools, kindergartens, training institutions and other educational markets.

Social Security Card

The BOC Group also issues social security cards equipped with financial functions. It promotes such online products as electronic social security cards and electronic health cards in order to provide services that integrate online and offline modes as well as financial and non-financial services.

INVESTMENT BANKING AND INSURANCE

The BOC Group's investment banking business consists of debt and equity underwriting and financial advisory, sales and trading of securities, stock brokerage, investment research and asset management services, and private equity investment services. Its insurance business serves to underwrite general and life insurance business and provides insurance agency services.

In the investment banking sector, the BOC Group enhances its capabilities in cross-border services to serve its clients with an effort to develop is M&A business and an extensive reach in Southeast Asian markets. It helps foreign enterprises to leverage Chinese capital and expand into the Chinese market. It also helps Chinese companies to expand its global business. The BOC Group promotes the internationalisation of the domestic commodity futures market and provides over-the-counter trading services for oil futures of the Shanghai International Energy Exchange. It also promotes FinTech and product innovation.

Board of Directors

The board of directors of the LC Bank as at 30 September 2020 comprised of:

Name	Title
Mr. Liange LIU.	Chairman of the Board of Directors
Mr. Jiang WANG	Vice Chairman of the Board of Directors and President of the Bank
Mr. Wei WANG	Executive Director of the Board of Directors and Executive Vice President of the Bank
Mr. Jingzhen LIN	Executive Director of the Bank and Executive Vice President of the Bank
Mr. Jie ZHAO	Non-executive Director of the Bank
Ms. Lihong XIAO	Non-executive Director of the Bank
Ms. Xiaoya WANG	Non-executive Director of the Bank
Mr. Jiangang ZHANG	Non-executive Director of the Bank
Mr. Jianbo CHEN	Non-executive Director of the Bank
Mr. Changyun WANG	Independent Director of the Bank
Ms. Angela CHAO	Independent Director of the Bank
Mr. Guohua JIANG	Independent Director of the Bank
Mr. Martin Cheung Kong LIAO . .	Independent Director of the Bank
Ms. Chunhua CHEN	Independent Director of the Bank
Mr. Jose Sai Peng CHUI	Independent Director of the Bank

FINANCIAL INFORMATION

The summary consolidated financial information of the BOC for the years ended 31 December 2017, 2018 and 2019 set forth in the tables below have been extracted from the audited consolidated financial statements contained in its annual reports for the years ended 31 December 2018 and 2019 and should be read in conjunction with the notes to the consolidated financial statements contained therein. The audited consolidated financial statements of BOC for the year ended 31 December 2018 were and 2019 were audited by Ernst & Young Hua Ming LLP as the Bank's domestic auditor, and Ernst & Young as the Bank's internal control auditor, in accordance with Chinese and international auditing standards, respectively.

The summary unaudited financial information set forth in the tables below has been extracted from the BOC's Reports for the Third Quarter ended 30 September 2019 and 2020 which were published by the BOC on 30 October 2019 and 30 October 2020, respectively. The unaudited consolidated financial statements of the BOC are prepared in accordance with International Financial Reporting Standards.

Consolidated Statement of Income

	As at 31 December			As at 30 September	
	2017	2018	2019	2019	2020
		(audited) *(RMB in millions)*		(unaudited) *(RMB in millions)*	
Interest income	622,616	687,900	742,207	553,652	558,897
Interest expense	(284,227)	(328,194)	(367,957)	(275,832)	(261,392)
NET INTEREST INCOME	**338,389**	**359,706**	**374,250**	**277,820**	**297,505**
Fee and commission income	100,800	99,997	104,917	82,488	82,559
Fee and commission expense	(12,109)	(12,789)	(15,305)	(10,872)	(10,485)
NET FEE AND COMMISSION INCOME	**88,691**	**87,208**	**89,612**	**71,616**	**72,074**
Net trading income/(expense)	1,686	6,719	28,563	22,123	4,606
Net gain on financial investments	2,406	2,817	3.477	3,738	9,793
Other operating income, net	52,589	47,356	54,108	41,560	46,324
OPERATING INCOME	**483,761**	**503,806**	**550,010**	**416,857**	**430,302**
Operating expenses	(173,859)	(176,979)	(198,269)	(142,401)	(145,070)
Impairment losses on:	(88,161)	(99,294)	(102,153)	(60,847)	(96,903)
OPERATING PROFIT	**221,741**	**227,533**	**249,588**	**213,609**	**188,329**
Share of profits associates and joint ventures	1,162	2,110	1,057	822	450
PROFIT BEFORE TAXATION	**222,903**	**229,643**	**250,645**	**214,431**	**188,779**
Income tax expense	(37,917)	(37,208)	(48,754)	(43,185)	(32,793)
PROFIT FOR THE PERIOD	**184,986**	**192,435**	**201,891**	**171,246**	**155,986**
Attributable to:					
Equity holders of the bank	172,407	180,086	187,405	159,579	145,711
Non-controlling interests	12,579	12,349	14,486	11,667	10,275
	184,986	**192,435**	**201,891**	**171,246**	**155,986**
EARNING PER SHARE					
–Basic (RMB yuan)	0.56	0.59	0.61	0.52	0.46
–Diluted (RMB yuan)	0.56	0.59	0.61	0.52	0.46

Consolidated Statement of Comprehensive Income

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
		(audited) *(RMB in millions)*		(unaudited) *(RMB in millions)*	
Profit for the period	**184,986**	**192,435**	**201,891**	**171,246**	**155,986**
Other comprehensive income:					
Items that will not be reclassified to profit or loss	(57)	(1,371)	2,090	1,048	(1,311)
Items that may be reclassified subsequently to profit or loss:					
Changes in fair value on investments in debt instruments measured at fair value through other comprehensive income	–	22,072	11,919	8,716	(7,059)
Allowance for credit losses on investments in debt instruments measured at fair value through other comprehensive income	–	(600)	515	429	2,998
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	521	59	(440)	(318)	(59)
Exchange differences from the translation of foreign operations	(16,226)	12,775	7,089	9,215	(8,331)
Others	324	197	602	(509)	70
Subtotal	(36,022)	34,503	19,685	17,533	(12,381)
Other comprehensive income for the period, net of tax	**(36,074)**	**33,132**	**21,775**	**18,581**	**(13,692)**
Total comprehensive income for the period	**148,912**	**225,567**	**223,666**	**189,827**	**142,294**
Total comprehensive income attribute to:					
Equity holders of the Bank	140,688	209,946	205,601	174,212	135,447
Non-controlling interests	8,224	15,621	18,065	15,615	6,847
	148,912	**225,567**	**223,666**	**189,827**	**142,294**

Consolidated Statement of Financial Position

	As at 31 December			As at 30 September	
	2017	2018	2019	2019	2020
		(audited)		(unaudited)	
		(RMB in millions)		*(RMB in millions)*	
ASSETS					
Cash and due from banks and other financial institutions.	560,463	439,931	565,467	458,523	850,809
Balances with central banks	2,227,614	2,331,053	2,078,809	1,984,490	2,267,798
Placements with and loans to banks and other financial institutions. .	575,399	1,042,358	898,959	1,085,418	1,177,397
Government certificates of indebtedness for banknotes issued	129,350	145,010	155,466	161,096	188,421
Precious metals	172,763	181,203	206,210	226,517	218,662
Derivative financial assets	94,912	124,126	93,335	137,521	132,421
Loans and advances to customers. .	10,644,304	11,515,764	12,743,425	12,567,355	13,932,743
Financial investments.	4,554,722	5,054,551	5,514,062	5,491,220	5,369,308
Investments in associates and joint ventures	17,180	23,369	23,210	23,654	34,938
Property and equipment	205,614	227,394	244,540	238,839	245,561
Investment properties	21,026	22,086	23,108	23,081	21,939
Deferred income tax assets	46,487	38,204	44,029	35,180	58,283
Other assets	217,590	122,226	179,124	175,270	205,609
TOTAL ASSETS	**19,467,424**	**21,267,275**	**22,769,744**	**2,608,164**	**24,703,889**
LIABILITIES					
Due to banks and other financial institutions	1,425,262	1,731,209	1,668,046	1,737,052	1,919,924
Due to central banks	1,035,797	907,521	846,277	834,653	827,307
Bank notes in circulation	129,671	145,187	155,609	161,174	188,734
Placements from banks and other financial institutions.	500,092	612,267	639,675	541,298	340,446
Financial liabilities held for trading	20,372	14,327	19,475	13,579	13,027
Derivative financial liabilities	111,095	99,254	90,060	129,072	151,709
Due to customers.	13,657,924	14,883,596	15,817,548	15,772,547	17,384,991
Bonds issued	499,128	782,127	1,096,087	1,006,691	1,289,522
Other borrowings	30,628	32,761	28,011	27,389	26,771
Current tax liabilities	34,521	27,894	59,102	45,291	50,925
Retirement benefit obligations	3,027	2,825	2,533	2,638	2,339
Deferred income tax liabilities. . . .	4,018	4,548	5,452	5,279	5,984
Other Liabilities	439,210	298,362	365,173	343,775	396,317
TOTAL LIABILITIES	**17,890,745**	**19,541,878**	**20,793,048**	**20,620,438**	**22,597,996**
EQUITY					
Capital and reserves attributable to equity holders of the Bank					
Share capital.	294,388	294,388	294,388	294,388	294,388
Other equity instruments.	99,714	99,714	199,893	239,676	259,464
Capital reserve	141,880	142,135	136,012	142,223	136,047
Treasury shares	(102)	(68)	(7)	(11)	(15)
Other comprehensive income.	(35,573)	1,417	19,613	16,040	9,502
Statutory reserves	141,334	157,464	174,762	157,893	175,316
General and regulatory reserves. . .	207,817	231,525	250,100	231,925	247,731
Undistributed profits	646,558	686,405	776,940	784,181	856,826
	1,496,016	**1,612,980**	**1,851,701**	**1,866,315**	**1,979,259**
Non-controlling interests.	**80,663**	**112,417**	**124,995**	**121,411**	**126,634**
TOTAL EQUITY.	**1,576,679**	**1,725,397**	**1,976,696**	**1,987,726**	**2,105,893**
TOTAL EQUITY AND LIABILITIES	**19,467,424**	**21,267,275**	**22,769,744**	**22,608,164**	**24,703,889**

General Information

BOC's registered office is located at No. 1 Fuxingmen Nei Dajie, Beijing, China 100818. BOC's website address is www.BOC.cn. Information contained on the BOC's website is subject to change from time to time. No representation is made by the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents and none of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents takes any responsibility for any information contained on BOC's website.

Copies of the latest annual and interim reports of BOC, as well as its public filings, can be downloaded free of charge from the website of the Hong Kong Stock Exchange on the internet at www.hkex.com.hk.

PRC REGULATIONS

The following discussion summarizes the principal PRC laws, regulations, policies and administrative directives to which the Group is subject.

POLICIES AFFECTING THE PRC AUTOMOBILE INDUSTRY

The PRC government principally monitors the PRC automobile industry through the following authorities:

(a) the PRC State Administration for Market Regulation (the "**SAMR**");

(b) the MIIT;

(c) the Ministry of Ecology and Environment of the PRC (the "**MEE**"); and

(d) the Ministry of Commerce of the PRC (the "**MOFCOM**").

The above authorities have different functions, but they work collaboratively with each other to effectively monitor the PRC automobile industry. The NDRC is principally responsible for determining the policy of the PRC automobile industry and the long-term planning of the industry development. The MIIT is responsible for administering the PRC automobile industry. The SAMR specializes in products quality control. The MEE is responsible for limiting the level of emission of automobiles. The MOFCOM is responsible for the formulation of policies or regulations concerning automobile sales and the pertinent services nationwide.

On 21 May 2004, the NDRC promulgated the Policy on the Development of Automobile Industry (汽車產業發展政策)(the "**Policy**"), which became effective on the same day and was further amended by the NDRC and the MIIT on 15 August 2009. The Policy contains provisions relating to, among other things, the PRC automobile industry policies and aims, technology policies, structural adjustments, market access administration, trademarks, product development, spare parts sales and other relevant sub-industries, distribution networks, investment administration, import administration, and automobile consumption.

The plan on Adjusting and Revitalizing the Automobile Industry (汽車產業調整和振興規劃)(the "**Plan**") was promulgated by the General Office of the State Council and became effective on 20 March 2009. The Plan specified the main tasks for the adjustment and revitalization of the automobile industry from 2009 to 2011, which include, without limitation, fostering the automobile consumption market, supporting enterprises' independent innovation, and promoting new-energy automobiles, indigenous brands and auto product export. In order to fulfill those tasks, the Plan also provides a number of policies and measures including (1) reducing the purchase tax on passenger vehicles; (2) implementing a program for bringing automobiles to rural areas; (3) accelerating the retirement and upgrade of old and used cars; (4) revoking unreasonable restrictions on automobile purchase; (5) promoting and regulating the automobile consumption credit loans; (6) standardizing and promoting the development of the second-hand vehicle market; (7) accelerating the construction of the urban road transportation system; (8) improving the automobile enterprise reorganization policies; (9) increasing technology and innovation investments; (10) promoting the use of energy-efficient and new-energy automobiles; and (11) implementing and improving the Policy. The Medium-and Long-Term Plan on the Automobile Industry (汽車產業中長期發展規劃)(the "**Medium Plan**") was promulgated by the NDRC, the MIIT and the Ministry of Science and Technology of the PRC and became effective on 6 April 2017. The Medium Plan envisions China becoming a top automobile country in the world over the next ten years. In particular, the Plan aims to have several top ten new-energy automobile companies of the world by 2020, have several top ten automobile sellers of the world by 2025, and have several top ten automobile parts companies of the world by 2025. The Medium Plan designates the new-energy automobile, the smart internet of vehicle, and the energy-saving automobile as key areas to develop.

Foreign Investment in Automobile Industry

The Foreign Investment Law of the PRC (中華人民共和國外商投資法), which was passed by the National People's Congress in China (全國人民代表大會)(the "**NPC**") on 15 March 2019 and came into force on 1 January 2020, and the Implementation Rules of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which was promulgated by the State Council on 26 December 2019 and came into force on 1 January 2020 (collectively, the "**Foreign Investment Law**"), are formulated with the purpose of furthering opening up, actively promoting foreign investment, protecting the lawful rights and interests of foreign investment, standardizing the administration of foreign investment, promoting the formation of a new pattern of comprehensive opening up, and promoting the healthy development of the socialist market economy. The Foreign Investment Law stipulates investment promotion, investment protection, investment management and legal liabilities.

"Foreign investment" as mentioned in Foreign Investment Law refers to the investment activities carried out by foreign natural persons, enterprises or other organizations (hereinafter referred to as "**foreign investors**") directly or indirectly within the territory of the PRC, including the following situations: (i) the foreign investor establishes an enterprise with foreign investment in the PRC alone or jointly with other investors; (ii) the foreign investor obtains shares, equity, property or other similar rights and interests of a domestic enterprise in the PRC; (iii) the foreign investor, separately or together with other investors, invests in new projects within the territory of the PRC; (iv) investment in other ways as prescribed by laws, administrative regulations or the State Council. The Foreign Investment Law implements a system of pre-entry national treatment plus a negative list for foreign investment. The pre-entry national treatment means the treatment given to the foreign investors and their investment at the stage of investment admission shall be no less favorable than that to domestic investors and investments; the negative list means the special administration measures that are adopted for the admission of foreign investment in specific areas. The Foreign Investment Law also implements (i) an information reporting system, which requires the foreign investors and the foreign-invested enterprises to submit the requisite information to the competent commerce authorities through the enterprise registration system and the enterprise credit information publicity system; and (ii) a security examination system for foreign investment to review the foreign investment that affects or may affect the national security.

At present, the negative list that regulates investments in the PRC by foreign investors and foreign-invested enterprises is the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Edition)(外商投資准入特別管理措施(負面清單)(2020年版)) (the "**Negative List (2020)**"), which was jointly promulgated by the NDRC and the MOFCOM on 23 June 2020 and became effective on 23 July 2020. According to the Negative List (2020), except for specialty vehicles, new energy vehicles and commercial vehicles, (i) the proportion of shares Chinese shareholders hold in an automobile manufacturing enterprise shall be no less than 50 per cent., and (ii) a foreign company may establish no more than two joint ventures producing the same category of vehicles in China. Further, the restriction on foreign capital share ratio of passenger vehicles and limits on foreign company from establishing more than two joint ventures manufacturing the same category of vehicles will be lifted in 2022.

According to the Policy, in the case of a listed company that manufactures vehicles, specialty vehicles, agricultural transport vehicles or motorcycles, where any legal persons' shares in such listed company are offered, there must be one Chinese legal person shareholder whose shareholding is relatively controlling and is more than the sum of legal persons' shares held by foreign parties in such listed company after such offering. A foreign company may establish no more than two automobile manufacturing joint ventures in China that produce the same category of vehicles, but this restriction does not apply to those foreign companies cooperating with their respective Chinese joint venture partners to acquire other Chinese automobile manufacturing enterprises.

Manufacturers' Qualification and Compulsory Authentication of Automobile Products

Since 1 January 2001, the government authorities, from time to time, release the Public Notice of Automobile Vehicle Manufacturer and Products (車輛生產企業及產品公告) (the "**Public Notice**") to administer the new automobile vehicle products of manufacturers. The inclusion on the Public Notice is a prerequisite for automobile manufacturers to manufacture automobiles, including assembling complete built-ups, and for customers to register their automobiles to the public security authorities. The MIIT has been the authority in charge of the release of the Public Notice since August 2008. The automobile manufacturers listed in the Public Notice shall only manufacture and sell the vehicle models authorised by the Public Notice. Any manufacturers that produce or sell automobile products or vehicles not included in the Public Notice shall be subject to penalties. The Policy further provides that in order to be registered in the Public Notice, the automobile manufacturer must pass compliance tests of various safety standards, technical specifications and environmental protection requirements.

The General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the "**GAQSIQ**") had been in charge of the administration of automobile product quality certifications until March 2018 and after that the SMAR takes over such responsibilities due to the State Council's institutional reform in 2018. According to the Administrative Rules for Compulsory Product Certification (強制性產品認證管理規定) issued by the GAQSIQ in 2009, automobile products, including imported vehicles, parts and components, are subject to compulsory certification tests conducted by government designated certification agencies for compliance with various safety and technical standards and requirements. An automobile product may only be sold in China or imported into China after passing such authentication and receiving a China Compulsory Certification. This is commonly known as a 3C or CCC certification.

The PRC government may also remove automobile products from the Public Notice if the government determines that such automobile products no longer meet the relevant regulatory requirements. Such removal will deprive the relevant manufacturer of its right to continue to manufacture or sell the removed automobile products in China.

Emissions and Pollution

The PRC government has adopted various measures to establish a uniform supervision and administration system with respect to vehicle emissions, including an automobile product authentication procedure and a network of testing centres across China. The MEE from time to time publishes notices to inform the public of new vehicle models that comply with its regulatory emission standards. Automobile manufacturers are not allowed to produce or register any vehicle model or automobile product that has failed to comply with such regulatory emission standards. The MEE limits exhaust emission on the basis of China I, II, III, IV and V Standards. Different limits of exhaust emission and tests in such standards shall be applied to different types of vehicles.

Starting from 1 September 2003, the PRC government ceased to follow China I Standards and began to implement China II Standards. The PRC government began implementing China III Standards in selected cities such as in Beijing in December 2005 and in Guangzhou in September 2006, and the implementation has expanded to other places in China since 2008. The PRC government further implemented China IV Standards effective from 1 July 2011, and all compression ignition engines and automobiles produced, imported, sold and registered shall be in compliance with China IV Standards. China V Standards was then implemented by the PRC government in 2013 and became effective from 1 January 2018. The MEE further issued the Limit and Measurement Methods of Emission from Light Vehicles (China VI Standards) (輕型汽車污染物排放限值及測量方法(中國第六階段)) on 23 December 2016, pursuant to which China VI Standards will become effective on 1 July 2020 and will replace China V Standards. These emission standards will impose higher compliance expenditures on the PRC automobile manufacturers, including the research and development costs, to satisfy engine and vehicle design and engineering requirements.

Automobile Sales and After Sales Services

The sale of automobiles is subject to the Measures for Implementing the Administration of Automobile Sales (汽車銷售管理辦法) (the "**Automobile Sales Measures**"), which were promulgated on 5 April 2017 and came into force on 1 July 2017. The Automobile Sales Measures apply to activities in the automobile sales and related services within the territory of the PRC. The MOFCOM is responsible for the formulation of policies or regulations concerning automobile sales and the pertinent services nationwide. The automobile suppliers and dealers shall perform record-filing of the basic information through the information system for the national automobile circulation operated by the MOFCOM within 90 days of the receipt date of business licences. Where there is any change to the information concerned, its update shall be made within 30 days upon the date of the change. Any automobile suppliers and dealers established prior to the implementation of the Automobile Sales Measures shall perform record-filing as prescribed in the former paragraph within 90 days of the date of implementation of the Automobile Sales Measures. Such suppliers and dealers shall, subject to the requirements of the MOFCOM, serve sale volume, types and other information through the information system for the national automobile circulation in a timely manner.

Furthermore, automobile suppliers and distributors in the China shall build up an integrated system for automobile sales and after-sales services, ensure the related auto accessory supply, provide timely and effective after-sales services, and strictly comply with regulations concerning, among others, 3R (i.e. "replace, repair and refund") and recall of household automobiles to protect consumers' legitimate rights and interests. The automobile suppliers shall announce to the public the vehicle models ceasing to be manufactured or sold in a timely manner, and ensure the accessories supply and the corresponding after-sales services for at least 10 years.

Automobile Financing

The China Banking Regulatory Commission (the "**CBRC**") promulgated a new set of Administrative Rules Governing Automobile Financing Companies (汽車金融公司管理辦法) on 24 January 2008 and established legal constraints on automobile financing companies to ensure their rapid development with effective risks control. The eligibility requirements and permitted business scope stress that automobile financing companies should demonstrate professionalism. It is emphasised that the principal capital contributor in establishing an automobile financing company shall be an enterprise that engages in producing or selling vehicles or non-banking financial institution. It also specified that at least one of the capital contributors shall have over five years' experience in automobile financing business management and risks control, or otherwise, a professional management team shall be introduced. In addition to providing automobile finance lease service (excluding sale and leaseback business), an automobile financing company is also permitted to engage in issuing financial bonds upon approval and interbank lending, which has widened the financing channels of an automobile financing company. In respect of risk control, an automobile financing company shall comply with the regulatory requirements, including that the balance of the credits shall be no more than 15 per cent. of its net capital if granted to a single borrower and shall be no more than 50 per cent. of its net capital if granted to a single group client.

The People's Bank of China (the "**PBOC**") and the CBIRC jointly promulgated the Administrative Measures on Automobile Loans (汽車貸款管理辦法) (the "**Loans Measures**") on 16 August 2004, and the PBOC further amended the Loans Measures on 13 October 2017, which became effective on 1 January 2018. The Loans Measures stipulate the conditions for a borrower to apply for personal, dealer and institutional automobile loans. The time limit (including extensions) on automobile loans shall not exceed five years. The time limit (including extensions) on automobile loans for second-hand automobiles shall not exceed three years. The time limit on automobile loans for dealers shall not exceed one year. In order to obtain the financing, an automobile dealer's balance sheet ratio, or asset liability ratio, which equals its indebtedness divided by its total assets, must not exceed 80 per cent., and it must have sufficient stable and lawful income or assets to repay both the principal and interest incurred on the loan. An automobile dealer will be subject to regular credit reviews and inspections, which will be conducted by the relevant commercial banks and financial institutions. However, the frequency of the reviews and inspections is not specified in the Loans Measures. Furthermore, the granting of auto loans shall be subject to a system of maximum percentage requirements, and the percentage of an auto loan amount granted by a lender to a borrower in the total price of the automobile purchased by the borrower shall not exceed such applicable maximum percentage requirement; such maximum percentage requirements shall be set separately by the PBOC and the CBRC in light of the development of the macro-economy and the industry and other actual conditions.

Recall of Defective Automobiles

The Administration Rules on Recalls of Defective Automotive Products (缺陷汽車產品召回管理條例) (the "**Recall Rules**") were promulgated by the State Council (國務院) on 22 October 2012 and became effective on 1 January 2013, and further revised on 2 March 2019 according to Decision of the State Council on Revising Certain Administrative Regulation (國務院關於修改部分行政法規的決定). The Recall Rules require the automobile manufacturer, upon learning of a potential defect in its automobile products, to forthwith investigate, analyse, and truthfully report the results to the product quality supervising department of the State Council. The Recall Rules also require the manufacturers to forthwith cease manufacturing, selling, or importing the defective automotive products and conduct a recall upon confirmation of a defect in its automobile products. To conduct a recall, the manufacturer shall formulate a recall plan as required by the product quality supervising department of the State Council, file the recall plan therewith for record, and implement the recall accordingly. When filing the recall plan for record, the manufacturer shall also inform the sellers concerned, who shall in turn cease the sales of the defective automobile product. The Rules also require the automobile seller to report defects in automobiles and automobile-related products to both the relevant automobile manufacturers and the PRC government authorities, and to fully cooperate with the automobile manufacturers in conducting automobile recalls and with the PRC government authorities in any investigations thereto.

The Implementing Measures for the Administrative Regulations on the Recall of Defective Auto Products (缺陷汽車產品召回管理條例實施辦法) (the "**Measures on Recall Regulations**") were promulgated by the GAQSIQ on 27 November 2015 and became effective on 1 January 2016, and further revised on 23 October 2020 by the SAMR and became effective on the same day. Under the Measures on Recall Regulations, automobile manufacturers shall formulate recall plans according to the provisions of the SAMR, and file them with the SAMR within five working days from the date of confirmation of a defect or from the date of receiving the recall order. In the meantime, automobile manufacturers shall timely and effectively notify relevant dealers of the recalls. Furthermore, automobile manufacturers shall submit recall reports to the SAMR every three months from the date of implementation of a recall plan. Where the SAMR has special requirements, automobile manufacturers shall submit recall reports as required. Automobile manufacturers shall submit a final recall report to the SAMR within fifteen working days after implementing a recall plan.

Repair, Replacement and Return Liability

According to the Provisions on the Liabilities for the Repair, Replacement and Return of Household Automobile Products (家用汽車產品修理、更換、退貨責任規定) (the "**3R Provisions**"), which were promulgated by the GAQSIQ on 29 December 2012 and became effective on 1 October 2013, the dealer who distributes the household automobile products within the PRC bears the liabilities for repair, replacement and return of household automobile products (the "**Three Warranties**"). If the liabilities can be attributed to the manufacturers or other operators after the dealer has performed the Three Warranties obligations within its valid period, the dealer will be entitled to seek remedies from the responsible parties.

Manufacturers shall file for record and timely update the filings in case of any change thereto with the GAQSIQ the basic information about themselves, vehicle types, agreed sale and repair outlet information, product manual, Three Warranties certificate, repair and maintenance manual, Three Warranties dispute settlement, information about replacement or return of cars and other information relating to the Three Warranties of household automobile products.

The warranty period of household automobile products must not be less than three years or 60,000 kilometres in driving distance, whichever is reached first. The validity period of the Three Warranties of household automobile products will be no less than two years or 50,000 kilometres in driving distance, whichever is reached first. The warranty period of household automobile products and the validity period of the Three Warranties both commence from the date on which the vendor issues the purchase invoice. Within the validity period of the Three Warranties of a household automobile product, the consumer has the right to request the vendor to replace or return the product relying on the Three Warranties certificate and the purchase invoice, when the conditions of replacement or return under the 3R Provisions are met.

Fuel-Efficient Automobiles & New-Energy Automobiles

According to the Plan on Industry Development of Energy-Saving and New-Energy Automobiles (2012-2020)(節能與新能源汽車產業發展規劃(2012-2020年)), which was promulgated by the State Council on 28 June 2012 and became effective on the same day, the framework of the development of fuel-efficient automobiles and new-energy automobiles has been established. For the purpose of this plan, new-energy automobiles means automobiles adopting new types of power systems that are fully or mainly reliant on new types of energy. The new-energy automobiles referred to in this plan mainly include battery electric vehicles, plug-in range extended electric vehicles and fuel cell vehicles. Fuel-efficient automobiles mean vehicles with the internal-combustion engine as the main power system and with the comprehensive operating mode fuel consumption superior to the target values for the next stage. In this plan, the government, depending on a technical route, sets up long-term goals, in the term from 2012 to 2020, in connection with the fuel-efficient automobiles and new-energy automobiles for the automobile industry, which includes accelerating the industrialization, improving fuel utilization efficiency, promoting technological progress, easing contradiction between the demand and supply of key automobile parts and components and bettering the management system in the automobile industry. In order to achieve the above goals, the government determines to conduct more energy saving and new-energy automobile technology innovation projects, including without limitation to developing battery materials, lowering battery price and boosting the speed of fuel-efficient automobiles and new-energy automobiles, to strengthen the qualified automobile manufacturers' whole new-energy automobile production capacity and to promote charging facilities construction in cities. Mainly, the government further makes subsidy measures to offer financial support to the fuel-efficient automobiles and new-energy automobiles industry.

On 20 October 2020, the General Office of the State Council promulgated the Plan on Industry Development of New Energy Automobiles (2021 – 2035)(新能源汽車產業發展規劃(2021–2035年)), which became effective on the same day. This plan pointed out that since the promulgation of the Plan on Industry Development of Energy-Saving and New-Energy Automobiles (2012-2020) by the State Council in 2012, the industry of new-energy automobiles has recorded a great achievement and has entered into a new stage of accelerated development. In order to promote the high-quality development of new energy automobiles industry and speed up the construction of an automobile power, a number of policies and measures were provide by this plan including (1) improving and strengthening the capability of technological innovation; (2) building a new industrial ecology by supporting the development of ecology-oriented enterprises; (3) promoting the integrated development of the industry of new-energy automobiles; (4) accelerating the construction of infrastructure such as the battery charging system and swapping network and (5) enhancing and deepening cooperation.

Pursuant to the Implementation Provisions for the Promotion of Fuel-Efficient Automobiles (Passenger Vehicles of 1.6 Liters and Below) under the "Project to Benefit People with Energy-Saving Products" ("節能產品惠民"工程節能汽車(1.6升及以下乘用車)推廣實施細則), which were jointly promulgated by the NDRC, the MIIT and the MOF on 26 May 2010 and became effective on 1 June 2010, the PRC government provides a subsidy of RMB3,000 for each fuel-efficient automobile that has a 1.6-liter or smaller engine. The NDRC, the MIIT and the MOF are responsible for determining and publishing the catalog of the fuel-efficient automobile models eligible for such subsidy (the "**Fuel-Efficient Automobiles Catalog**") and making amendments to the Fuel-Efficient Automobiles Catalog from time to time. On 7 September 2011, the NDRC, the MIIT and the MOF jointly promulgated the Notice on the Adjustment of Promotion and Subsidy Policy for Fuel-Efficient Automobiles (關於調整節能汽車推廣補貼政策的通知), which adjusted the integrated fuel consumption standards of the fuel-efficient automobile models eligible for such subsidy. The amount of subsidy remains RMB3,000 per automobile. To implement this notice, the NDRC, the MIIT and the MOF further amended the Fuel-Efficient Automobiles Catalogue and reduced the number of eligible fuel-efficient automobile models.

According to the Notice on Continuing to Promote the Application of New-Energy Automobiles (關於繼續開展新能源汽車推廣應用工作的通知), which was jointly promulgated by the MOF, the Ministry of Science and Technology of the PRC (the "**MOST**"), the MIIT and the NDRC on 13 September 2013 and became effective on the same day, the PRC government determines not only to provide diverse subsidies to consumers when buying new-energy automobiles, including battery electric automobiles, plug-in hybrid automobiles and fuel cell automobiles, but also to offer financial incentives to charging facilities construction in demonstration cities. The MOF, the MOST, the MIIT and the NDRC further jointly promulgated the Notice on Further Promoting the Application of New-Energy Automobiles (關於進一步做好新能源汽車推廣應用工作的通知) on 28 January 2014, and the Notice on Financial Support Policy re Promoting the Application of the New-Energy Automobiles from 2016 to 2020 (關於2016-2020年新能源汽車推廣應用財政支持政策的通知) on 22 April 2015 pursuant to the aforesaid notices, the PRC government shall continuously provide subsidies to customers who purchase the new-energy automobiles set forth in the Directory of Recommended Vehicle Models for Projects Promoting the Applications of New-Energy Automobiles until the end of 2020. Pursuant to the Notice on Improving Financial Support Policy re Promotion and Application of New-Energy Automobiles (關於完善新能源汽車推廣應用財政補貼政策的通知), which was jointly promulgated by the MOF, the MOST, the MIIT and the NDRC on 23 April 2020 and came into effect on the same day, the term for the PRC government to provide customers with new-energy automobiles subsidies is extended to the end of 2022. Further, according to the Notice on Further Promoting the Financial Support Policy re Promotion and Application of the New-Energy Automobiles (關於進一步完善新能源汽車推廣應用財政補貼政策的通知), which was promulgated on 31 December 2020 and became effective on 1 January 2021, the standard for the subsidies is reduced by 20 per cent. on the basis of 2020.

Automobile Exports

On 6 September 2012, the MOFCOM, the MIIT, the General Administration of Customs of the PRC, the GAQSIQ and the Certification and Accreditation Administration of the PRC (中國國家認證認可監督管理委員會) jointly promulgated the Notice on Further Regulating the Export Order of Automobile and Motorcycle Products (關於進一步規範汽車和摩托車產品出口秩序的通知)(the "**Export Order Notice**"), which became effective on the same day. According to the Export Order Notice, manufacturers applying for export qualifications should meet the following conditions: (1) automobile manufacturers shall be listed in the Public Notice released by the MIIT, and shall hold a valid 3C certification; (2) low-speed automobile manufacturers shall be listed in the Public Notice released by the MIIT; and (3) manufacturers of various products shall have the maintenance service capability compatible with the export volume. From 2013, the MOFCOM, the MIIT, the General Administration of Customs of the PRC, the GAQSIQ and the Certification and Accreditation Administration of the PRC shall apply categorized administration to the export delegation of manufacturers according to the examination of the overseas after-sales maintenance service outlets reported by manufacturers and the export scale of enterprises. A qualified enterprise shall submit the application to the competent local commerce authority. The MOFCOM shall, jointly with the MIIT, the General Administration of

Customs, the GAQSIQ and the Certification and Accreditation Administration, publish and issue a List of Enterprises Qualified to Apply for Automobile or Motorcycle Export Licenses (符合申領汽車和摩托車出口許可證條件企業名單).

POLICIES AFFECTING THE ISSUE OF THE NOTES

The NDRC issued Circular 2044 on 14 September 2015, which came into effect on the same day.

Circular 2044 provides that, among others, (i) the issuance of foreign debts by enterprises shall be applied to the record-filing and the registration system instead of the quota review and approval system by the NDRC and (ii) the enterprises must make the registration of the foreign debts with the NDRC prior to the issuance of foreign debts (the "**NDRC Pre-issuance Registration**") and then report the particulars of such issuance to the NDRC within 10 working days following the completion of such issuance (the "**NDRC Post-issuance Filing**"). The term "foreign debts" referred to in Circular 2044 means RMB denominated or foreign currency-denominated debt instruments with a maturity of more than one year which are issued overseas by the domestic enterprises and their controlled overseas enterprises or branches and of which the principal and interest are repaid as agreed, including bonds issued overseas and long-and medium-term international commercial loans, etc.

The Company has completed the NDRC Pre-issuance Registration in relation to the Notes by receiving the registration certificate dated 2 March 2021 from the NDRC with the validity of one year from the date thereof, according to which, the Company's overseas subsidiary was allowed to issue offshore bonds up to U.S.$400 million. The Company shall make the NDRC Post-issuance Filing within 10 working days following the completion of the issuance of the Notes.

TAXATION

The following summary of certain Hong Kong, PRC, United States and British Virgin Islands, tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the application of Hong Kong, PRC, United States and British Virgin Islands tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong;

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-resident Noteholders in this "Taxation – PRC" section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

EIT

Pursuant to the Enterprise Income Tax Law of PRC effective on 1 January 2008, as amended and supplemented from time to time (the "**EIT Law**"), and the PRC Individual Income Tax Law effective on 1 January 2019, and their respective implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose actual management organs are within the territory of China shall be PRC tax resident enterprises for the purpose of the EIT Law and they shall pay EIT at the rate of 25 per cent. in respect of their income sourced from both within and outside China. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the actual management organ of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to EIT at the rate of 25 per cent. in respect of its income sourced from both within and outside PRC. As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been noticed or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise Noteholders will not be subject to withholding tax, income tax imposed by any tax authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and the PRC Individual Income Tax Law and their respective implementation regulations, any non-resident enterprise without an establishment within the PRC, or where its incomes have no actual connection to its establishment inside the PRC, and any non-resident individual shall pay EIT at the rate of 10 per cent. and individual income tax 20 per cent. respectively on the incomes sourced inside the PRC unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. Such income tax shall be withheld by the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the interest derived by the non-resident Noteholders would be considered as China-sourced and the Issuer shall withhold income tax from the payments of interest in respect of the Notes for any non-resident Noteholder. However, despite the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to Noteholders so that Noteholders would receive the full amount of the scheduled payment, as further set out in the Conditions.

Further, in the event that the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the capital gains derived by the non-resident Noteholder may be considered as China-sourced. Any non-resident enterprise Noteholder and non-resident individual Noteholder may be subject to enterprise income tax and individual income tax at 10 per cent. and 20 per cent. respectively on the gains realised on the transfer of the Notes unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. According to the double taxation arrangement between China and Hong Kong, residents of Hong Kong will not be subject to PRC tax on any capital gains from a sale or exchange of the Notes if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

VAT

On 19 November 2017, the State Council promulgated the Interim Regulations on the Value-added Tax of the PRC (Revision 2017)(中華人民共和國增值稅暫行條例 (2017修訂)), according to which, the sales of services within the territory of the PRC was brought into the scope of the items which shall be subject to the VAT. Prior to that, for the purpose of the nationwide reform of the replacement of business tax with VAT, MOF and the State Administration of Taxation jointly issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax(關於全面推開營業稅改徵增值稅試點的通知)(the "Circular 36") on 23 March 2016, which was amended on 1 July 2017, 1 January 2018 and 1 April 2019.

According to the above regulations, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as a "loan" provided by the Noteholders to the Issuer, which thus shall be regarded as financial services for VAT purposes. In general, the income derived from the provision of loans will not be subject to VAT in the PRC if none of the Issuer or the Noteholders is within the PRC. However, it is uncertain whether a foreign incorporated company which is deemed to be a PRC resident enterprise would be regarded as being within the PRC. In the event that the Issuer is deemed to be a PRC resident enterprise and is deemed to be within the PRC by the PRC tax authorities, the Noteholders may be deemed to be providing financial services to the Issuer within the PRC and consequently, the amount of interest on the Notes payable by the Issuer to any non-resident Noteholders may be subject to withholding VAT at the rate of 6 per cent. plus the related surcharges when receiving the interest payments under the Notes.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically VAT is unlikely to be applicable to the gains realised upon such transfer of Notes. However, VAT may be applicable if the seller or the buyer of the Notes is located in the PRC or is deemed a PRC resident. As Circular 36 and the laws and regulations pertaining to the replacement of business tax with VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

The interpretation and enforcement of Circular 36 and other applicable laws and regulations pertaining to PRC VAT involve uncertainties, and the above statements may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

No PRC stamp duty will be imposed on non-resident Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of the Noteholders is maintained outside the PRC and that the issue and the sale of the Notes are made outside the PRC.

UNITED STATES' FOREIGN ACCOUNT TAX COMPLIANCE ACT TAX PROVISIONS

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. However, if additional notes (as described under "Terms and Conditions–Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

BRITISH VIRGIN ISLANDS

Under existing British Virgin Islands law, payments of interest and principal on the Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

SUBSCRIPTION AND SALE

The Issuer and the Company have entered into a subscription agreement with Bank of China Limited, Singapore Branch, BNP Paribas, China CITIC Bank International Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, China Construction Bank (Asia) Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, CMBC Securities Company Limited and Natixis (together, the "**Managers**") dated 18 March 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue and the Managers have severally and not jointly agreed to subscribe for the principal amount of the Notes as set forth opposite their names in the following table.

Managers	**Principal amount of the Notes to be subscribed**
	(U.S.$)
Bank of China Limited, Singapore Branch	60,000,000
BNP Paribas	60,000,000
China CITIC Bank International Limited	60,000,000
DBS Bank Ltd.	60,000,000
The Hongkong and Shanghai Banking Corporation Limited	60,000,000
China Construction Bank (Asia) Corporation Limited	25,000,000
China Everbright Bank Co., Ltd., Hong Kong Branch	25,000,000
CMBC Securities Company Limited	25,000,000
Natixis	25,000,000
Total	**400,000,000**

The Subscription Agreement provides that the Issuer and the Company will indemnify the Managers and their affiliates against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer, the Company and/or the Group for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes, the Managers and/or their respective affiliates, or affiliates of the Issuer or the Company may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Company, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Managers and/or their respective affiliates, or affiliates of the Issuer or the Company as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained. The Issuer, the Company and the Managers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Company, including the Notes and could adversely affect the trading price and liquidity of the Notes. The Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer or the Company, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer or the Company.

PRICE STABILISATION AND SHORT POSITIONS

In connection with the offering, any Manager (other than China CITIC Bank International Limited) or any person acting on its behalf may, to the extent permitted by applicable laws and directives, engage in transactions that stabilise or otherwise affect the market price of the Notes. These transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Notes. If any Manager or its agent create a short position in the Notes in connection with the offering (i.e. if any Manager (other than China CITIC Bank International Limited) or its agent sells more Notes than are set forth on the cover page of this Offering Circular), that Manager or its agent may reduce that short position by purchasing Notes in the open market. In general, purchases of a Note for the purpose of stabilisation or to reduce a short position could cause the price of the Notes to be higher than it might be in the absence of such purchases. There is no assurance, however, that any Manager or its agent will undertake stabilisation action. Any stabilisation action may begin on or after the date adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time and must be brought to an end after a limited period.

Neither the Issuer, the Company nor the Managers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Issuer, the Company nor the Managers make any representation that any Manager or its agent will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

SELLING RESTRICTIONS

United States

The Notes and the Standby Letter of Credit have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes and the Standby Letter of Credit are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Standby Letter of Credit, an offer or sale of Notes and the Standby Letter of Credit within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(i) 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 Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

Hong Kong

Each Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (A) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (B) 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 (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) 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 Notes, 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 the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Manager has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions and Taiwan), except as permitted by applicable laws of the People's Republic of China.

Singapore

Each Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

British Virgin Islands

Each Manager has represented, warranted and undertaken that it has not made and will not make directly or indirectly any invitation to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to offer or sell the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

DIFFERENCES BETWEEN PRC ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements of the Company as at and for the nine months ended 30 September 2020, and years ended 31 December 2018 and 2019 have been prepared in accordance with PRC GAAP. Other than the lease accounting standard, PRC GAAP have substantively converged with International Financial Reporting Standards. Accordingly, there are no other significant differences between the principal accounting policies adopted by the Company and IFRS.

GENERAL INFORMATION

1. **Clearing System:** The Notes have been accepted for clearance through Euroclear and Clearstream under Common Code XS2295883206 and ISIN 229588320.

2. **Legal Entity Identifier:** the Legal Entity Identifier of the Issuer is 65560030G47IRDOVP557.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was authorised by the resolutions of the board of directors of the Issuer on 15 January 2021. The entry into and performance of the transaction documents by the Company in connection with the Notes was authorised by the shareholders' resolutions dated 16 December 2020 and the resolutions of the board of directors of the Company dated 16 December 2020.

4. **NDRC Pre-issuance Registration:** Pursuant to Circular 2044, the Company has registered the issuance of the Notes with the NDRC and has obtained a certificate from the NDRC on 2 March 2021 evidencing such registration which as at the date of this Offering Circular, remain in full force and effect.

5. **No Material Adverse Change:** There has been no material adverse change in the Condition (financial or otherwise) or prospects of the Group since 30 September 2020. There has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its incorporation.

6. **Litigation:** None of the Issuer, the Company or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Company, as the case may be, believes are material in the context of the Notes nor are any of the Issuer or the Company aware that any such material proceedings are pending or threatened.

7. **Available Documents:** Copies of the Company's Financial Statements, the Trust Deed, the Agency Agreement, the Keepwell Deed, the Standby Letter of Credit and the Articles of Association of each of the Issuer and the Company (provided that the same has been made available to the Principal Paying Agent) are available to Noteholders at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) on any weekday (Saturdays and public holidays excepted) upon prior written request and the provision of proof of holding and identity to the satisfaction of the Principal Paying Agent from the specified office of the Principal Paying Agent at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, so long as any of the Notes are outstanding.

8. **Listing:** Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

   For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate evidencing the Notes is exchanged for definitive Certificates.

   In addition, in the event that the Global Certificate evidencing the Notes is exchanged for definitive Certificates, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the paying agent in Singapore.

INDEX TO FINANCIAL STATEMENTS

Zhejiang Geely Holding Group Co.,Ltd.

Review Report As at Sept 30, 2020

Contents

Review Report

(2021)JingKuaiXingYueZiNo. 68000001

To the Shareholders of Zhejiang Geely Holding Group Co.,Ltd.

We have reviewed the accompanying financial statements of Zhejiang Geely Holding Group Co.,Ltd. ("the Company") and its subsidiaries("the Group"), which comprise the consolidated and parent company balance sheets as at 31 December 2019 and 30 September 2020,the consolidated and parent company income statements and the consolidated and parent company statement of cash flows for the period form 1 January 2019 to 30 September 2019 and 1 January 2020 to 30 September 2020.The management of the Company is responsible for the preparation of the financial statements, and our responsibilities are to provide a review report on these financial statements based on the implementation of review.

We conducted our review in accordance with "No. 2101 China Certified Public Review Standard -- review of financial statements". The standard requires us to plan and implement review to obtain limited assurance about whether the financial statements are free from material misstatement. The review is mainly limited to the inquiry of relevant personnel of the company and the implementation of analysis procedures for financial data, and the assurance provided is lower than that provided by the audit. We have not performed an audit and therefore do not give an audit opinion.

北京兴华会计师事务所(特殊普通合伙)杭州分所
审 核 专 用 章

Based on our review, nothing has come to our attention that causes us to believe that the financial statements were not prepared in accordance with the Accounting Standards for Business Enterprises or the financial statements failed to fairly present the financial position, operating results, cash flow in all material aspects.

This review report is only for the purpose of the Company as the guarantor for

地址：北京市西城区裕民路 18 号北环中心 22 层 邮编：100029 Add: Level 22,North Ring Center, No.18 Yumin Road, Xicheng District, Beijing P.C.:100029
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LEVC Finance Ltd., and is not applicable to any other purpose. This paragraph does not affect the published review conclusion.

Beijing Xinghua Certified Public Accountants (Special General Partnership)

Chinese Certified Public Accountant: Shuhua Chen

中国注册会计师 陈树华 注册号:330000240229

Chinese Certified Public Accountant: Jiaming Zhu

中国注册会计师 朱佳明 注册号:330002770009

Beijing China

Date of Report: March 9 , 2021

地址：北京市西城区裕民路 18 号北环中心 22 层 邮编：100029 Add: Level 22,North Ring Center, No.18 Yumin Road, Xicheng District, Beijing P.C.:100029
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Consolidated Balance Sheet

2020-9-30

Zhejiang Geely Holding Group Co.,Ltd. RMB Yuan

Item	Notes	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		78,394,994,294.77	83,734,756,163.35
Financial assets held for trading		912,794,501.71	5,470,754,411.00
Derivative financial assets		27,475,775.73	93,045,900.50
Bills receivable		30,134,180,858.64	22,139,470,434.58
Accounts receivable		15,588,142,145.47	8,198,203,946.64
Prepayments		1,818,278,743.44	1,891,366,506.37
Other receivables		20,919,085,946.67	8,936,935,687.42
In which: interest receivable		334,295,273.18	47,062,964.12
Dividend receivable			
Inventories		43,543,907,229.76	37,092,058,469.09
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		281,451,070.00	7,613,260.23
Other current assets		7,773,401,700.55	8,518,309,041.89
Total current assets		**199,393,712,266.74**	**176,082,513,821.07**
Non-current assets:			
Debt investment			
Other investment on debt			
Long-term receivables		6,473,055,951.31	5,816,739,537.45
Long-term equity investment		19,991,121,281.75	15,972,361,990.98
Other equity instruments investment		23,885,346,860.43	21,656,011,163.08
Other non-current financial assets		574,251,724.56	574,251,744.23
Investment property			
Fixed assets		86,970,576,078.34	81,736,520,033.78
Construction-in-progress		6,496,310,996.55	8,420,929,712.96
Productive biological assets			
Oil and gas assets			
Intangible assets		47,019,301,392.45	44,529,897,500.24
Development expenditure		28,900,456,364.35	29,494,788,470.34
Goodwill		611,900,046.58	621,964,185.05
Long-term deferred expenses		254,122,170.80	207,860,435.03
Deferred income tax assets		8,501,159,319.57	8,043,141,740.32
Other non-current assets		2,553,105,665.58	2,531,107,443.98
Total non-current assets		**232,230,707,852.27**	**219,605,573,957.44**
Total assets		**431,624,420,119.01**	**395,688,087,778.51**

北京兴华会计师事务所(特殊普通合伙)杭州分所
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Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director: Dai Qing**

Consolidated Balance Sheet (Continued)

2020-9-30

Zhejiang Geely Holding Group Co.,Ltd. RMB Yuan

Item	Notes	Closing balance	Opening balance
Current liabilities:			
Short-term loans		30,884,613,665.71	26,990,132,715.24
Financial liabilities held for trading		1,420,924,642.65	14,461,160.77
Derivative financial liabilities		8,123,908.00	2,585,472,104.00
Bills payable		10,846,015,227.63	12,807,803,049.34
Accounts payable		52,103,704,034.57	56,233,246,378.68
Advances from customers		4,769,816,493.14	5,041,993,542.61
Contract liabilities		16,599,454,878.20	15,657,040,674.40
Employee benefits payable		8,238,137,818.62	7,812,375,971.93
Taxes payable		3,334,183,823.47	5,285,020,910.03
Other payables		8,586,319,236.55	4,557,300,719.97
In which: interest payable		701,557,211.70	677,547,953.68
Dividends payable		86,047,375.87	21,975,766.73
Available-for-sale liabilities			
Non-current liabilities due within one year		14,838,862,094.48	10,913,580,275.64
Other current liabilities		16,697,889,415.19	16,712,859,850.36
Total current liabilities		**168,328,045,238.21**	**164,611,287,352.97**
Non-current liabilities:			
Long-term loans		48,413,631,773.70	41,847,708,020.92
Bonds payable		34,219,778,819.45	33,179,447,497.16
In which: preference shares			
Perpetual capital securities			
Long-term accounts payable		2,149,754,062.07	2,427,983,173.13
Provisions		6,378,938,052.46	5,601,365,055.22
Deferred income		14,448,622,518.69	11,158,953,356.91
Deferred income tax liabilities		1,102,239,849.35	831,648,549.52
Other non-current liabilities		16,474,174,463.52	15,603,541,235.02
Total non-current liabilities		**123,187,139,539.24**	**110,650,646,887.88**
Total liabilities		**291,515,184,777.45**	**275,261,934,240.85**
Equity:			
Share capital		930,000,000.00	930,000,000.00
Other equity instruments		3,000,000,000.00	1,500,000,000.00
In which: preference shares			
Perpetual capital securities		3,000,000,000.00	1,500,000,000.00
Capital reserve		19,878,604,173.67	19,692,258,885.76
Less: treasury shares			
Other comprehensive income		-6,979,506,716.73	-10,360,857,322.12
Special reserve			
Surplus reserve			
Provision for general risks			
Undistributed profits		61,275,947,080.79	54,178,637,449.29
Total shareholders' equity attributable to parent company		**78,105,044,537.73**	**65,940,039,012.93**
Minority interests		62,004,190,803.83	54,486,114,524.73
Total equity		**140,109,235,341.56**	**120,426,153,537.66**
Total equity and liabilities		**431,624,420,119.01**	**395,688,087,778.51**

北京兴华会计师事务所(特殊普通合伙)杭州分所 审核专用章

Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director: Dai Qing**

Balance Sheet

2020-9-30

Zhejiang Geely Holding Group Co.,Ltd. RMB Yuan

Item	Notes	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		715,022,734.27	309,254,506.10
Financial assets held for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable		25,981,084.12	
Prepayments			52,177,900.00
Other receivables		9,631,378,905.13	8,090,809,629.40
In which: interest receivable		257,849,570.08	246,106,704.81
Dividend receivable			
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		10,162,061.38	50,254,370.01
Total current assets		**10,382,544,784.90**	**8,502,496,405.51**
Non-current assets:			
Debt investment			
Other investment on debt			
Long-term receivables			
Long-term equity investment		32,395,137,091.35	30,967,224,517.10
Other equity instruments investment		10,000,000.00	10,000,000.00
Other non-current financial assets		299,963,067.70	299,963,067.70
Investment property			
Fixed assets		217,852,199.56	234,259,298.97
Construction-in-progress		2,819,670.96	1,006,906.35
Productive biological assets			
Oil and gas assets			
Intangible assets		83,907,912.01	76,631,409.13
Development expenditure		33,713,070.56	10,560,644.44
Goodwill			
Long-term deferred expenses		41,251,716.12	18,498,621.48
Deferred income tax assets		612,062,136.04	352,277,729.77
Other non-current assets			
Total non-current assets		**33,696,706,864.30**	**31,970,422,194.94**
Total assets		**44,079,251,649.20**	**40,472,918,600.45**

北京兴华会计师事务所(特殊普通合伙)杭州分所 审核专用章

Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director：Dai Qing**

Balance Sheet (Continued)

2020-9-30

Zhejiang Geely Holding Group Co.,Ltd. RMB Yuan

Item	Notes	Closing balance	Opening balance
Current liabilities:			
Short-term loans		10,560,000,000.00	8,038,185,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable		6,228.97	25,228.97
Advances from customers			
Contract liabilities			
Employee benefits payable		27,941,438.45	148,071,868.70
Taxes payable		3,171,654.25	4,497,230.69
Other payables		9,297,395,789.18	13,429,006,282.00
In which: interest payable		373,759,155.46	427,435,453.25
Dividends payable		85,331,250.00	9,712,500.00
Available-for-sale liabilities			
Non-current liabilities due within one year		2,330,000,000.00	1,201,683,493.71
Other current liabilities		2,000,000,000.00	2,000,000,000.00
Total current liabilities		**24,218,515,110.85**	**24,821,469,104.07**
Non-current liabilities:			
Long-term loans		4,174,657,692.00	2,610,000,000.00
Bonds payable		9,529,069,671.19	7,533,383,044.71
In which: preference shares			
Perpetual capital securities			
Long-term accounts payable		3,941,767.78	2,755,055.51
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**13,707,669,130.97**	**10,146,138,100.22**
Total liabilities		**37,926,184,241.82**	**34,967,607,204.29**
Equity:			
Share capital		930,000,000.00	930,000,000.00
Other equity instruments		3,000,000,000.00	1,500,000,000.00
In which: preference shares			
Perpetual capital securities		3,000,000,000.00	1,500,000,000.00
Capital reserve		588,784,449.10	588,784,449.10
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve			
Undistributed profits		1,634,282,958.28	2,486,526,947.06
Total equity		**6,153,067,407.38**	**5,505,311,396.16**
Total equity and liabilities		**44,079,251,649.20**	**40,472,918,600.45**

Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director：Dai Qing**

Consolidated Income Statement

For Period YTD Ending September 30, 2020

Zhejiang Geely Holding Group Co.,Ltd.

RMB Yuan

Item	Notes	Amount incurred in current year	Amount incurred in previous year
I. Operating income		**212,722,275,104.10**	**226,851,195,946.75**
Less: operating costs		170,257,740,544.04	181,002,518,657.28
Tax and surcharges		3,256,826,407.32	4,252,137,433.75
Selling expenses		14,053,433,747.13	13,472,541,740.65
General and administrative expenses		6,883,304,584.77	6,434,015,737.05
Research and development expenses		11,354,804,020.59	9,365,111,858.69
Financial expenses		3,206,587,049.83	1,978,178,193.74
In which: interest expenses		3,205,605,941.57	2,764,999,914.80
Interest income		1,142,121,784.83	821,379,582.80
Add: other income		2,317,777,175.08	1,764,211,228.90
Investment income ("-" for losses)		1,216,120,273.87	1,779,130,280.05
In which: investment yield from joint ventures and associates			
Net exposure hedging benefits("-" for losses)			
Gains from changes of the fair value ("-" for losses)		-77,655,476.44	-62,486,140.59
Credit impairment losses		-27,541,375.50	-6,133,668.75
Asset impairment losses		4,498,671.64	5,209,589.91
Income from disposals of assets("-" for losses)		-15,543,480.74	-140,088,834.63
II. Operting profit ("-" for losses)		**7,127,234,538.33**	**13,686,534,780.48**
Add: non-operating income		118,608,681.93	114,856,289.61
Less: non-operating expenses		250,175,177.60	441,643,148.20
III. Profit before tax ("-" for losses)		**6,995,668,042.66**	**13,359,747,921.89**
Less: income tax expense		1,433,201,867.23	2,799,143,168.52
IV. Net profit ("-" for losses)		**5,562,466,175.43**	**10,560,604,753.37**
(1) Classification by operating continuity		**5,562,466,175.43**	**10,560,604,753.37**
Sustained profit and loss		5,562,466,175.43	10,560,604,753.37
Discontinued operating profit and loss			
(2) Classification by ownership		**5,562,466,175.43**	**10,560,604,753.37**
Net profit attributable to owners of the parent		3,086,861,525.36	6,112,332,700.91
Profit or loss attributable to minority interests		2,475,604,650.07	4,448,272,052.46
V. Other comprehensive income for the year, net of tax		-	-
Other comprehensive income attributable to parent net of tax		-	-
(1) Other comprehensive income which can't be reclassified as losses and gains later		-	-
1. Remeasure and set benefit plan changes in net assets or net liabilities			
2. Shares of other comprehensive income which can't be reclassified as losses and gains by the investee under equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in the fair value of the enterprise's own credit risk			
5. Others			
(2) Other comprehensive income which will be reclassified as losses and gains later		-	-
1. Shares of other comprehensive income which will be reclassified as losses and gains later by the investee under equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets re-classified into other comprehensive income			
4. Provision for impairment of credit for investment of other debt investments			
5. Changes in cash flow hedge recognized in other comprehensive income			
6. Exchange differences arising from the translation of foreign currency financial statement			
Other comprehensive income attributable to minority interests net of tax			
VI. Total comprehensive income		**5,562,466,175.43**	**10,560,604,753.37**
Total comprehensive income attributable to parent			
Total comprehensive income attributable to minority interests			
VII. Earnings per share:			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director：Dai Qing**

Income Statement

For Period YTD Ending September 30, 2020

Zhejiang Geely Holding Group Co.,Ltd. RMB Yuan

Item	Notes	Amount incurred in current year	Amount incurred in previous year
I. Operating income		**296,165,054.04**	**107,234,728.23**
Less: operating costs		265,720,252.14	7,578,469.14
Tax and surcharges		1,613,026.72	1,523,823.58
Selling expenses			
General and administrative expenses		352,027,487.61	529,833,153.50
Research and development expenses			
Financial expenses		679,082,372.32	493,161,816.80
In which: interest expenses		640,407,703.44	543,106,768.98
Interest income		11,870,212.95	84,114,749.05
Add: other income		28,807,126.32	6,210,259.92
Investment income ("-" for losses)		-66,897,682.25	2,656,317,720.91
In which: investment yield from joint ventures and associates		-69,942,863.75	
Net exposure hedging benefits("-" for losses)			
Gains from changes of the fair value ("-" for losses)			
Asset impairment losses			
Credit impairment losses			
Income from disposals of assets("-" for losses)		-181,730.80	14,293.68
II. Operting profit ("-" for losses)		**-1,040,550,371.48**	**1,737,679,739.72**
Add: non-operating income		4,651,135.88	1,043,437.05
Less: non-operating expenses		403,252.71	1,320,670.00
III. Profit before tax ("-" for losses)		**-1,036,302,488.31**	**1,737,402,506.77**
Less: income tax expense		-259,677,249.53	-231,753,515.01
IV. Net profit ("-" for losses)		**-776,625,238.78**	**1,969,156,021.78**
Sustained profit and loss		-776,625,238.78	1,969,156,021.78
Discontinued operating profit and loss			
V. Other comprehensive income for the year, net of tax			
(1) Other comprehensive income which can't be reclassified as losses and gains later			
1. Remeasure and set benefit plan changes in net assets or net liabilities			
2. Shares of other comprehensive income which can't be reclassified as losses and gains by the investee under equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in the fair value of the enterprise's own credit risk			
(2) Other comprehensive income which will be reclassified as losses and gains later		-	-
1. Shares of other comprehensive income which will be reclassified as losses and gains later by the investee under equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets re-classified into other comprehensive income			
4. Provision for impairment of credit for investment of other debt investments			
5. Changes in cash flow hedge recognized in other comprehensive income			
6. Exchange differences arising from the translation of foreign currency financial statement			
VI. Total comprehensive income		**-776,625,238.78**	**1,969,156,021.78**

北京兴华会计师事务所(特殊普通合伙)杭州分所
审核专用章

Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director： Dai Qing**

Consolidated Statement of Cash Flows

For Period YTD Ending September 30, 2020

Zhejiang Geely Holding Group Co.,Ltd. RMB Yuan

Item	Notes	Amount incurred in current year	Amount incurred in previous year
I. Cash flows from operating acticities:			
Cash received from sale of goods or rendering of services		224,297,032,014.05	248,057,674,909.63
Refund of tax and levies		1,366,235,764.77	926,116,764.24
Cash received for other operating activities		9,918,486,550.05	12,252,775,283.13
Cash inflow from operations		**235,581,754,328.87**	**261,236,566,957.00**
Cash paid for purchasing goods or receiving services		178,496,139,188.60	182,889,833,185.22
Cash paid to and on behalf of employees		25,226,365,515.08	24,445,795,548.25
Various taxes paid		14,687,455,665.09	20,249,796,309.10
Other cash paid related to operating activities		11,952,540,001.09	11,584,671,626.80
Cash outflow from operations		**230,362,500,369.86**	**239,170,096,669.37**
Net cash flows from operating activities		**5,219,253,959.01**	**22,066,470,287.63**
II. Cash flows from investing activities:			
Cash received from disinvestment		2,585,655,742.65	3,763,591,854.42
Cash received from investment yield		523,095,499.97	1,504,816,259.81
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		1,310,452,815.37	35,663,377.11
Net cash received from disposal of subsidiaries and other operation entities			630,346,731.98
Cash received related to investment activities		64,191,447.36	149,766,169.50
Cash inflow from investment activities		**4,483,395,505.35**	**6,084,184,392.82**
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		23,793,961,203.59	27,901,846,326.59
Cash paid for acquiring investments		3,971,597,326.60	5,719,733,424.33
Net cash amount paid from acquiring subsidiaries and other operation entities			
Cash paid for other related investment activities		90,125,667.37	412,433,626.02
Cash outflow from investment activities		**27,855,684,197.56**	**34,034,013,376.94**
Net cash flows from investment activities		**-23,372,288,692.21**	**-27,949,828,984.12**
III. Cash flows from financing activities:			
Cash received from accepting investment		7,494,484,547.74	1,527,542,241.24
Cash received from borrowings		38,878,281,726.27	58,771,301,210.86
Cash received from issuing bonds			
Cash received related to other financing activities		30,285,398,254.39	14,687,838,053.11
Cash inflow from financing activities		**76,658,164,528.40**	**74,986,681,505.21**
Cash paid for repaying debts		32,378,879,548.24	34,904,427,813.19
Cash paid for distributing dividends, profits or paying interests		4,870,353,613.90	3,682,593,669.00
Cash paid related to other financing activities		17,359,309,056.68	18,665,718,798.00
Cash outflow from financing activities		**54,608,542,218.82**	**57,252,740,280.19**
Net cash flows from financing activities		**22,049,622,309.58**	**17,733,941,225.02**
IV. Effect of exchange rate fluctuations on cash held		**358,404,615.45**	**35,803,946.31**
V. Net increase in cash and cash equivalents		**4,254,992,191.83**	**11,886,386,474.84**
Add: cash and cash equivalents at beginning of period		103,654,310,579.93	86,707,766,037.56
VI. Cash and cash equivalents at end of period		**107,909,302,771.76**	**98,594,152,512.40**

Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director: Dai Qing**

Statement of Cash Flows

For Period YTD Ending September 30, 2020

Zhejiang Geely Holding Group Co.,Ltd. RMB Yuan

Item	Notes	Amount incurred in current year	Amount incurred in previous year
I. Cash flows from operating acticities:			
Cash received from sale of goods or rendering of services		128,037,744.25	69,404,381.62
Refund of tax and levies		28,125,774.92	
Cash received for other operating activities		38,024,144,338.97	40,138,911,263.81
Cash inflow from operations		**38,180,307,858.14**	**40,208,315,645.43**
Cash paid for purchasing goods or receiving services		196,300.00	2,893,141.14
Cash paid to and on behalf of employees		437,303,011.86	364,125,729.76
Various taxes paid		11,808,853.35	63,175,337.45
Other cash paid related to operating activities		43,553,712,792.38	50,993,693,579.46
Cash outflow from operations		**44,003,020,957.59**	**51,423,887,787.81**
Net cash flows from operating activities		**-5,822,713,099.45**	**-11,215,572,142.38**
II. Cash flows from investing activities:			
Cash received from disinvestment			1,112,950,000.00
Cash received from investment yield			2,767,072,482.02
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		993,589.69	497,161.26
Net cash received from disposal of subsidiaries and other operation entities			
Cash received related to investment activities			
Cash inflow from investment activities		**993,589.69**	**3,880,519,643.28**
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		65,598,298.53	34,493,115.46
Cash paid for acquiring investments		1,497,855,438.00	953,690,440.00
Net cash amount paid from acquiring subsidiaries and other operation entities			
Cash paid for other related investment activities			
Cash outflow from investment activities		**1,563,453,736.53**	**988,183,555.46**
Net cash flows from investment activities		**-1,562,460,146.84**	**2,892,336,087.82**
III. Cash flows from financing activities:			
Cash received from accepting investment		1,498,500,000.00	
Cash received from borrowings		11,570,000,000.00	6,144,425,000.00
Cash received from issuing bonds			
Cash received related to other financing activities		8,990,500,000.00	9,989,500,000.00
Cash inflow from financing activities		**22,059,000,000.00**	**16,133,925,000.00**
Cash paid for repaying debts		13,359,767,308.00	6,911,480,000.00
Cash paid for distributing dividends, profits or paying interests		900,135,828.66	663,362,227.53
Cash paid related to other financing activities		8,140,000.00	
Cash outflow from financing activities		**14,268,043,136.66**	**7,574,842,227.53**
Net cash flows from financing activities		**7,790,956,863.34**	**8,559,082,772.47**
IV. Effect of exchange rate fluctuations on cash held		**-15,388.88**	**80,056.61**
V. Net increase in cash and cash equivalents		**405,768,228.17**	**235,926,774.52**
Add: cash and cash equivalents at beginning of period		309,254,506.10	827,950,855.78
VI. Cash and cash equivalents at end of period		**715,022,734.27**	**1,063,877,630.30**

Legal Representative: Li Shufu **Chief Financial Officer:Li Donghui** **Finance Director： Dai Qing**

统一社会信用代码

911101020855463270

营业执照

（副　本）(10-3)

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　北京兴华会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　张恩军

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期　2013年11月22日

合伙期限　2013年11月22日 至 2063年11月21日

主要经营场所　北京市西城区裕民路18号2206房间

仅供报告附件使用

登记机关

2020年　08月　06日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：000377

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

北京兴华会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：张恩军

证书号：10　　发证时间：[illegible]九年九月四日

证书有效期至：二〇二[illegible]年九月四日

会计师事务所

执业证书

名　　　称：北京兴华会计师事务所（特殊普通合伙）

首席合伙人：张恩军

主任会计师：

经营场所：北京市西城区裕民路18号2206房间

组织形式：特殊普通合伙

执业证书编号：11000010

批准执业文号：京财会许可（2013）0060号

批准执业日期：2013年10月10日

证书序号 0011908

说　明

1. 《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
2. 《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
3. 《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
4. 会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一九 年八 月六 日

中华人民共和国财政部制

统一社会信用代码

9133010032290554XH (1/1)

营业执照

（副 本）

仅供报告附件使用

与原件核对一致 2021年3月9日

名称 北京兴华会计师事务所（特殊普通合伙）杭州分所

类型 特殊的普通合伙企业分支机构

负责人 陈树华

经营范围 审查企业会计报表、出具审计报告、验证企业资本、出具验资报告、办理企业合并分立、清算事宜中的审计业务、出具有关报告、基本建设年度财务决算审计、代理记账、会计咨询、税务咨询、管理咨询、会计培训；法律法规规定的其他业务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

成立日期 2014年09月26日

营业期限 2014年09月26日 至 2063年09月25日

营业场所 浙江省杭州市拱墅区上塘街道舟山东路198号宸创大厦14楼1401室

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

登记机关 杭州市市场监督管理局

2021年02月05日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家信用公示系统报送公示年度报告。

国家市场监督管理总局监制

会计师事务所分所

执业证书

名　　　称：北京兴华会计师事务所（特殊普通合伙）杭州分所

负　责　人：陈树华

办公场所：杭州市拱墅区登云路51号锦昌大厦2幢12楼1208室

分所编号：110000103301

批准设立文号：浙财会〔2014〕32号

批准设立日期：2014年9月3日

证书序号：NO. 505054

说　明

1、《会计师事务所分所执业证书》是证明会计师事务所经财政部门依法审批，准予设立分所执行业务的凭证。

2、《会计师事务所分所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所分所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所分所终止，应当向财政部门交回《会计师事务所分所执业证书》。

发证机关：

2015年3月26日

中华人民共和国财政部制

报告附件


北京兴华会计师事务所(特殊普通合伙)
报告附件
1101020349414
注册会计师任职资格检查
2018
检
浙江省注册会计师协会
注册会计师任职资格检查
2020
检
浙江省注册会计师协会
注册会计师任职资格检查
2019
检
浙江省注册会计师协会

Zhejiang Geely Holding Group Co.,Ltd.

Financial Year 2019 Auditor's Report

Contents

Auditor's Report

(2020)JingKuaiXingShenZiNo. 68000073

To the Shareholders of Zhejiang Geely Holding Group Co.,Ltd.

1.Opinion

We have audited the financial statements of Zhejiang Geely Holding Group Co.,Ltd. ("the Company"), which comprise the consolidated and the Company's balance sheets as at December 31,2019, the consolidated and the Company's income statements, the consolidated and the Company's cash flows statement, and the consolidated and the Company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and present fairly, in all material aspects, the financial position of the Company as at December 31,2019, and their operating results and cash flows for the year then ended

2.Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics for Chinese Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3.Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining such

地址：北京市西城区裕民路 18 号北环中心 22 层 邮编：100029 Add: Level 22,North Ring Center, No.18 Yumin Road, Xicheng District, Beijing P.C.:100029
电话：+86-10-82250666 传真：+86-10-82250851 电子邮件：xhcpas@xhcpas.com Tel: +86-10-82250666 Fax：+86-10-82250851 E-mail：xhcpas@xhcpas.com

internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

4.Auditor's responsibilities for the audit of the financial statements

Our objects are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the

地址：北京市西城区裕民路 18 号北环中心 22 层　邮编：100029　Add: Level 22,North Ring Center, No.18 Yumin Road, Xicheng District, Beijing　P.C.:100029
电话：+86-10-82250666　传真：+86-10-82250851　电子邮件：xhcpas@xhcpas.com　Tel: +86-10-82250666　Fax：+86-10-82250851　E-mail：xhcpas@xhcpas.com

reasonableness of accounting estimates and related disclosures made by the management.

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

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Beijing Xinghua Certified Public Accountants (Special General Partnership)

Chinese Certified Public Accountant: 陈树华
Shuhua Chen

Chinese Certified Public Accountant: 朱佳明
Jiaming Zhu

Beijing China

Date of Report: April 29, 2020

地址：北京市西城区裕民路 18 号北环中心 22 层 邮编：100029 Add: Level 22,North Ring Center, No.18 Yumin Road, Xicheng District, Beijing P.C.:100029
电话：+86-10-82250666 传真：+86-10-82250851 电子邮件：xhcpas@xhcpas.com Tel: +86-10-82250666 Fax：+86-10-82250851 E-mail：xhcpas@xhcpas.com

Consolidated Balance Sheet

As at December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	Notes	December 31, 2019	December 31, 2018
Non-current assets:			
Debt investment			30,000,000.00
Long-term receivables	VI.11	5,816,739,537.45	3,388,675,264.74
Investment in joint venture & associate	VI.12	15,972,361,990.98	14,981,375,397.42
Other equity investment	VI.13	21,656,011,163.08	17,510,791,549.30
Other non-current financial assets	VI.14	574,251,744.23	581,226,372.64
Property, plant and equipment	VI.15	81,736,520,033.78	70,586,767,868.13
Construction in progress	VI.16	8,420,929,712.96	8,789,454,677.61
Intangible assets	VI.17	44,529,897,500.24	34,350,258,764.56
Development expenditure	VI.18	29,494,788,470.34	26,936,176,715.57
Goodwill	VI.19	621,964,185.05	722,977,806.77
Long-term deferred expenses	VI.20	207,860,435.03	173,045,597.34
Deferred tax assets	VI.21	8,043,141,740.32	6,523,178,000.40
Other non-current assets	VI.22	2,531,107,443.98	1,208,135,575.29
Total non-current assets		**219,605,573,957.44**	**185,782,063,589.77**
Current assets:			
Cash and bank balances	VI.1	83,734,756,163.35	67,340,143,959.02
Financial assets held for trading	VI.2	5,470,754,411.00	1,881,645,004.49
Derivative financial assets	VI.3	93,045,900.50	773,721,386.00
Notes receivable	VI.4	22,139,470,434.58	22,614,809,596.99
Accounts receivable	VI.5	8,198,203,946.64	6,876,698,281.28
Prepayments	VI.6	1,891,366,506.37	2,617,428,048.93
Other receivables	VI.7	8,936,935,687.42	2,800,221,617.04
In which: interest receivable	VI.7	47,062,964.12	43,987,872.65
Inventories	VI.8	37,092,058,469.09	37,181,568,501.59
Non-current assets due within one year	VI.9	7,613,260.23	12,508,537.86
Other current assets	VI.10	8,518,309,041.89	5,550,500,576.69
Total current assets		**176,082,513,821.07**	**147,649,245,509.89**
Total assets		**395,688,087,778.51**	**333,431,309,099.66**

Legal Representative: Li Shufu **Chief Financial Officer：Li Donghui** **Finance Director：Dai Qing**

Consolidated Balance Sheet (Continued)

As at December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	Notes	December 31, 2019	December 31, 2018
Non-current liabilities:			
Long-term bank borrowings	VI.35	41,847,708,020.92	31,118,986,170.99
Bonds payable	VI.36	33,179,447,497.16	19,830,413,954.11
In which: preference shares			
Perpetual bonds			
Long-term payables	VI.37	2,427,983,173.13	1,258,145,290.20
Provisions	VI.38	5,601,365,055.22	4,814,296,111.28
Deferred income	VI.39	11,158,953,356.91	13,211,596,716.65
Deferred tax liabilities	VI.21	831,648,549.52	1,399,642,501.47
Other non-current liabilities	VI.40	15,603,541,235.02	11,831,483,449.88
Total non-current liabilities		**110,650,646,887.88**	**83,464,564,194.58**
Current liabilities:			
Short-term bank borrowings	VI.23	26,990,132,715.24	35,093,091,888.73
Financial liabilities held for trading	VI.24	14,461,160.77	6,604,733.21
Derivative financial liabilities	VI.25	2,585,472,104.00	1,414,363,056.00
Notes payable	VI.26	12,807,803,049.34	13,408,629,748.98
Accounts payable	VI.27	56,233,246,378.68	42,129,995,945.41
Advances from customers	VI.28	5,041,993,542.61	5,782,147,119.03
Contract liabilities	VI.29	15,657,040,674.40	10,924,998,923.22
Employee benefits payable	VI.30	7,812,375,971.93	6,330,638,229.21
Taxes payable	VI.31	5,285,020,910.03	5,458,377,670.48
Other payables	VI.32	4,557,300,719.97	5,622,995,858.38
In which: interest payable	VI.32	677,547,953.68	534,368,045.37
Dividends payable	VI.32	21,975,766.73	7,168,767.12
Non-current liabilities due within one year	VI.33	10,913,580,275.64	8,884,896,250.02
Other current liabilities	VI.34	16,712,859,850.36	12,156,227,534.30
Total current liabilities		**164,611,287,352.97**	**147,212,966,956.97**
Total liabilities		**275,261,934,240.85**	**230,677,531,151.55**
Equity:			
Share capital	VI.41	930,000,000.00	930,000,000.00
Other equity instruments	VI.42	1,500,000,000.00	2,000,000,000.00
In which: preference shares			
Perpetual bonds	VI.42	1,500,000,000.00	2,000,000,000.00
Capital reserve	VI.43	19,692,258,885.76	19,044,130,803.36
Less: treasury shares			
Other comprehensive income	VI.44	-10,360,857,322.12	-10,658,355,082.00
Surplus reserve	VI.45		40,734,742.89
Undistributed profits	VI.46	54,178,637,449.29	46,440,199,428.28
Total equity attributable to owners of the Company		65,940,039,012.93	57,796,709,892.53
Non-controlling interest		54,486,114,524.73	44,957,068,055.58
Total equity		**120,426,153,537.66**	**102,753,777,948.11**
Total equity and liabilities		**395,688,087,778.51**	**333,431,309,099.66**

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Balance Sheet of the Company

As at December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	Notes	December 31, 2019	December 31, 2018
Non-current assets:			
Investment in joint venture & associate	XIII.2	30,967,224,517.10	29,983,704,137.74
Other equity investment		10,000,000.00	10,000,000.00
Other non-current financial assets		299,963,067.70	306,083,067.70
Property, plant and equipment		234,259,298.97	192,253,756.23
Construction in progress		1,006,906.35	1,164,457.95
Intangible assets		76,631,409.13	32,502,334.76
Development expenditure		10,560,644.44	16,173,421.95
Long-term deferred expenses		18,498,621.48	16,517,785.87
Deferred tax assets		352,277,729.77	
Total non-current assets		**31,970,422,194.94**	**30,558,398,962.20**
Current assets:			
Cash and bank balances		309,254,506.10	827,037,155.78
Notes receivable			913,700.00
Prepayments		52,177,900.00	30,000.00
Other receivables	XIII.1	8,090,809,629.40	9,407,834,912.71
In which: interest receivable	XIII.1	246,106,704.81	249,329,018.74
Dividend receivable			
Other current assets		50,254,370.01	11,434,265.35
Total current assets		**8,502,496,405.51**	**10,247,250,033.84**
Total assets		**40,472,918,600.45**	**40,805,648,996.04**

Legal Representative: Li Shufu **Chief Financial Officer：Li Donghui** **Finance Director：Dai Qing**

Balance Sheet of the Company (Continued)

As at December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	Notes	December 31, 2019	December 31, 2018
Non-current liabilities:			
Long-term bank borrowings		2,610,000,000.00	3,099,980,000.00
Bonds payable		7,533,383,044.71	3,236,047,169.82
In which: preference shares			
Perpetual bonds			
Long-term payables		2,755,055.51	
Other non-current liabilities			1,000,000,000.00
Total non-current liabilities		**10,146,138,100.22**	**7,336,027,169.82**
Current liabilities:			
Short-term bank borrowings		8,038,185,000.00	7,313,160,000.00
Accounts payable		25,228.97	727,392.90
Employee benefits payable		148,071,868.70	72,582,125.07
Taxes payable		4,497,230.69	35,307,940.67
Other payable		13,429,006,282.00	20,224,787,490.95
In which: interest payable		427,435,453.25	316,314,377.70
Dividends payable		9,712,500.00	7,168,767.12
Non-current liabilities due within one year		1,201,683,493.71	2,159,822,465.76
Other current liabilities		2,000,000,000.00	
Other current liabilities		**24,821,469,104.07**	**29,806,387,415.35**
Total liabilities		**34,967,607,204.29**	**37,142,414,585.17**
Equity			
Share capital		930,000,000.00	930,000,000.00
Other equity instruments		1,500,000,000.00	2,000,000,000.00
In which: preference shares			
Perpetual bonds		1,500,000,000.00	2,000,000,000.00
Capital reserve		588,784,449.10	597,067,180.59
Less: treasury shares			
Other comprehensive income			-109,963.48
Undistributed profits		2,486,526,947.06	136,277,193.76
Total equity		**5,505,311,396.16**	**3,663,234,410.87**
Total equity and liabilities		**40,472,918,600.45**	**40,805,648,996.04**

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Consolidated Income Statement

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	Notes	2019	2018
I. Revenue	VI.47	**330,817,647,248.13**	**328,520,879,523.17**
Less: cost of sales	VI.47	262,769,338,254.12	254,053,783,400.85
Tax and surcharges		7,124,689,641.38	7,305,728,460.67
Selling expenses		18,805,353,493.08	17,878,917,382.64
General and administrative expenses		9,636,106,633.24	10,992,053,237.91
Research and development expenses		12,267,372,107.74	9,328,489,637.40
Financial expenses	VI.48	2,520,336,939.68	1,813,847,859.91
In which: interest expenses	VI.48	3,660,159,959.45	2,152,653,292.25
Interest income	VI.48	1,096,721,112.50	889,113,505.32
Add: other income	VI.49	2,038,736,840.64	2,891,997,779.97
Investment income ("-" for losses)	VI.50	1,631,158,531.40	-42,144,435.01
In which: investment income from joint ventures and associatess	VI.50	33,196,846.74	-225,961,818.08
Net exposure to hedging gains ("-" for losses)	VI.51	-2,582,346,947.00	-586,503,751.00
Gains from changes of the fair value ("-" for losses)	VI.52	-201,769,239.73	-30,802,727.19
Credit impairment losses ("-" for losses)	VI.53	-258,682,323.09	-9,498,996.11
Asset impairment losses ("-" for losses)	VI.54	-135,553,015.48	-428,877,705.91
Income from disposals of assets ("-" for losses)	VI.55	296,534,998.36	-2,900,129,441.53
II. Operating profit ("-" for losses)		**18,482,529,023.99**	**26,042,100,267.01**
Add: non-operating income	VI.56	130,609,560.89	228,332,119.40
Less: non-operating expenses	VI.57	361,979,307.20	500,440,331.92
III. Profit before tax ("-" for losses)		**18,251,159,277.68**	**25,769,992,054.49**
Less: income tax expense	VI.58	4,060,322,050.71	5,502,351,666.74
IV. Net profit ("-" for losses)		**14,190,837,226.97**	**20,267,640,387.75**
1. Classification by operation continuity		**14,190,837,226.97**	**20,267,640,387.75**
(1) Net profit from continued operation		14,190,837,226.97	20,267,640,387.75
(2) Net profit from discontinued operation			
2. Classification by ownership		**14,190,837,226.97**	**20,267,640,387.75**
(1) Net profit attributable to owners of the Company		8,510,177,463.00	13,026,069,988.53
(2) Net profit attributable to non-controlling interest		5,680,659,763.97	7,241,570,399.22
V. Other comprehensive income for the year, net of tax		**171,057,060.31**	**-13,897,752,601.94**
Other comprehensive income attributable to the Company net of tax		**297,497,759.88**	**-13,923,467,680.53**
1. Other comprehensive income which will not be re-classified into the profit or loss		**3,260,024,859.75**	**-10,394,592,249.00**
(1) Other comprehensive income that will not be reclassified to profit or loss under equity method profit or loss		5,338,413,277.16	-9,230,625,710.00
(2) Others		-2,078,388,417.41	-1,163,966,539.00
2. Other comprehensive income that will be re-classified into profit or loss		**-2,962,527,099.87**	**-3,528,875,431.53**
(1) Other comprehensive income that may be reclassified subsequently to profit or loss under equity method		297,414.33	158,878.90
(2) Changes in re-classification of financial assets into other comprehensive income		-798,281,542.11	-629,858,509.16
(3) Changes in cash flow hedge recognized in other comprehensive income		-1,745,422,666.05	-2,300,537,397.00
(4) Translation differences of financial statements denominated in foreign currency		-419,120,306.04	-598,638,404.27
Other comprehensive income attributable to non-controlling interests net of tax		**-126,440,699.57**	**25,715,078.59**
VI. Total comprehensive income		**14,361,894,287.28**	**6,369,887,785.81**
1.Total comprehensive income attributable to owners of the Company		8,807,675,222.88	-897,397,692.00
2.Total comprehensive income attributable to non-controlling interests		5,554,219,064.40	7,267,285,477.81
VII. Earnings per share:			
1. Basic earnings per share			
2. Diluted earnings per share			

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Income Statement of the Company

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	Notes	2019	2018
I. Revenue	XIII.3	**283,118,441.70**	**260,024,972.16**
Less: Cost of sales	XIII.3	143,523,550.65	21,917,598.06
Tax and surcharges		2,285,241.67	1,718,771.67
General and administrative expenses		765,505,272.81	445,003,634.76
Financial expenses		710,969,355.12	584,258,290.47
In which: interest expenses		674,804,187.53	558,130,868.46
Interest income		15,086,117.30	8,397,475.59
Add: other income		8,517,759.92	872,619,854.41
Investment income ("-" for losses)	XIII.4	3,415,694,925.70	32,473,396.15
In which: investment income from joint ventures and associates		-72,795,779.74	-9,706,330.35
Income from disposals of assets ("-" for losses)		170,915.33	251,551.85
II. Operting profit ("-" for losses)		**2,085,218,622.40**	**112,471,479.61**
Add: non-operating income		3,379,789.12	2,588,407.60
Less: non-operating expenses		1,339,726.38	58,747,455.30
III. Profit before tax ("-" for losses)		**2,087,258,685.14**	**56,312,431.91**
Less: income tax expense		-354,603,551.04	35,695,503.52
IV. Net profit ("-" for losses)		**2,441,862,236.18**	**20,616,928.39**
1. Net profit from continued operation		2,441,862,236.18	20,616,928.39
2. Net profit from discontinued operation			
V. Other comprehensive income for the year, net of tax		**109,963.48**	**158,878.90**
1. Other comprehensive income which will not be re-classified into the profit or loss			
2. Other comprehensive income that will be re-classified into profit or loss		**109,963.48**	**158,878.90**
(1) Other comprehensive income that may be reclassified subsequently to profit or loss under equity method		109,963.48	158,878.90
VI. Total comprehensive income		**2,441,972,199.66**	**20,775,807.29**

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Consolidated Cash Flow Statement

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	2019	2018
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from sale of goods and rendering of services	365,074,163,097.96	356,346,254,688.46
Refund of tax and levies	1,736,533,976.83	1,746,214,745.04
Cash receipts from other operating activities	16,227,099,416.88	10,335,106,233.52
Cash inflow from operations	**383,037,796,491.67**	**368,427,575,667.02**
Cash payments for goods purchased and services received	260,547,525,240.50	250,321,443,124.34
Cash payments to and on behalf of employees	34,298,105,487.73	32,560,802,921.29
Payments of taxes	24,366,638,397.40	26,729,838,522.00
Cash payments for other operating activities	20,074,718,981.38	15,669,137,684.73
Cash outflow from operations	**339,286,988,107.01**	**325,281,222,252.36**
Net cash flows from operating activities	**43,750,808,384.66**	**43,146,353,414.66**
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disposals and recovery of investments	2,107,838,796.49	4,065,512,402.00
Cash receipts from investment income	1,714,824,002.47	420,430,844.34
Sales proceed from disposal of tangible assets, intangible assets and other long-term assets	358,188,417.93	207,872,445.34
Cash receipts from disposals of subsidiaries and other business entities	630,346,731.98	9,750,000.00
Cash receipts from other investing activities	246,931,997.83	1,019,820,042.69
Cash inflow from investment activities	**5,058,129,946.70**	**5,723,385,734.37**
Cash payments for aqcuisition of tangible assets, intangible assets and other long-term assets	39,809,458,684.71	42,755,816,121.07
Cash payment for acquiring investments	2,101,285,111.22	37,675,262,746.52
Cash payment for acquisition of subsidiaries and other operation entities	211,260,235.24	3,209,116.09
Cash payments for other investment activities	447,422,779.94	4,921,588,350.52
Cash outflow from investment activities	**42,569,426,811.11**	**85,355,876,334.20**
Net cash flows from investment activities	**-37,511,296,864.41**	**-79,632,490,599.83**
III. CASH FLOWS FROM FINANCING ACTIVITIES：		
Cash recepits from capital contribution	11,118,063,497.99	8,067,015,084.13
Cash recepits from borrowings	47,923,105,452.15	54,698,537,819.56
Cash receipts from other financing activities	35,523,868,261.13	23,663,454,420.43
Cash inflow from financing activities	**94,565,037,211.27**	**86,429,007,324.12**
Debt repayment	48,214,029,625.91	19,759,839,497.65
Cash payment for dividend or interest	5,001,654,862.41	4,167,963,433.27
Cash payment for other financing activities	30,733,460,946.46	14,653,372,049.99
Cash outflow from financing activities	**83,949,145,434.78**	**38,581,174,980.91**
Net cash flows from financing activities	**10,615,891,776.49**	**47,847,832,343.21**
IV. Exchange differences	**91,141,245.63**	**-177,107,213.54**
V. Net increase/(decrease) in cash and cash equivalents	**16,946,544,542.37**	**11,184,587,944.50**
Add: cash and cash equivalents at beginning of the year	86,707,766,037.56	75,523,178,093.06
VI. Cash and cash equivalents at end of year	**103,654,310,579.93**	**86,707,766,037.56**

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Cash Flow Statement of the Company

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	2019	2018
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from sale of goods and rendering of services	88,453,378.05	1,229,061,530.82
Refund of tax and levies		5,599.43
Cash receipts from other operating activities	58,635,521,816.23	80,556,079,891.24
Cash inflow from operations	**58,723,975,194.28**	**81,785,147,021.49**
Cash payments for goods purchased and services received	3,089,891.14	9,889,987.97
Cash payments to and on behalf of employees	461,204,365.56	215,779,080.85
Payments of taxes	68,343,809.26	40,547,916.24
Cash payments for other operating activities	64,872,346,754.90	66,370,915,619.04
Cash outflow from operations	**65,404,984,820.86**	**66,637,132,604.10**
Net cash flows from operating activities	**-6,681,009,626.58**	**15,148,014,417.39**
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disposals and recovery of investments	1,122,950,000.00	351,768,460.00
Cash receipts from investment income	3,572,360,330.33	55,820,457.90
Sales proceed from disposal of tangible assets, intangible assets and other long-term assets	742,332.30	29,854,488.20
Cash inflow from investment activities	**4,696,052,662.63**	**437,443,406.10**
Cash payments for aqcuisition of tangible assets, intangible assets and other long-term assets	102,725,097.27	72,902,115.79
Cash payment for acquiring investments	2,353,690,440.00	16,594,197,013.74
Cash payments for other investment activities		386,971,400.00
Cash outflow from investment activities	**2,456,415,537.27**	**17,054,070,529.53**
Net cash flows from investment activities	**2,239,637,125.36**	**-16,616,627,123.43**
III. CASH FLOWS FROM FINANCING ACTIVITIES：		
Cash recepits from capital contribution	1,500,000,000.00	
Cash recepits from borrowings	9,734,425,000.00	10,041,500,000.01
Cash receipts from other financing activities	10,000,000,000.00	2,994,000,000.00
Cash inflow from financing activities	**21,234,425,000.00**	**13,035,500,000.01**
Debt repayment	14,659,380,000.00	10,019,119,709.01
Cash payment for dividend or interest	652,433,563.48	741,298,129.22
Cash payment for other financing activities	2,000,000,000.00	
Cash outflow from financing activities	**17,311,813,563.48**	**10,760,417,838.23**
Net cash flows from financing activities	**3,922,611,436.52**	**2,275,082,161.78**
IV. Exchange differences	**64,715.02**	**72.55**
V. Net increase/(decrease) in cash and cash equivalents	**-518,696,349.68**	**806,469,528.29**
Add: cash and cash equivalents at beginning of the year	827,950,855.78	21,481,327.49
VI. Cash and cash equivalents at end of year	**309,254,506.10**	**827,950,855.78**

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance director：Dai Qing**

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. | Unit RMB

Item	Current period											
	Attributable to shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
		Preferred shares	Perpetual bonds	Others								
I. At 31st December 2018	**930,000,000.00**		**2,000,000,000.00**		**19,044,130,803.36**		**-10,658,355,082.00**		**40,734,742.89**	**46,440,199,428.28**	**44,957,068,055.58**	**102,753,777,948.11**
Add: changes in accounting policy												
Correction of prior error												
Business combination under common control												
Others												
II. Opening balance of the year	**930,000,000.00**	-	**2,000,000,000.00**	-	**19,044,130,803.36**	-	**-10,658,355,082.00**	-	**40,734,742.89**	**46,440,199,428.28**	**44,957,068,055.58**	**102,753,777,948.11**
III. Movement ("-" for decrease)			**-500,000,000.00**		**648,128,082.40**		**297,497,759.88**		**-40,734,742.89**	**7,738,438,021.01**	**9,529,046,469.15**	**17,672,375,589.55**
(1) Total comprehensive income							**297,497,759.88**			**8,510,177,463.00**	**5,554,219,064.40**	**14,361,894,287.28**
(2) Capital contributions and reduction			**-500,000,000.00**		**648,128,082.40**				**-40,734,742.89**	**-597,888,336.64**	**5,588,752,154.64**	**5,098,257,157.51**
1. Capital contribution										-30,423,900.00	1,972,548,919.38	**1,942,125,019.38**
2. Capital invested by other equity instrument holders			-500,000,000.00		68,013,744.00					-567,464,436.64	3,857,991,227.00	**2,858,540,534.36**
3. Share-based payment recognized in owners' equity					254,628,319.50						366,871,117.90	**621,499,437.40**
4. Others					325,486,018.90				-40,734,742.89		-608,659,109.64	**-323,907,833.63**
(3) Profit distribution										-182,106,092.88	-1,617,498,820.09	**-1,799,604,912.97**
1. Transfer to surplus reserve												
2. Distributions to shareholders										-182,106,092.88	-1,617,498,820.09	**-1,799,604,912.97**
3. Others												
(4) Transfer within owners' equity										8,254,987.53	11,893,871.47	**20,148,859.00**
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Surplus reserve making up of losses												
4. Transfers of retained earnings due to changes in defined benefit plans												
5. Other comprehensive income transfer to retained earnings												
6. Others										8,254,987.53	11,893,871.47	**20,148,859.00**
(5) Special reserve												
1. Transfer to special reserve in the year												
2. Amount utilized in the year												
(6) Others											-8,319,801.27	**-8,319,801.27**
IV. At 31st December 2019	**930,000,000.00**		**1,500,000,000.00**		**19,692,258,885.76**		**-10,360,857,322.12**			**54,178,637,449.29**	**54,486,114,524.73**	**120,426,153,537.66**

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. **Unit RMB**

Item	Previous period											
	Attributable to shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
		Preferred shares	Perpetual bonds	Others								
1. At 31st December 2017	**930,000,000.00**		**2,000,000,000.00**		**19,007,822,995.62**		**3,265,112,598.53**		**38,589,968.34**	**33,685,219,032.19**	**31,532,093,458.04**	**90,458,838,052.72**
Add: changes in accounting policy										-22,188,180.20	-10,807,467.52	-32,995,647.72
Correction of prior error												
Business combination under common control												
Others												
II. Opening balance of the year	**930,000,000.00**		**2,000,000,000.00**		**19,007,822,995.62**		**3,265,112,598.53**		**38,589,968.34**	**33,663,030,851.99**	**31,521,285,990.52**	**90,425,842,405.00**
III. Movement ("-" for decrease)					**36,307,807.74**		**-13,923,467,680.53**		**2,144,774.55**	**12,777,168,576.29**	**13,435,782,065.06**	**12,327,935,543.11**
(1) Total comprehensive income							**-13,923,467,680.53**			**13,026,069,988.53**	**7,267,285,477.81**	**6,369,887,785.81**
(2) Capital contributions and reduction					**36,307,807.74**					**-29,108,058.00**	**7,220,614,382.92**	**7,227,814,132.66**
1. Capital contribution											7,200,217,230.04	**7,200,217,230.04**
2. Capital invested by other equity instrument holders					19,489,044.33							**19,489,044.33**
3. Share-based payment recognized in owners' equity					16,818,763.41						27,802,982.67	**44,621,746.08**
4. Others										-29,108,058.00	-7,405,829.79	**-36,513,887.79**
(3) Profit distribution									2,144,774.55	-180,013,219.33	-1,053,721,250.02	**-1,231,589,694.80**
1. Transfer to surplus reserve									2,144,774.55	-2,144,774.55		
2. Distributions to shareholders										-129,591,026.00	-1,060,065,616.33	**-1,189,656,642.33**
3. Others										-48,277,418.78	6,344,366.31	**-41,933,052.47**
(4) Transfer within owners' equity										-39,780,134.91	1,603,454.35	**-38,176,680.56**
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Surplus reserve making up of losses												
4. Transfers of retained earnings due to changes in defined benefit plans												
5. Other comprehensive income transfer to retained earnings												
6. Others										-39,780,134.91	1,603,454.35	**-38,176,680.56**
(5) Special reserve												
1. Transfer to special reserve in the year												
2. Amount utilized in the year												
(6) Others												
IV. At 31st December 2018	**930,000,000.00**		**2,000,000,000.00**		**19,044,130,803.36**		**-10,658,355,082.00**		**40,734,742.89**	**46,440,199,428.28**	**44,957,068,055.58**	**102,753,777,948.11**

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Statement of Changes in Equity of the Company

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. Unit RMB

Item	Current period										
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total equity
		Preferred shares	Perpetual bonds	Others							
I. At 31st December 2018	930,000,000.00		2,000,000,000.00		597,067,180.59		-109,963.48			136,277,193.76	3,663,234,410.87
Add: changes in accounting policy											
Correction of prior error											
Others											
II. Opening balance of the year	930,000,000.00		2,000,000,000.00		597,067,180.59		-109,963.48			136,277,193.76	3,663,234,410.87
III. Movement ("-" for decrease)			-500,000,000.00		-8,282,731.49		109,963.48			2,350,249,753.30	1,842,076,985.29
(1) Total comprehensive income							109,963.48			2,441,862,236.18	2,441,972,199.66
(2) Capital contributions and reduction			-500,000,000.00		-8,282,731.49						-508,282,731.49
1. Capital contribution											
2. Capital invested by other equity instrument holders			-500,000,000.00								-500,000,000.00
3. Share-based payment recognized in owners' equity											
4. Others					-8,282,731.49						-8,282,731.49
(3) Profit distribution										-91,612,482.88	-91,612,482.88
1. Transfer to surplus reserve											
2. Distributions to shareholders										-91,612,482.88	-91,612,482.88
3. Others											
(4) Transfer within owners' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Surplus reserve making up of losses											
4. Transfers of retained earnings due to changes in defined benefit plans											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(5) Special reserve											
1. Transfer to special reserve in the year											
2. Amount utilized in the year											
(6) Others											
IV. At 31st December 2019	930,000,000.00		1,500,000,000.00		588,784,449.10					2,486,526,947.06	5,505,311,396.16

Legal Representative: Li Shufu Chief Financial Officer： Li Donghui Finance Director：Dai Qing

Statement of Changes in Equity of the Company

For the year ended December 31, 2019

Zhejiang Geely Holding Group Co.,Ltd. | Unit RMB

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total equity
		Preferred shares	Perpetual bonds	Others							
I. At 31st December 2017	930,000,000.00		2,000,000,000.00		641,037,250.49		-268,842.38			197,560,265.37	3,768,328,673.48
Add: changes in accounting policy											
Correction of prior error											
Others											
II. Opening balance of the year	930,000,000.00		2,000,000,000.00		641,037,250.49		-268,842.38			197,560,265.37	3,768,328,673.48
III. Movement ("-" for decrease)					-43,970,069.90		158,878.90			-61,283,071.61	-105,094,262.61
(1) Total comprehensive income							158,878.90			20,616,928.39	20,775,807.29
(2) Capital contributions and reduction					-43,970,069.90						-43,970,069.90
1. Capital contribution											
2. Capital invested by other equity instrument holders											
3. Share-based payment recognized in owners' equity											
4. Others					-43,970,069.90						-43,970,069.90
(3) Profit distribution										-81,900,000.00	-81,900,000.00
1. Transfer to surplus reserve											
2. Distributions to shareholders										-81,900,000.00	-81,900,000.00
3. Others											
(4) Transfer within owners' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Surplus reserve making up of losses											
4. Transfers of retained earnings due to changes in defined benefit plans											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(5) Special reserve											
1. Transfer to special reserve in the year											
2. Amount utilized in the year											
(6) Others											
IV. At 31st December 2018	930,000,000.00		2,000,000,000.00		597,067,180.59		-109,963.48			136,277,193.76	3,663,234,410.87

Legal Representative: Li Shufu | **Chief Financial Officer： Li Donghui** | **Finance Director： Dai Qing**

Notes to the Financial Statements of Financial Year 2019

Zhejiang Geely Holding Group Co.,Ltd.

I. Basic situation of the company

Funded by natural persons Li Shufu and Li Xubing jointly and registered on March 24, 2003, Zhejiang Geely Holding Group Co.,Ltd. (hereinafter referred to as "the Company") owns the Business License of Enterprise. The Company now holds an unified social credit code 91330000747735638J of business license. In March 2007, Li Xubing transferred his 17.3% of the Company's shares with the total amount of 143.59 million yuan to Li Shufu and his 10% of the Company's shares with the total amount of 83 million yuan to Li Xingxing. In January 2017, the Company has changed registered capital from 830 million yuan to 930 million yuan. The current shareholders of the Company are Li Shufu who invests 847 million yuan, accounting for 91.08% of the registered capital and Li Xingxing who invests 83 million yuan, accounting for 8.92% of the registered capital. Share capital of the Company is 930 million yuan.

The operating period of the Company is 30 years and its legal representative is Li Shufu.

The main operation and business scope of the Company and its subsidiaries (hereinafter referred to as "the Group") includes: automobile manufacture and sales, industrial investment, investment in mechanical and electrical products, education, real estate investment, investment management, asset management, business administration, technology development of automobile and auto parts, car design, car model design, financial leasing business, software and information technology service, operating import and export business.

The ultimate controller of the Company is Li Shufu.

The financial statements thereto of the Group were approved by the Group Board on April 29, 2020.

II. The scope of consolidated financial statements for this year

Current period consolidation includes 21 1st tier subsidiaries, and adds 3 new subsidiaries, reduces 2 subsidiaries, net adds 1 subsidiary within the period. Refer to Note VIII "Interest in subsidiaries" for detail.

III. Preparation basis of the financial statements

1. Basis of Preparation

The financial statements of the Group are prepared in accordance with Accounting Standard for Business Enterprises, its Application Guidelines and Interpretations, and other related regulations (generally referred as "Accounting Standards for Enterprises"), which were issued and enforced by the Ministry of Finance.

The Group has adopted the accrual basis of accounting. Except for certain financial instruments, the financial statements are generally measured on the historical cost basis. In case of impairment of assets, the corresponding impairment provision shall be recognized in accordance with the relevant requirements.

2. Going concern

The Group has not engaged in any events or circumstances which may cast significant doubt upon its ability to continue as a going concern for the following 12 months since this reporting date.

IV. Interpretations of important accounting policies and estimates

1. Statement of compliance with "Accounting Standards for Enterprises"

The financial statements of the Group have been prepared in accordance with the requirements of "Accounting Standards for Enterprises", and reflected authentically and completely, the consolidated and the Company's financial position as at December 31, 2019, and the consolidated and the Company's operating result and cash flows for the financial year ended December 31, 2019.

2. Accounting period

The accounting year of the Group is based on the calendar year, namely from January 1 to December 31 each year.

3. Operation cycle

The Group takes 12 months as the operating cycle and uses it as the criterion for the liquidity of assets and liabilities.

4. Functional currency

As RMB is the currency of the primary economic environment where the Company and its domestic subsidiaries operate, they adopt RMB as the functional currency for book-keeping. The foreign subsidiaries of the Company adopt Hong Kong dollar, Swedish krona, Ruble, Euro and US dollar as their bookkeeping functional currency according to the primary economic environment where they operate. The book-keeping functional currency of the Group is RMB during the preparation of the financial statements.

5. Business combination involving and not involving enterprises under common control

(1) Business combination involving enterprises under common control

Business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately and permanently controlled by the same party or parties both before and after the combination. The consolidation date refers to the day when the combining party actually obtains the control over the combined party.

For the assets and liabilities obtained from business combination under common control, their value shall be measured at their carrying amount as recorded by the combining entity on the combination date. If the accounting policies of the acquiree are different from the acquirer's, the financial statements of the acquiree shall be adjusted to be in accordance with the accounting policies of the acquirer, then recognized the adjusted book value.

The difference between the carrying amounts of the net assets of the combination and the carrying amount of consideration paid for the combination (or the total face value of issued shares) is adjusted in the capital reserve (share premium). If the capital reserve is not sufficient to absorb the difference, retained earnings will be adjusted accordingly.

The direct expenses incurred by the acquirer in respect of auditing, valuation and legal services, ect., shall be recognized in profit or loss when incurred.

The service charge and commission incurred by issuing equity securities are used to adjust the premium on securities, if the balance of premium on securities is not sufficient, any excess is adjusted to retained earnings.

Where a business combination involving enterprises under common control is achieved in stages through stepwise transactions, the acquirer shall determine if these transactions are considered to be "a package deal". If it is, these transactions are accounted for as a single transaction where control is obtained.

If it’s not “a package deal,” shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of the long-term equity investment at combination date.

The difference between initial investment cost of long-term equity investment and sum of book value of long-term equity investment previously held in the acquire and book value of new investment cost on the business combination date is adjusted to capital reserve (capital premium); if the balance of capital reserve (capital premium) is not sufficient, any excess is adjusted to retained earnings.

Other comprehensive income recognized by accounting treatment of equity method or by being taken as financial instrument shall not be accounted temporarily, until the investment is disposed, then it shall be accounted in accordance with the accounting policies that the investees directly dispose of relevant assets or liabilities.

Shareholders’ equity recognized due to changes of other shareholders’ equity except net profit or loss, other comprehensive income and profits allocation of the investees shall not be accounted temporarily, until the investment is disposed, it shall be transferred to current profit or loss. If the equity left after disposal is accounted based on equity method or cost method, other comprehensive income and other shareholders’ equity shall be transferred to current profit or loss in ratio; if the equity left after disposal is accounted based on the recognition of financial instruments and measurement standard, all other comprehensive income and other shareholders’ equity shall be carried forward.

Refer to details of the accounting method for consolidation financial statements in Note IV. 6.

(2) Business combination not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The combination costs shall be the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and the difference of the combination costs that recorded as fair value and book value shall be recognized in profit or loss.

The acquirer shall allocate combination costs at the acquisition date, and recognize the acquired identifiable assets, liabilities and contingent liabilities at fair value.

For the difference that the combination cost exceeds the acquirer’s interest in the fair value of acquiree’s net identifiable assets, it is recognized as goodwill as an asset, and initially measured at cost.; For those with combination cost less than acquirer’s interest in the fair value of the acquiree’s net identifiable assets after reassessment and re-verification, the difference shall be recognized in profit or loss for current period.

Other assets (except intangible assets) obtained by the acquirer during the combination (not limited to the assets that have been recognized by the acquirer), when it is probable that economic benefits associate with the assets flow to the Group and the fair value can be measured reliably, they shall be measured separately at fair value; if the fair value of intangible assets can be measured reliably, and they are measured as intangible assets at fair value; Other liabilities (except contingent liabilities) obtained by the acquirer during combination, when it is probable that performing relevant obligation leads to the outflow of economic benefits and the fair value can be measured reliably, t they shall be measured separately at fair value; if the fair value of contingent liabilities can be measured reliably, they are measured as liabilities at fair value.

The intangible assets that belong to the acquiree and are not identified in the financial statement, shall be fully identified and judged, and they shall be recognized as intangible assets if they meet one of the following conditions: 1) originates from contractual rights or other legal rights; 2) they can be separated or divided from the acquire, and can be sold, transferred, licensed, leased or exchanged alone or jointly with the relevant contracts, assets and liabilities.

Deductible temporary differences the acquirer obtains from the acquiree can't be recognized due to inconformity with the recognition conditions of the deferred tax assets. If new or further information shows that the related situation at the acquisition date has existed within 12 months after the combination and the expected economic benefits associate with deductible temporary differences can be achieved at the acquisition date, the relevant deferred tax assets shall be recognized and goodwill shall be reduced. If goodwill isn't sufficient, the difference is recognized as the current profit or loss; except the above-mentioned case, the recognition of deferred tax assets related to enterprise consolidation shall be recorded into the current profit or loss.

The expenses incurred by the acquirer in respect of auditing, valuation and legal services, consulting and other agency costs and administrative costs are recognized in profit or loss when they are incurred. The transaction costs of issuing equity or debt securities of the acquirer as the consolidation consideration shall be recorded into their initially recognized amount.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not under common control if it belongs to "a package deal", these transactions are accounted for as a single transaction where control is obtained.; if it doesn't belong to "a package deal", in the individual financial statements, the aggregate of the book value of the acquiree's equity investment prior to the acquisition date and the new investment costs at the acquisition date is recognized as initial investment costs by accounting treatment of cost method; other comprehensive income, which is from the acquiree's equity investment before the acquisition date, recognized by accounting treatment of equity method shall be accounted in accordance with the accounting policies of dealing with the relevant assets or liabilities directly by the acquiree when the investment is disposed. Shareholders' equity of the acquiree recognized due to changes of other shareholders' equity except net profit or loss, other comprehensive income and profits allocation of the investees shall be carried forward into the current profit or loss when the investment is disposed. If the equity left after disposal is accounted based on equity method or cost method, other comprehensive income and other shareholders' equity shall be transferred to current profit or loss in ratio; if the equity left after disposal is accounted based on the recognition of financial instruments and measurement standard, all other comprehensive income and other shareholders' equity shall be carried forward.

Refer to details of the accounting method for consolidation financial statements in Note IV. 6.

The sum of the fair value of the acquiree's equity investment (accounted based on the recognition of financial instruments and measurement standard)held before the acquisition date and the new investment costs at the acquisition date is recognized as the initial investment costs based on cost method, the difference between the fair value and the book value of the original equity, together with the accumulated fair value changes previously included in other comprehensive income, are all transferred to the profit or loss of the current period based on cost method.

(3) The judgment criteria for multiple transactions as "a package deal"

The judgment criteria of the Group for determining multiple transactions as "a package deal" as follows:

1) These transactions were made at the same time or under the influence of mutual influence;

2) These transactions shall achieve a complete business result as a whole;

3) The occurrence of a transaction depends on the occurrence of at least one other transaction;

4) A transaction considered alone is not economical, but it is economical when considering other transactions.

6. Methods of preparing for consolidated financial statements

(1) Principle of determining the extent of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The consolidation scope includes the Group and all its subsidiaries. Subsidiaries mean enterprises or entities under the control of the Group.

If changes of related facts and situations lead to changes of related elements of control, the Group will undertake reassessment.

(2) Methods of preparing for consolidated financial statements

The combination of subsidiaries begins with obtaining the subsidiary’s net assets and the actual control over the subsidiary’s operating decision-making by the Group, and ends with the Group's losing control of the subsidiary. For a subsidiary disposed of by the Group, the operating results and cash flow before the disposal date have been included in the consolidated income statement and the consolidated cash flow statement properly; the beginning balance on the consolidated balance sheet of the subsidiary at the Group’s current disposal shall not be adjusted. For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date are included in the consolidated income statement and consolidated cash flow statement properly, and its beginning balance and contrast balance on the consolidated financial statements shall not be adjusted. For a subsidiary acquired through a business combination involving enterprises under common control, the operating results and cash flows from the acquisition date are included in the consolidated income statement and consolidated cash flow statement properly, and its contrast balance on the financial statements shall be adjusted.

The major accounting policies and accounting periods adopted by the subsidiaries are determined based on the standardized accounting policies and accounting periods set out by the Company. For a subsidiary acquired through a business combination involving enterprises under common control, its financial statements shall be adjusted on the basis of the fair value of identifiable net assets at the acquisition date.

All significant intra-group accounts, transactions and unrealized profits within the Group are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interest and presented as "Non-controlling interest" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority shareholders is presented as "Non-controlling interest" in the consolidated income statement below the "net profit" line item. When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the January 1, 2019 of owners' equity of the subsidiary, the excess amounts are still allocated against non-controlling interest.

When the Group loses its control over subsidiaries due to disposal of certain equity investments or other reasons, any remaining equity shall be re-measured at its fair value when control is lost. The differences between the sum of the consideration received on disposal and fair value of any remaining equity, and the share of the former subsidiary’s net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary shall be accounted in accordance with the accounting policies of dealing with the relevant assets or liabilities directly by the acquiree at the date of losing control (i.e., except changes of designated benefit plan in net liabilities or assets due to re-measurement by the original subsidiaries, others shall all be recorded into the current returns on investment).The remaining equity shall be measured according to the relevant requirements of “Accounting Standard for Business Enterprises No. 2 - Long-term Equity Investment” or “Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments” and other standards. Refer to Note IV, 11 “Financial Instruments” and Note IV, 14 “Investment in joint venture & associate” for details.

When losing control over a subsidiary due to disposal of its equity investment through multiple separate transactions, the Company should classify these transactions belong to “a package deal”. If terms, conditions and economic impact of the transactions of disposing the subsidiary’s equity investment meet the following one or more cases, it’s generally indicated that the Group shall account for the multiple as “a package deal”: 1). these transactions are concluded at the same time or in contemplation of each other; 2). these transactions form a single transaction designed to achieve an overall commercial effect; 3). the occurrence of one transaction depends on occurrence of at least one other transactions; 4). A transaction considered alone is not economical, but it is economical when considering other transactions. If these transactions don’t belong to “a package deal”, each one shall be accordingly and respectively dealt with on the basis of the applicable accounting principles of “partial disposal of the subsidiary’s long-term equity investment with control by the Group” and “the Group’s losing control over the original subsidiary due to disposal of certain equity investment or other reasons” (refer to the previous paragraph for details). When the Group loses control over a subsidiary due to disposal of its equity investment through various transactions which belong to “a package deal”, these transactions are accounted for as a single transaction where the Group disposes a subsidiary and loses the control over it; However, before the Group loses its control, the difference of shares of the net assets the Group enjoys in the subsidiary related to disposal price and investment each time shall be recognized as other comprehensive income in consolidated financial statements and recorded into the current profit or loss at the date of losing control.

7. Goodwill

Goodwill occurred on a business combination shall be recognized separately in the consolidated financial statement and measured at cost less accumulated impairment losses. Goodwill acquired in a business combination is at least tested for impairment at each financial year-end.

When goodwill is undertaken impairment test, it is combined with related asset group or asset group portfolio. From the acquisition date, the book value of goodwill is allocated reasonably to the asset group or asset portfolio expected to be benefited from synergy effect of the combination, If the recoverable amount of the asset group or asset portfolio containing allocated goodwill is less than its book value, an impairment loss on goodwill shall be recognized. The amount of impairment loss should offset the book value of the goodwill allocated to the asset group or asset portfolio, then offset book value of other assets according to proportion of other assets in asset group or asset portfolio. The recoverable amount is the higher amount between the fair value of the asset less the disposal expenses and the present value of the expected future cash flow of the asset.

Goodwill impairment loss shall be recorded into the current profit or loss when it occurs and is not be reversed in the subsequent accounting period.

8. Classification of joint arrangement and accounting treatment of joint operations

Joint arrangements refer to the arrangements jointly controlled by two or more parties. It is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group accounts for investments in joint ventures using equity method. The Group accounts for investments in joint ventures using equity method. Refer to Note IV, 14 (3) 2) "The long-term equity investment accounted for using the equity method".

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes: its individual assets and liabilities; its share of any assets and liabilities held jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its individual expenses, and its share of any expenses incurred jointly.

When the Group as a joint party invests or sells assets (except that such assets constitute a business, the same below) or purchases assets from the joint operation, only profit or loss arising from the transaction attributable to other parties involved in such joint operation is recognized prior to the resale of the assets to third parties. When there is impairment of the assets occurred, which is in accordance with "Accounting Standard for Business Enterprises No. 8 - Impairment of Assets", the Group shall recognize such losses in full as for its investment in and sales of assets to the joint operation; as for the Group's purchase of assets from the joint operation, it shall recognize the share of losses.

9. Criterion for determining cash and cash equivalents

The cash and cash equivalents of the Group include cash on hand, deposits which can be readily withdrawn on demand, cash with a short term, highly liquidity and easily converted to known amounts and investment with an insignificant risk of change in value.

10. Translation of transactions and financial statement denominated in foreign currencies

(1) Transactions denominated in foreign currencies

Foreign currency transactions are initially confirmed at the spot exchange rate on the date of transaction.

At the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate of the date. All exchange differences of such a translation shall be recorded into the current profit or loss except: 1) those related to specific-purpose borrowing denominated in foreign currency that qualify for capitalization conditions shall be dealt with in the principle of capitalization of the loans costs; 2) exchange differences of hedging instrument for the purpose of hedging against foreign exchange risk is treated according to the hedge accounting; 3) exchange differences arising from changes in the carrying amounts (other than the amortized cost) of the foreign currency monetary items at fair value through comprehensive income are recognized as other comprehensive income. Others are included in current profit or loss.

When the preparation of consolidated financial statements involves overseas operations, if there is any foreign currency monetary item that substantially constitutes a net investment in a overseas operation, the exchange difference caused by the exchange rate fluctuations shall be recognized as the "exchange differences arising on translation of financial statements denominated in foreign currencies" in other comprehensive income, and in profit or loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost shall still be translated to the amounts in functional currency at the spot exchange rate at the transaction date. Foreign currency non-monetary items measured at fair value shall be re-translated at the spot exchange rate determined by the fair value. The differences between the re-translated functional currency amount and the original functional currency amount shall be recorded into the profit or loss or as other comprehensive income as changes in fair value (including changes of exchange rate).

(2) Translation of financial statements denominated in foreign currencies

For the purpose of preparing consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet shall be translated at the spot exchange rate at the balance sheet date; shareholders' equity items except the item of "undistributed profits" shall be translated at the spot exchange rate when such items incurred. income and expenses items in the income statement shall be translated at the spot exchange rate at the transaction date. Undistributed profits at the beginning of the year is the translated undistributed profits at the end of last year; undistributed profits at the end of last year shall be presented as the translated items of profits distributed; the differences between translated items of assets and the aggregate of liabilities and shareholders' equity items shall be recognized as exchange differences arising on translation of financial statements denominated in other comprehensive income. When the Group disposes overseas operation and loses its control, all or the proportion of the exchange differences, related to the overseas operation, of foreign currency financial statements listed under shareholders' equity shall be recorded into the current profit or loss.

Cash flow dominated in foreign currency and the cash flow of overseas subsidiaries shall be translated at the spot exchange rate at the cash flow date. The effect of exchange rate changes on cash is regarded as a reconciling item and presented separately in the cash flow statement.

The amount of beginning year and the amounts of previous year shall be presented according to translated amounts of the financial statements of previous year.

When the Company loses its control over the overseas operation due to disposal of entire shareholders' equity of the overseas operation or partial disposal of the equity investment or other reasons, all exchange differences of foreign currency financial statements attributable to the owners of the Company related to such overseas operation and presented under shareholders' equity item in the balance sheet shall be transferred to the current profit or loss.

When the Company holds a lower overseas operation ratio due to disposal of part equity investment or other reasons but does not lose its control over a overseas operation, exchange differences of foreign currency financial statements related to the partial disposal of the overseas operation shall be re-attributed to minority shareholders and not be recorded into the current profit or loss. For partial disposal of equity interests of an associated enterprise or a joint venture in the overseas operation, exchange differences of foreign currency financial statements related to the overseas operation shall be reclassified to the current profit or loss according to the disposal ratio of the overseas operation.

11. Financial instruments

Financial instrument refers to a contract that forms the financial assets of one party and the financial liabilities or equity instruments of the other party.

(1) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

If the following conditions are satisfied, the recognition of the financial assets (or a part of the financial assets, or a part of a group of similar financial assets) shall be derecognized, which means the financial assets shall be written off from their accounts and balance sheets:

1) The right to collect cash flows from financial assets expired;
2) The Group has been transferred right to collect cash flow of financial assets, or undertaken the obligation to pay the full gathered cash flow to a third party in time under the "passing agreement"; or substantially neither transfers nor keeps almost all risks and rewards in the ownership of

financial asset, but gives up rights to control financial assets.

If the obligation of financial liability has been fulfilled, cancelled or expired, the financial liability shall be derecognized. If the existing financial liability is replaced by another financial liability on substantially almost entirely different terms by the same creditor, or if almost all the terms of the existing liability are materially modified, such replacement or modification is treated as derecognition of the original liability and recognition of the new liability, and the difference is recorded in the current profit or loss.

Financial assets, bought and sold in a regular way, are recognized and derecognized by the transaction day. The regular way of buying and selling financial assets refers to the collection or delivery of financial assets within the schedule time by laws and regulations in accordance with the provisions of the contract. A trading day refers to the date that the Group commits to buy or sell financial assets.

(2) Classification and measurement of financial assets

When the financial assets of the Group are initially recognized, they are classified as follows according to the business model of financial assets management of the Group and the characteristics of contractual cash flow of financial assets: financial assets at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss. When financial assets are initially recognized, they are measured at fair value. However, if the accounts receivable or notes receivable arose from the sale of goods or the provision of services do not contain significant financing elements or do not take into account financing elements which are not exceeding one year, the initial measurement shall be determined by the transaction price.

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recorded into profit or loss. Relevant transaction costs of other types of financial assets are recorded in the initial recognition amount.

The subsequent measurement of financial assets depends on their classification:

1) Financial assets at amortized cost

Financial assets that simultaneously satisfied the following conditions shall be classified as financial assets at amortized cost: the objective of managing the financial asset is to collect contractual cash flows; the contractual terms of the financial asset stipulate that the cash flow generated at a particular date is only the payment of the principal and interest based on the outstanding principal amount. The interest income of financial assets is recognized by the effective interest method, and the gains or losses from the derecognition, modification or impairment shall be recorded in the profit or loss. The financial assets mainly include cash and bank balances, accounts receivable, notes receivable, other receivables, debt investment and long-term receivables, etc. The Group shall present both debt investments and long-term receivables that due within one year from the balance sheet date as non-current assets due within one year, and original debt investments due within one year present as other current assets.

2) Financial assets at fair value through other comprehensive income

a. Debt instrument investment at fair value through other comprehensive income

Financial assets that simultaneously satisfied the following conditions shall be classified as financial assets at fair value through other comprehensive income: the objective of managing such financial asset is both to collect the contractual cash flow and to sell the financial assets. The contractual terms of such financial asset stipulate that the cash flow generated at a particular date is only the payment of the principal and interest based on the outstanding principal amount. The interest income of financial assets is recognized by the effective interest method except the interest income, impairment loss and exchange difference are recognized as the profit or loss, the other changes in the fair value record into other comprehensive income. When financial assets are derecognized, the accumulated gains or losses in other comprehensive income are transferred from other comprehensive income to profit or loss. Such financial assets include accounts receivable financing and other debt investments. The Group shall present other debt investments due within one year from the balance sheet date as non-current assets due within one year, and other debt investments originally due within one year present as other current assets.

b. Equity instrument investments at fair value through other comprehensive income

The Group irrevocably designated partial non-tradable equity instruments as financial assets at fair value through other comprehensive income, and only recoded relevant dividend income (except the partially received dividend income as investment cost) into the profit or loss. The fair value of the subsequent changes is recorded into other comprehensive income and does not need to recognize provision for impairment loss. When the recognition of financial assets is derecognized, the accumulated gains or losses recorded in other comprehensive income are transferred from other comprehensive income to the retained earnings. Such financial assets present as other equity instruments investment.

3) Financial assets at fair value through profit or loss

The financial assets, except for the financial assets at amortized cost and financial assets at fair value through other comprehensive income, are classified as financial assets at fair value through profit or loss. For such financial assets, the fair value is adopted for subsequent measurement, and all changes in the fair value are recorded in the profit or loss. These financial assets are presented as transactional financial assets, and those that mature more than one year from the balance sheet date and are expected to be held for more than one year are presented as other non-current financial assets. At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group irrevocably designates financial assets as financial assets at fair value through profit or loss. The designation shall not be revoked once made.

(3) Classification and measurement of financial liabilities

The financial liabilities of the Group are classified at initial recognition as follows: financial liabilities at fair value through profit or loss, other financial liabilities, and derivative instruments designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recorded into the profit or loss. Relevant transaction costs of other types of financial liabilities are recorded into the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss involves trading financial liabilities (including derivative instruments belonging to financial liabilities) and designated financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities satisfying one of the following conditions can be designated as financial liabilities for trading: The purpose of undertaking relevant financial liabilities is mainly for short-term repurchase or sale; such financial liabilities are a part of the centrally-managed identifiable financial instruments portfolio on initial recognition, and the objective evidence indicates that short-term profit model exists in near term; such financial liabilities are derivative instruments, except for derivatives that are designated as effective hedging instruments and derivatives that meet the definition of financial guarantee contracts. All changes in fair value of financial liabilities for trading (including derivative instruments belonging to financial liabilities) are recorded in profit or loss and subsequently measured at fair value, except for those related to hedge accounting.

2) Other financial liabilities

For such financial liabilities, the effective interest method is adopted and the subsequent measurement is on the basis of the amortized cost.

(4) Offsetting a financial instrument

Where the following conditions are met simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet.: Having a legal right to set off the confirmed amount and the legal right is currently enforceable; Planning to settle the financial assets on a net basis or to realize the financial assets and liquidate financial liabilities simultaneously.

(5) Financial guarantee contract

Financial guarantee contract refers to a contract whereby the issuing party pays a specified amount to the contract holder who suffers losses when the specified debtor fails to repay the debt in accordance with the terms of the debt instrument at deadline. Financial guarantee contract initially recognized at fair value, except for financial guarantee contract that designated as financial liabilities at fair value through profit or loss, other financial guarantee contracts are subsequently measured at the higher amount between the amount of expected credit loss provision at balance sheet date and the balance of the initial recognition amount deducted the cumulative amortization amount determined by the revenue recognition principle.

(6) Transfer of financial assets

The Group derecognizes the financial assets whose almost all the risks and rewards in the ownership of the financial asset has been transferred to the transferee, and does not derecognize financial assets whose almost all the risks and rewards in the ownership of a financial asset are retained.

The Group deals with the following situations respectively when the financial assets whose almost all the risks and rewards in the ownership of financial assets are neither transferred nor retained: When giving up control of financial assets, the Group derecognizes such financial assets and recognizes the new assets and liabilities; otherwise, the relevant financial assets shall be recognized in accordance with the degree of involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

If the transferred financial assets continue to be involved by providing financial guarantee, the assets that continue to be involved shall be recognized at the lower amount between the book value of the financial assets and the amount of financial guarantee. The financial guarantee amount refers to the maximum amount that will be required to be repaid out of the consideration received.

12. Determination method and accounting treatment method of expected credit loss

The Group conducts impairment treatment and recognizes the credit loss provision on financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, lease receivables and financial guarantee contracts on the basis of expected credit losses.

Credit loss refers to the difference between all contractual cash flows receivables under the contract discounted at the original effective interest rate and all cash flows expected to be received by the Group, that is the present value of all cash shortfalls. The purchased or originated credit-impaired financial assets shall be discounted at the actual interest rate adjusted by credit of the financial assets.

For leasing receivables and receivables, the Group adopts the simplified measurement method to measure the credit loss provision according to the expected credit loss amount in the whole duration.

In addition to the financial assets and financial guarantee contracts using the simplified measurement method mentioned above, the Group evaluates whether the credit risk has increased significantly since the initial recognition at each balance sheet date. If not, it is in the first stage. The Group shall make a loss allowance at an amount in the future 12-month expected credit loss and calculate the interest income according to the book balance and the actual interest rate. If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage. The Group shall make a loss allowance at an amount of lifetime expected credit loss and calculate the interest income according to the book balance and the actual interest rate. If the credit impairment occurs after the initial recognition, it is in the third stage. The Group shall make a loss allowance at an amount of lifetime expected credit loss and calculate the interest income according to the amortized cost and the actual interest rate. For financial instruments with low credit risk at the balance sheet date, the Group assumes that the credit risk has not increased significantly since the initial recognition.

The Group evaluates credit losses of financial instruments on a single and combined basis. The Group considers the credit risk characteristics of different customers and evaluates the expected credit loss of financial instruments measured at amortized cost on the basis of the aging portfolio.

When assessing expected credit losses, the Group will make use of reasonable and supportable information about past events, current conditions and future economic conditions.

(1) The judgement standard of credit risk increased significantly

The Group uses the reasonable and supportable forward-looking information to determine whether the credit risk of financial instruments has increased significantly since the initial recognition through comparing the risk of the default occurring on the financial instruments at the balance sheet date with the risk of the default occurring on the financial instrument at the initial recognition date.

The Group takes the following factors into consideration when evaluating whether the credit risk is significantly increased:

- Whether there are significant changes in the internal price indicators caused by credit risk changes.
- Whether an adverse change in the business, financial or economic situation cause a significant change in the ability of the borrower to meet its obligations.
- Whether the actual or expected operating results of the borrower have changed significantly.
- Whether there has been a significant adverse change in the regulatory, economic or technical environment of the borrower.
- Whether there has been a significant change in the value of the collateral used as collateral for the debt or in the quality of the collateral or credit enhancement provided by a third party. These changes are expected to reduce the borrower's financial incentive to repay the debt within the contractual period or affect the probability of default.
- Whether there is a significant change in the economic motivation that is expected to reduce the borrower's repayment within the contracted term.
- Whether there is any change in the expectation of the loan contract, including the expected release or amendment of contractual obligations that may result from the breach of the contract, the granting of an interest-free period, a jump in interest rates, the demand for additional collateral or guaranty, or other changes in the contractual framework of the financial instrument.
- Whether the borrower's expected performance and repayment behavior have changed significantly.
- Whether the payment of the contract is overdue for more than (including) 30 days.

(2) The definition of Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following events:

- Significant financial difficulty of the issuer or borrower.
- A breach of contract by the borrower, such as a default or delinquency in interest or principal payments.
- The lender, for economic or legal reasons relating to the borrower’s financial difficulty, will not grant a concession to the borrower.

- It becoming probable that the borrower will enter bankruptcy or other financial reorganizations.
- The financial difficulties of the lender or borrower cause the active market of the financial asset to disappear.
- Purchase or originate a financial asset with substantial discount reflects a credit loss.

(3) Recognition of expected credit losses

The Group shall determine the expected credit losses of the relevant financial instruments according to the following methods:

- For financial assets, the credit loss refers to the present value of the difference between the contractual cash flow to be received by the Group and the expected cash flow to be received.
- For leasing receivables, the credit loss refers to the present value of the difference between the contractual cash flow to be received by the Group and the expected cash flow to be received.
- For a financial asset that is credit-impaired at the balance sheet date but is not purchased or originated, the credit loss refers to the difference between the book balance of the financial assets and the present value of the estimated future cash flow discounted at the original effective interest rate.

The factors reflected in the Group's methods of measuring the expected credit losses of financial instruments include: the unbiased probability-weighted average amount determined by evaluating a series of possible results; time value of money; reasonable and supportable information about past events, current conditions, and forecasts on future economic conditions at the balance sheet date that can be obtained without unnecessary additional cost or effort.

(4) Written-off of financial assets

When the group no longer reasonably expects that the cash flow of the financial asset contract can be fully or partially recovered, the book balance of the financial asset shall be directly written off. Such written-off constitutes a derecognition of the relevant financial asset.

13. Inventory

(1) Classification of inventory

Inventory mainly includes raw material, materials in transit, self-made semi-finished goods and work-in-progress, finished products, goods in transit, rotation materials (including low-value and short-lived consumables, packages), processed goods, project cost, and others.

(2) Valuation method of inventories upon delivery

Inventory obtained shall be valuated at actual cost. Inventory cost includes purchasing cost, processed cost and other costs. Weighted average method is used when consuming or delivering inventories.

(3) Recognition of net realizable value of inventory and provision methods for decline in value of inventories

Net realizable value refers to the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

Inventory shall be valued at the lower of cost and net realizable value at the balance sheet date. Provision for inventories devaluation is to be made when its net realizable value is lower than cost. Inventory devaluation provision is normally to be made based on the difference between the cost of single inventory item and its net realizable value. For the inventory with large quantity and low unit price, depreciation provision is made based on categories of inventories; For inventories which are related to the products produced and marketed in the same region, have the same or similar end uses or purpose, and are hard to be valued separately from other items, provision for devaluation is determined on an aggregate basis.

After provision for devaluation of inventories is made, if the factor that caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for devaluation of inventories is reversed and the reversal is included in profit or loss for the period.,

(4) Perpetual inventory system is adopted

(5) Amortization method of low-priced and short-lived consumable items and packages

Low-priced and short-lived consumable items and packages are amortized by one-time write-off method. The packaging used for turnover shall be recorded into the cost according to the estimated times of use.

14. Investment in joint venture & associate

(1) Judgement criterion of determining joint control or significant influence over the investee

Joint control refers that the Group jointly controls an arrangement according to relevant agreement, and decisions about the relevant activities of the arrangement require unanimous consent of the parties sharing control. Significant influence refers to the power of participating in decision-making on the financial and operating policies of the Investees, except to the control or joint control with other parties over the formulation of those policies. In determining whether it is possible to exercise control over or exert significant influence on the Investees, potential voting rights factors such as the current convertible corporate bonds of the Investees and the current exercisable stock warrants held by the investor and other parties were taken into account.

(2) Recognition of investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of long-term equity investment at combination date. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition.

Long-term equity investment acquired otherwise than through a business combination: for a long-term equity investment acquired through paying cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired through issuing equity securities, the initial investment cost shall be the fair value of the equity securities.

(3) Method for subsequent measurement and profit or loss recognition

1) Long-term equity investments accounted for using the cost method

For a long-term equity investment accounted by the cost method, except for the price actually paid at the time of the investment or the declared but not yet paid cash dividend or profit included in the consideration, the cash dividend or profit declared and distributed by the investee shall be recognized as investment income in profit or loss.

2) The long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has a significant influence, and joint venture is a joint venture arrangement in which the Group only has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of long-term equity investment exceeds the Group’s share of the fair value of the investee’s identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group’s share of fair value of the Investees’ identifiable net assets at the time of acquisition, the difference shall be recorded into profit or loss, and the cost of long-term equity investment shall be adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period, and carrying amount of long-term equity investment is adjusted accordingly; the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; other changes of owner's equity of the Investees other than net profit or loss, other comprehensive income and profit distributed, are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets after adjusting net profit of the investee. When accounting policies and accounting period adopted by the investees are inconsistent with those of the Company, the investees' financial statements shall be adjusted to conform the Company's accounting policies and accounting period. the Company shall recognize the investment income and other comprehensive income. Unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. Besides, If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

(4) Disposal of long-term equity investments

When disposing the long-term equity investment, the difference between the carrying amount of the investment and actual consideration paid shall be recorded into current profit or loss.

15. Held for sale, and Discontinued operation

Non-current assets (excluding financial assets and deferred tax assets) or disposal group classified as held for sale are required to satisfy the following conditions: the non-current assets or disposal is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; The Group has made a resolution about selling plan and obtained a confirmed purchase commitment from the shareholders' meeting or relevant authority approval if required; The Group has signed an irrevocable transfer agreement with the transferee; The transfer will be completed within a year.

Assets held for sale include individual item assets and disposal group. In certain cases, the disposal group includes goodwill obtained from the business combination, etc.

Non-current assets and disposal group held for sale are not be depreciated or amortized, and measured at the lower of their carrying amount and the fair value less costs to sell, presenting as "assets held for sale".

The Group presents non-current assets held for sale and assets in the disposal group held for sale separately from other asset items in the balance sheet, and presents liabilities in the disposal group held for sale separately from other liabilities. Non-current assets, or assets and liabilities in the disposal group held for sale cannot be eliminated by each other, but shall be presented as current assets and current liabilities respectively.

When the non-current asset or the disposal group held for sale no longer meets the recognition criteria of non-current assets held for sale subsequently, the Company stops to classify it as held for sale category, and measures at the lower of the amount below:

(1) The book value of the asset or disposal group before classified as held for sale category adjusted by amount of the depreciation, amortization and impairment which are recognized in the assumption of the absence of the classification as held for sale category;

(2) The recycling amount at the date that held for sale category is decided not to be sold.

Discontinued operation is the component disposed or classified as held for sale category that can be distinguished separately in the operation and the preparation of the financial statements, which satisfy one of the following conditions:

1) The component represents an independent major business or a major business area;
2) The component is part of the disposal plan of an independent major business or a major business area;
3) The component is the subsidiary obtained only for the purpose of resale.

The Company shall separately present profit or loss from continued operations and discontinued operations in income statement. The impairment loss and its reversal amount, and the profit or loss from disposal of the non-current assets or the disposal group held for sale shall be presented as the profit or loss of continued operation when not satisfying the definition of discontinued operation. The profit or loss in operations as well as the disposal, such as the impairment loss from discontinued operations and its reversal amount, shall be reported as the profit or loss of the discontinued operation.

16. Property, Plant and Equipment

(1) Recognition criteria for property, plant, equipment

Property, plant and equipment are tangible assets held for the use in the production or supply of goods or service provision, for rental or for operation and administrative purpose with a useful life of more than one accounting year. A tangible asset is only recognized when its relevant economic benefits is likely to flow to the Group and its cost can be measured reliably. Property, plant and equipment shall be initially measured at cost.

(2) Depreciation method

Property, plant and equipment are depreciated over their useful life using the straight-line method since the month subsequent to the one in which they are ready for intended use The depreciation period, estimated net residual value rate, and annual depreciation rate of each category of tangible assets are as follows:

Category	Depreciation period (year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	14.5-50	0-10	1.80-6.90
Machinery equipment	3-30	0-10	3.00-33.33
Transportation vehicles	4-10	0-10	9.00-25.00
Molds and gauges	3-7	0-10	12.86-33.33
Electronic and office equipment	3-10	0-10	9.00-33.33
Other equipment	3-5	0-10	18.00-33.33

Estimated net residual value refers to the estimated amount that the Group obtained from the disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The Group adopts a depreciation policy for a tangible asset held under a finance lease which is consistent with that for its owned tangible asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

(3) Impairment test and impairment provision of property, plant and equipment

Refer to Note IV, 22 "Impairment of long-term asset", except for goodwill, for details.

(4) Other explanations

For the subsequent expenditure of tangible assets, if the economic benefit related to the tangible assets is likely to flow to the Group and measured reliably at cost, such expenditure shall be recorded into the costs of property, plant and equipment and the book value of the replaced part shall be derecognized. The other subsequent expenditure shall be recorded into profit or loss when occurs.

If the property, plant and equipment is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the property, plant and equipment is derecognized. When the property, plant and equipment is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of the property, plant and equipment and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

17. Construction in progress

Construction in progress cost is recognized based on actual construction cost, including the expenditure during construction period, capitalized borrowing costs before reaching the working condition for its intended use, and other relevant expenses. Construction in progress shall be transferred to property, plant and equipment when reaching the working condition for its intended use.

Refer to details of impairment test and impairment provision of construction in progress in Note IV, 22 "Impairment of long-term asset", expect for goodwill.

18. Borrowing cost

Borrowing costs include interest, amortization of discount or premium related to borrowings, auxiliary expenses and exchange differences arising from foreign currency borrowings etc. For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, when expenditures for the asset and borrowing costs are being incurred, activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced, such borrowing costs shall be capitalized as part of the cost of that asset; and capitalization shall be discontinued when the qualifying asset is ready for its intended use or sale. Other borrowing cost is recognized as expenses when occurs during the current year.

Where funds are borrowed for a specific purpose, the amount of interest to be capitalized shall be the actual interest expense incurred during the current year less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Group shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

Qualifying assets are assets (property, plant and equipment, inventories, etc.) that necessarily taking a substantial year of time for acquisition, construction or production to get ready for their intended use or sale.

If the process of acquisition, construction or production of qualifying assets have been abnormally stopped, and the interruption interval is more than 3 months, the capitalization of the borrowing costs is suspended until the acquisition construction or production activities of the assets restart.

19. Intangible assets

Intangible assets refer to the identifiable non-monetary assets without physical substance owned or controlled by the Group. Intangible assets include software system, proprietary technology, land use right, non-patent technology, patents, trademark, dealer network and others.

Intangible assets are to be initially measured at cost. The expenditure related to intangible assets, if the economic benefits related to the intangible assets is likely to flow to the Group and measured reliably at cost, such expenditure shall be recorded into intangible assets cost Other subsequent expenditure items shall be accounted as current profit or loss when occur.

The land-use right obtained is normally accounted as an intangible asset. The expenditure of self-constructed buildings (e.g. plants), related land use right and the buildings shall be separately accounted for as intangible assets and tangible assets. For buildings and structures purchased, the purchase consideration shall be allocated among land use right and the buildings on a reasonable basis. If there is any difficulty in making a reasonable allocation, the consideration shall be recognized in full as the property, plant and equipment.

When an intangible asset with a finite useful life is available for use, its original cost less estimated net residual value and any accumulated impairment losses provided is amortized over its estimated useful life using the straight-line method. The intangible assets with infinite useful life are not amortized.

The Group shall review the finite useful life of an intangible asset and the amortization method applied at the end of the year. Any changes shall be accounted as changes in accounting estimate. Besides, the Group shall review the useful life of an intangible asset with infinite useful life, if any evidence shows that the intangible assets can bring foreseeable economic benefit to the enterprise within a certain period, its useful life shall be estimated and it shall be amortized according to amortization method of intangible assets within the useful life.

Refer to Note IV, 22 “Impairment of long-term asset”, except for goodwill, for details of impairment test and impairment provision of intangible assets.

20. Research and development expenditure

The research and development expenditures of the Group are classified into research phase expenditure and development phase expenditure.

The expenditure in research phase shall be recorded into profit or loss when incurred.

The expenditure in development phase shall be recognized as intangible assets if meets all following terms, and shall be recognized in profit or loss otherwise:

(1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
(2) The Group has the intention to complete the intangible asset and use or sell it;
(3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
(5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

The expenditure that cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

Capitalized expenditure incurred during development phase is presented as development expenditures on the balance sheet and transferred to intangible assets at the date that the assets is ready for its intended use.

21. Long-term deferred expenses

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current year and subsequent years of more than one year. Long-term deferred expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

22. Impairment of long-term assets

At the balance sheet date, the Group assesses whether there is any indication that the property, plant and equipment, construction in process, intangible assets, research and development expenditure, long-term equity investment to subsidiaries, joint ventures, associated enterprises may be impaired. If any, their recoverable amount shall be estimated and impairment tests shall be conducted. Intangible assets with infinite useful life and intangible assets before reaching working condition are tested for each year regardless of any indication of impairment.

If the impairment test indicates that the recoverable amount of an asset is lower than its book value, the difference shall be regarded as a provision for impairment loss of the asset and recognized in impairment loss. The recoverable amount is determined at the higher of the net amount after deducting the disposal expenses from the assets' fair value and the present value of the assets' estimated future cash flow. The fair value of the assets is determined according to the price in the sales agreement in fair bargain; the fair value shall be determined according to price offered by the buyer of the assets when the sales agreement does not exist but active market for assets does; the fair value shall be estimated according to the best information available when both sales agreement and active market for assets do not exist. The disposal expenses include legal expenses relevant to asset disposal, relevant tax, cartage and direct expenses that enable the assets ready to be sold. The present value of the assets' estimated future cash flow shall be determined according to the amount of estimated future cash flow of assets incurred during the continuous use or at the final disposal of assets after being discounted at an appropriate discount rate. Impairment provision for assets shall be measured and recognized on the basis of the individual asset. If it is not practical to estimate the recoverable amount of the individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The asset group refers to the smallest asset group that can generate cash inflow independently.

Once the impairment loss of such assets is recognized, it shall not be reversed in any subsequent period.

23. Employee benefits

Employee benefits of the Group mainly include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The short-term employee benefits include wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance, work-related injury insurance premiums, housing provident fund, labor union expenditure and employee education expenses, non-monetary welfare and so on. The Group recognizes the short-term employee benefits actually occurred as liability, and charged to profit or loss for the current year or cost of relevant assets in the accounting year in which employees have rendered service. The non-monetary welfare shall be measured at fair value.

Post-employment benefits mainly include the defined contribution plan, which mainly includes the basic endowment insurance, unemployment insurance and annuity and so on. The corresponding payable amount shall be recorded into the relevant asset costs or current profit or loss when incurred.

When terminating the labor relationship with the employee before contract term expires, or proposing to give compensation to encourage employees to accept redundancy voluntarily, the Group shall recognize a liability for a termination benefit in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognizes any related restructuring costs or expenses. However, if the termination benefits cannot be fully paid as expected within 12 months after the annual reporting period, it shall be dealt with as other long-term employee benefits.

The principle to deal with termination benefits is also applied to internal retirement plan for employee. The Group recognized wages and social insurance to be paid to the internal retired employees from the date of employees' stopping to provide service to statutory retirement in profit or loss (termination benefits), when the recognition condition of provisions is satisfied.

Other long-term employee benefits the Group offers to its employees shall be accounted according to the defined contribution plan if they satisfy the definition of defined contribution plan, otherwise they shall be accounted according to the defined benefit plan.

24. Share-based payment

Share-based payment of the Group is a transaction in which the Group grants equity instruments or assume liabilities determined on the basis of equity instruments for the purpose of obtaining services provided by employees. The group's share payment is cash-settled share payment.

Share payments settled in cash shall be measured at fair value of the liabilities assumed by the Group on the basis of shares. The fair value of the liabilities shall be re-measured on each balance sheet date before the settlement of the relevant liabilities and settlement date, and the changes shall be recorded in the profit or loss in the current period.

25. Provisions

Obligations related to contingencies shall be recognized as provisions when they meet the following conditions simultaneously: The obligation is a present obligation assumed by the Group; Performing the obligation probably leads to the outflow of economic benefits; The amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money.

Where all or part of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that

reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.
(1) Onerous contract
Onerous contract refers to the contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. When an executory contract becomes onerous contract, and the obligation in such onerous contract meets recognition conditions of a provision, the Group shall recognize a provision at the amount that the estimated loss of the contract exceeds recognized impairment loss (if any) of contractual subject assets.
(2) Restructuring obligations
For a detailed and formal restructuring plan that has been officially announced, if recognition conditions of a provision have been met, the amount of the provision shall be recognized according to the direct expenditure associated with the restructuring. For the restructuring obligations with part of the business sold, obligations associated with the restructuring shall be reorganized after the Group commits to sell part of the business, (namely, to sign a binding sales agreement).

26. Revenue

The Group's revenue mainly comes from the following business:
(1) Revenue from selling goods
(2) Service revenue
The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation refers to the commitment of the Group that goods or services that is distinct shall be transferred to customers in the contract. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to its customers, but it does not include the payments received on behalf of third parties and the amount that the Group expects to refund to its customers.
If one of the following criteria is met, which belongs to the performance obligation fulfilled within a certain period of time, the Group shall recognize revenue within a period of time in accordance with the progress of performance: 1) the customer receives and consumes the benefits provided by the Group at the time that the obligation is performed; 2) the customer is able to control the work-in-progress goods in the period of Group’s performance. 3) The goods produced in the course of the Group's performance are irreplaceable and the Group has the right to receive partial payments for the completed performance that has been accumulated so far during the entire contract period. Otherwise, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services.
Contract assets refer to the Group's right to receive consideration for the transfer of goods or services to the customers, which depends on factors other than the passage of time. The Group's unconditional (i.e., depending only on the passage of time) right to receive consideration from customers is presented separately as receivables.
Contract liabilities refer to the obligations of the Group to transfer goods or services to the customers when the Group has received or receivable consideration from the customers.
Contract assets and contract liabilities of the related contracts are presented on a net basis.
Cost of acquiring the contract:
When the incremental costs incurred from the acquisition of the contract (i.e. costs that will not occur without the acquisition of the contract) are expect to be recovered, the Group recognizes the contract as an asset and amortizes the costs on the same basis as the recognition of revenue related to the asset

from sale of goods or rendering services, and the amortization amounts are recorded in profit or loss. Other expenditures incurred by the Group for obtaining the contract shall be recorded in profit or loss at the time of occurrence, except those clearly borne by the customers.

Cost of performance of the contract:

The cost incurred from the performance of the contract provided by the Group are recognized as an asset when the cost is not in the scope of other enterprise accounting standards except revenue standards and meets the following conditions at the same time: 1) the cost is directly related to a current or expected contract that is acquired; 2) the cost increases the Group's future resources for fulfilling performance obligations; 3) the cost is expected to be recovered. The above-mentioned assets shall be amortized on the same basis as the recognition of revenue related to the assets from the sale goods or rendering services, and the amortization shall be recorded in profit or loss

27. Government grants

(1) Government grants refer to monetary or non-monetary assets the Group receives from the government for free. Government grants include government grants related to assets and government grants related to income.

1) The judgment criteria and accounting treatment of government grants related to assets

The government grants related to assets are grants that the Group received to purchase, construct or form the long-term assets by other ways.

Government grants related to assets is charged against carrying amount of related assets or recognized as deferred income. Government grants related to assets and recognized as deferred income shall be included in profit or loss over the useful life of related asset by reasonable and systematic methods. Government grants are measured at the nominal amounts and shall be recorded into the profit or loss directly.

The balance of undistributed deferred income from the relevant assets which are sold, transferred, scrapped or damaged before useful life is transferred into the profit or loss of disposal of assets.

2) The judgments and accounting methods of government grants related to income

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income and recognized in profit or loss when the relevant expenses or losses are recognized.

If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss or charged against related cost for the period.

When the government grants include the related parts of the assets and income simultaneously, then it is necessary to distinguish the different parts of the government grants and apply accounting methods respectively; when it is difficult to distinguish them, then the whole is classified as the government grants related to income.

A government grant related to the Group's daily activities is recognized in other income or offset the relevant cost based on the nature of economic activities; a government grant not related to the Group's daily activities is recognized in non-operating income and expenses.

(2) The accounting methods of policy-related preferential loan discount

The Government appropriates the discount interest funds to the lending banks, and the lending banks provide loans to the Group at preferential policy interest rates, and the entry value of the loans is based on the actual amount of received loans, and the related loans costs are calculated according to the principal of the loans and the preferential policy interest rates.

The Government appropriates the discount interest funds to the Group directly, and the corresponding discounts will be used to offset the related loans costs.

Government grants are recognized and measured in accordance with the actual amount of funds received. Only when there is conclusive evidence that the grants are appropriated according to a fixed quota standard, and there is conclusive evidence that the grants satisfy the relevant conditions stipulated in the financial support policy and financial support funds is expected to be received, the grants can be recognized and measured according to the amount receivable.

If the recognized government grants need to be returned, the Group shall conduct accounting treatment at the time when the grants need to be returned, that is, to adjust the related book value of assets, which was offset at the time of initial recognition.

28. Deferred tax assets/ liabilities

Income tax expenses includes current income tax and deferred income tax.

(1) The current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax law.

(2) Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For taxable temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax liability is recognized. In addition, deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

For deductible temporary differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset is recognized. In addition, deferred tax assets are recognized for other deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized, except that the temporary difference will probably not be reversed in the foreseeable future or taxable income used to offset deductible temporary difference will not be available in the future.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Current income tax and deferred income tax shall be recorded into profit or loss. except the current income tax and deferred income tax which are recognized in other comprehensive income or shareholders' equity arising from the relevant transactions and matters, and the carrying amount of the adjusted goodwill of deferred income tax from the business combination.

(4) Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

29. Leases

Financial lease refers to the lease that transfers substantially all the risks and rewards of ownership to the lessee. Its ownership may or may not be transferred ultimately. Operating lease refers to the lease except financial lease.

(1) The Group as lessee under operating lease

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rental is recognized in profit or loss when incurred.

(2) The Group as a lessor under operating lease

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rental is recognized in profit or loss when incurred.

(3) The Group as lessee under finance leases

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charges. Besides, initial direct costs that are attributable to the leased item incurred during the process of negotiating and securing the lease agreement are also added to the amount recognized for the leased asset. The net amount of minimum lease payments less unrecognized financial charges shall be presented as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financial charges shall be recognized as current financial charges for the period using effective interest method over the lease term. Contingent rental is recognized in profit or loss when incurred.

(4) The Group as a lessor under financial leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognized as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognized as unearned finance income. The net amount of financial lease receivables less unearned financial profits shall be presented as long-term credit and long-term credit due within one year respectively.

Unearned finance income is recognized as finance income for the period using the effective interest method over the lease term. Contingent rental is recognized in profit or loss when incurred.

30. Significant accounting judgment and estimates

Due to the inherent uncertainty of business activities, the Group needs to make judgments, estimates and assumptions over the carrying amount of items in the financial statements that cannot be measured accurately over the period of applying accounting policies. These judgments, estimates and assumptions are based on the historical experience of the Group's management as well as other relevant factors that are considered to be relevant. However, the actual results might be different from the current estimates the Group's management.

The above judgments, estimates and assumptions shall be reviewed regularly by Group on the basis of continued operations. In the event that the changes in accounting estimates only affect the current period, the influenced number shall be recognized during the current period; in the event that the changes in accounting estimates affect both the current period and the future, the influenced number shall be recognized during the current period and the future.

At the balance statement date, key assumption and uncertainties which will affect materially the book value of assets or liabilities in accounting estimates are as follows:

(1) Classification of financial assets

The significant judgements related to the Group's classification of financial assets include business model and analysis to contractual cash flow characteristics.

The Group determines the business model of managing the financial assets at the level of financial asset portfolio. Factors that should be considered include the way to evaluate and report the performance of financial assets to key managers, the risks affecting the performance of financial assets and their management approaches, as well as the ways in which relevant business managers are remunerated.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic borrowing arrangement, the group has the following major judgments: Whether the principal may change in time distribution or amount during the duration due to reasons such as prepayment; Whether the interest only includes the monetary time value, credit risk, other basic borrowing risks and the consideration against costs and profits. For example, whether the amount of prepayment only reflect outstanding principal and interest based on the unpaid principal, as well as reasonable compensation due to early termination of the contract.

(2) Impairment of financial instruments

The Group uses the expected credit loss model to evaluate the impairment of receivables and debt investments measured at amortized cost and accounts receivable financing and other debt investments measured at fair value with changes in other comprehensive income. Applying the expected credit loss model involves significant judgments and estimation by management. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Group considers the quantitative analysis of historical statistical data and forward-looking information to establish default probability, default loss rate and default risk exposure models. The difference between the actual impairment result of the financial instrument and the original estimate will affect the book value of the financial instrument and the provision or reversal of the credit impairment losses during the period when the estimate is changed.

(3) Impairment of long-term assets

At the balance sheet date, the Group assesses whether there is any indication of possible impairment of non-current assets other than financial assets. For intangible assets with infinite useful life, except for the annual impairment test, the Group shall conduct impairment test when the signs of impairment exist. Other non-current assets other than financial assets are subject to impairment tests when there are signs that the carrying amount cannot be recovered.

Impairment occurs when the carrying amount of an asset or asset group is higher than the recoverable amount, that is, the higher of the net amount of fair value less the disposal costs and the present value of the estimated future cash flows.

The net amount of fair value less disposal costs is determined by referring to the agreed sale price or observable market price of a similar asset in fair trading deducted by the incremental cost directly attributable to disposal of the asset. When estimating the present value of future cash flows, important judgments need to be made on the output, selling price, related operating costs of the asset (or asset group) and the discount rate used in calculating the present value. When estimating recoverable amounts, the Group uses all relevant and available information, including projections of production volumes, selling prices and related operating costs based on reasonable and supportable assumptions.

(4) Residual value risk

The Group faces residual value risk when signing of sales contracts with repurchase agreements or residual value guarantee clause. Residual value risk will be reflected in the consolidated financial statements in different ways according to the degree of risk held by the Group. If the major risks in vehicle ownership remain in the Group, the relevant vehicles are presented as assets leased under operating leases on the balance sheet. The accumulated depreciation of these vehicles will reduce the original value of the vehicle to its residual value, which is the expected recoverable amount of the asset at the end of the lease period. Depreciation shall be calculated and recognized under straight line method during the lease period. If the vehicle sales contract is attached with residual value guarantee clause, but the major risk has been transferred, the asset should be derecognized, expected recoverable amount of the assets in future period shall be recognized as a provision. The Group will constantly pay attention to and adjust its expected recoverable amount of each asset when it is recovered in future period. The expected amount is based on the latest auction price of second hand cars and future price fluctuations due to changes in the anticipated market environment, market incentive plans, vehicle quality data and repair costs. The situation of high inventory and low demand in the automotive industry may have a negative impact on the prices of new and used cars.

(5) Product warranty

Based on the historical experience and quality assurance term, the Group estimates the cost of product quality assurance for the sold vehicles and draws a product warranty. Product warranty includes contractual guarantees, warranty activities (recall and repurchase) and goodwill guarantees (the guarantees provided to consumers according to the policies of the Group and industry practices, other than contractual guarantees and warranty activities, in order to maintain a good relationship with consumers), etc. The improvement of product quality shown by historical data has been reflected in the forecasting process of the above three product warranty as a forecasting parameter.

When the compensation obtained from the supplier can be basically determined, the product warranty shall be offset accordingly.

(6) Provision for decline in value of inventories

The net realizable value of an individual inventory item is the amount that the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. The difference between the cost of inventory and its net realizable value is recognized as a provision for decline in value of inventories, as mentioned in Note IV.13.

(7) Deferred tax assets

The Group and its subsidiaries or other forms of business organizations around the world shall, according to the differences between the accounting and tax bases, calculate deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible losses and deductible temporary difference can be utilized. The recognition of deferred tax assets is based on the prediction of future taxable income and the period during which deferred tax assets will be returned. These assumptions have considered future operation results and the impact of reversal of taxable temporary differences. The measurement of deferred tax assets is uncertain, as it may be affected by some factors, such as the change of future operating environment and tax law. The Group evaluates whether reversal of deferred tax assets is feasible on each balance statement date. If necessary, the amount of deferred tax assets will be revised and this situation will affect the profit or loss.

(8) Legal action

Lawsuits faced by the Company's subsidiaries involves different legal cases in multiple jurisdictions, including but not limited to contractual disputes, inadequate supply of goods or services, product liability, patents or other infringements. Due to the complexity of the cases and legal provisions involved, it is difficult for the Group to infer the final outcomes. The Group maintains close cooperation with professional legal advisers and relevant experts. Once the loss is probable to occur and can be measured reliably, the Group will recognize the corresponding liabilities. If the above conditions are not satisfied simultaneously, the Group will disclose the loss as contingent liabilities.

(9) Tax treatment

According to accounting standards, the Group regularly evaluates tax risks. If such losses are probable to occur and the amount of losses can be reliably measured, the Group will recognize corresponding liabilities. If these conditions are not satisfied simultaneously the Group will disclose the loss as contingent liabilities.

31. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

The Ministry of Finance issued the "Notice of the Revised Format of 2019 Financial Statements for General Business Enterprises" (Cai Kuai (2019) No.6) in April 2019, and repealed the "Notice of the Revised Format of 2018 Financial Statements for General Business Enterprises" (Cai Kuai (2018) No.15) issued on June 2018. According to the notice, the Group has revised the format of its financial statements as follows: on balance sheet, "Notes and accounts receivable " was split into "Notes receivable" and "Accounts receivable"; "Notes and accounts payable" was split into "Notes payable" and "Accounts payable". The Group has retroactively adjusted the statements for the comparable period, and the change in accounting policy has no impact on the net profit and owner's equity. The reporting items and amounts of the 2018 financial statements significantly affected are as follows:

The items and amounts presented in original statement reports		The items and amounts presented in new statement reports	
Notes receivable and accounts receivable	29,491,507,878.27	Notes receivable	22,614,809,596.99
		Accounts receivable	6,876,698,281.28
Notes payable and accounts payable	55,538,625,694.39	Notes payable	13,408,629,748.98
		Accounts payable	42,129,995,945.41

(2) Changes in significant accounting estimates.
Significant accounting estimates in this accounting period have not changed.

V. Taxes

1. Item and rate of taxation

Item	The specific tax rates
Value added tax	Before April 1, 2019: 3%, 5%, 6%, 10%, 16% From April 1, 2019: 3%, 5%, 6%, 9%, 13%
Consumption tax	1%, 3% , 5% , 9%
City maintenance and construction tax	1% , 5% , 7%
Education surcharge	3%, 2% of paid VAT and consumption tax respectively
Enterprise income tax	15%, 25%
Real estate tax	Price-based taxation is calculated according to 1.2% of the 70% to 90% of the original value; rent-based taxation is calculated according to 12% of the rent.

Note: VAT and income tax of overseas subsidiaries shall be paid according to local tax law.

2. Tax benefits

(1) Hunan Geely Automobile Parts Co.,Ltd. was recognized as a High-tech enterprises on September 5, 2017. The certificate number is GR201743000521 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(2) Hunan Luoyou Engine Parts Co.,Ltd. (a subsidiary of Hunan Geely Automobile Parts Co.,Ltd.) was recognized as a High-tech enterprise on October 28, 2015. The certificate number is GF201543000140 (valid for 3 years). Hunan Luoyou Engine Parts Co.,Ltd. was re-identified as a High-tech enterprise on October 17, 2018, and the certificate number is GR201843000945 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(3) Zhejiang Ruhoo Automobile Co.,Ltd. was recognized as a High-tech enterprise on November 21, 2016. The certificate number is GR201633000066 (valid for 3 years). Zhejiang Ruhoo Automobile Co.,Ltd. was re-identified as a High-tech enterprise on December 4, 2019, and the certificate number is GR201933004208 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(4) Zhejiang Geely Automobile Research Institute Co.,Ltd. (a subsidiary of Zhejiang Ruhoo Automobile Co.,Ltd.) was recognized as a High-tech enterprise on October 27, 2014. The certificate number is GR201433001192 (valid for 3 years). Zhejiang Geely Automobile Research Institute Co.,Ltd. was re-identified as a High-tech enterprise on November 13, 2017, and the certificate number is GR201733001587 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(5) Ningbo Geely Luoyou Engine Parts and Component and Co.,Ltd. was recognized as a High-tech enterprise on November 29, 2017. The certificate number is GR201733100656 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(6) Zhejiang Fulin Guorun Automobile Parts and Components Co.,Ltd. was recognized as a High-tech enterprise on November 13, 2017. The certificate number is GR201733001100 (valid for 3 years).

Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(7) Ningbo Geely Automobile Reserch & Development Co.,Ltd. (a subsidiary of Zhejiang Geely Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 29, 2017. The certificate number is GR201733100522 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(8) Hangzhou Geely Evun Technology Co.,Ltd. was recognized as a High-tech enterprise on November 13, 2017. The certificate number is GR201733002974 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(9) Jinan Geely Automobile Co.,Ltd. (a subsidiary of Geely Automobile Group Co. Ltd.) was recognized a as High-tech enterprise on October 30, 2014. The certificate number is GF201437000001 (valid for 3 years). Jinan Geely Automobile Co.,Ltd. was re-identified as a High-tech enterprise on December 28, 2017, and the certificate number is GR201737001630 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(10) Zhejiang Jirun Automobile Co.,Ltd. was recognized as a High-tech enterprise on November 29, 2017. The certificate number is GR201733100278 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(11) Ningbo Vision Automobile Parts & Components Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2018. The certificate number is GR201833100311 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(12) Zhejiang Jirun Chunxiao Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2019. The certificate number is GR201933100750 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(13) Shanxi Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 21, 2018. The certificate number is GR201814000116 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(14) Ningbo Jirun Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2019. The certificate number is GR201933100670 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(15) Hangzhou Geely Automobile Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on December 4, 2019. The certificate number is GR201933002378 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(16) Zhejiang Fengrui Engine Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 13, 2017. The certificate number is GR201733003469 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(17) Ningbo Shangzhongxia Automatic Transmission Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on November 27, 2018. The certificate number is GR201833100149 (valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(18) Baoji Geely Engine Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) was recognized as a High-tech enterprise on October 29, 2018. The certificate number is GR201861000736

(valid for 3 years). Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(19) According to “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy” (Cai Shui[2011] No.58), Baoji Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) satisfies all conditions prescribed in the Circular for encouraged industry enterprises located in the western region, so the applicable enterprise income tax of the company is 15% for the year 2019.

(20) According to “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy” (Cai Shui[2011] No.58), Guizhou Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) satisfies all conditions prescribed in the Circular for encouraged industry enterprises located in the western region, so the applicable enterprise income tax of the company is 15% for the year 2019.

(21) According to the “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy” (Cai Shui[2011] No.58), Geely Sichuan Commercial Vehicle Co.,Ltd. (a subsidiary of Zhejiang Geely New Energy Commercial Vehicle Group Co. Ltd) satisfies all conditions prescribed in the Circular for encouraged industry enterprises located in the western region, so the applicable enterprise income tax is 15% for the year 2019.

(22) According to the “Confirmation on Encouraged Industries in the Western Region” (Cheng Fagaiwu[2016]No.125) issued by Sichuan Development and Reform Commission on April 11, 2016, Chengdu Gaoyuan Automobile Industrial Co.,Ltd.（a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.）satisfies all the conditions prescribed in the documents issued by The National Development and Reform Commission (Guo Fa[2014]No.15) for encouraged industry enterprises located in the western region, which is valid from 2016 to the end of 2020, Therefore, the applicable income tax rate of the company is 15% for the year 2019.

(23) According to “Notice on the Issues of Policies for the Further Encouragement on Development of Software Industry and Integrated Circuit Industry” (Guo Fa[2011] No.4), issued by the State Council, and “Notice on Valueadded Tax Policy for Software Products” (Cai Shui[2011]No.100) issued by the Ministry of Finance and State Administration of Taxation, Hangzhou Geely Evun Technology Co.,Ltd. can enjoy the tax preferential policy if the actual VAT tax burden from the sale of self-developed and self-manufactured software products exceeds 3%, and the excess part of VAT shall be refunded..

(24) The Company obtained the notice of tax notification issued by Hangzhou Binjiang District Taxation Bureau of the State Administration of Taxation (Hangbin Shuitong[2019] No. 33524) on October 25, 2019,and enjoyed the reduction of the urban land use tax of 139,500 yuan for the year 2019.

VI. Notes to items of consolidated financial statements

1. Cash and bank balances

Item	December 31, 2019	December 31, 2018
Cash	36,772,980.65	2,013,560.12
Bank balances	79,416,522,048.43	63,081,881,168.29
Other cash and bank balances	4,281,461,134.27	4,256,249,230.61
Total	83,734,756,163.35	67,340,143,959.02

Note: As at December 31,2019, the Group had restricted cash and bank balances amounted to RMB 2,135,586,018.00 (Year 2018: RMB 3,247,187,518.45)

2. Financial assets held for trading

Item	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss		
Including: Debt instrument investments		7,748,246.91
Equity instrument investments		216,555,950.00
Commercial paper (Note)	5,470,754,411.00	1,653,850,800.00
Others		3,490,007.58
Total	5,470,754,411.00	1,881,645,004.49

Note: The subsidiary of the Group, Shanghai Geely Zhaoyuan International Investment Co.,Ltd. (hereinafter referred to as: Geely Zhaoyuan), held commercial papers amounted to RMB 5,470,754,411.00 (Year 2018: RMB 1,653,850,800.00) at the financial year end of 2019, of which RMB 4,647,779,482.00 (Year 2018: RMB 836,102,957.00) will be matured within 3 months, RMB 822,974,929.00 (Year 2018: RMB 817,747,843.00) will be matured over 3 months.

3. Derivative financial assets

Item	December 31, 2019	December 31, 2018
Hedging instruments	78,482,534.00	640,804,009.00
Including: cash flows hedging instruments (Note 1)	60,546,248.00	593,764,231.00
Hedging instruments of a net investment in a foreign operation (Note 2)	17,936,286.00	47,039,778.00
Interest swap instrument	3,188,233.50	77,733,038.00
Electricity futures		55,184,339.00
Commodity futures hedging	11,375,133.00	
Total	93,045,900.50	773,721,386.00

Note 1: At the balance sheet date, Geely Zhaoyuan owns the foreign exchange forward contract with positive fair values (foreign exchange forward contract with negative fair values, refer to Note VI.25), which was designated to be the highly effective hedging instruments to manage the exposure to the currency risk related to the sales and purchases denominated in foreign currency in 2019.

The provisions in the foreign exchange forward contract signed by Geely Zhaoyuan are consistent with the prediction. The information is as follows:

Foreign exchange forward contract:

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
1,033,406,494.00	Within 1 month	11,110,233.00
1,137,810,256.00	1 to 3 months	14,075,185.00
2,572,794,734.00	3 to 12 months	35,360,830.00
6,023,892,109.00	1 to 5 years	117,987,047.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019. For those foreign exchange forward and option contracts, whose maturity dates are 1-5 years, refer to Note VI.22.

Note 2: Geely Zhaoyuan uses the exchange rate swap contract to reduce the effect of changes in the value of a net investment in a foreign operation due to changes in foreign exchange rates. The information is as follows:

Exchange rate swap contract:

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
2,479,099,207.00	Within 1 month	12,246,409.00
1,134,302,398.00	1 to 3 months	1,013,257.00
819,062,845.00	3 to 12 months	1,783,336.00

Exchange rate option contract：

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
234,417,355.00	Within 1 month	1,900.00
312,556,473.00	1 to 3 months	2,891,384.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019.

4. Notes receivable

(1) Classification

Item	December 31, 2019	December 31, 2018
Bank's acceptance	22,057,534,434.58	22,403,773,116.99
Commercial acceptance	81,936,000.00	211,036,480.00
Total	22,139,470,434.58	22,614,809,596.99

(2) Pledged notes receivable at the financial year end of 2019 is RMB 84,330,000.00.

(3) Notes receivable discounted but not due at the balance sheet date is RMB 3,473,120,000.00.

5. Accounts receivable

(1) Aging

Aging	December 31, 2019			December 31, 2018		
	Book balance		Doubtful debt provisions	Book balance		Doubtful debt provisions
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	6,623,807,693.19	76.16	59,574,152.55	6,167,089,666.61	80.74	81,799,764.88
1 to 2 years	1,283,490,603.11	14.76	63,700,634.66	395,033,250.21	5.17	21,009,204.57
2 to 3 years	36,120,087.52	0.41	3,270,780.41	254,215,301.95	3.33	12,653,322.55
More than 3 years	753,609,278.07	8.67	372,278,147.63	821,657,961.46	10.76	645,835,606.95
Total	8,697,027,661.89	100.00	498,823,715.25	7,637,996,180.23	100.00	761,297,898.95

(2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		Translation difference	December 31, 2019
		Reversal	Written-off		
761,297,898.95	134,765,915.12	26,569,027.86	371,741,289.65	1,070,218.69	498,823,715.25

6. Prepayments

(1) Aging

Aging	December 31, 2019			December 31, 2018		
	Amount	Percentage (%)	Doubtful debt provisions	Amount	Percentage (%)	Doubtful debt provisions
Within 1 year	1,659,092,232.53	87.61		2,028,970,672.80	77.51	12,366.75
1 to 2 years	207,582,168.77	10.96		571,366,018.60	21.83	3,862.02
2 to 3 years	17,042,492.07	0.90		7,000,864.24	0.27	9,133.39
More than 3 years	10,013,828.45	0.53	2,364,215.45	10,264,860.55	0.39	149,005.10
Total	1,893,730,721.82	100.00	2,364,215.45	2,617,602,416.19	100.00	174,367.26

(2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		December 31, 2019
		Reversal	Written-off	
174,367.26	2,358,569.57		168,721.38	2,364,215.45

7. Other receivables

（1）Item list

Item	December 31, 2019	December 31, 2018
Interest receivables	47,062,964.12	43,987,872.65
Dividend receivables		
Other receivables	8,889,872,723.30	2,756,233,744.39
Total	8,936,935,687.42	2,800,221,617.04

（2）Interest receivables

Item	December 31, 2019	December 31, 2018
Deposit and loans interest	47,062,964.12	43,987,872.65
Total	47,062,964.12	43,987,872.65

The Group has no significant overdue interest at the end of financial year

（3）Other receivables

1) Aging

Aging	December 31, 2019			December 31, 2018		
	Book balance		Doubtful debt provisions	Book balance		Doubtful debt provisions
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	7,562,629,833.28	84.48	12,918,686.46	1,696,486,924.14	57.34	524,607.62
1 to 2 years	1,103,125,202.60	12.32	25,998,556.87	918,788,135.12	31.05	149,208,187.95
2 to 3 years	175,928,187.87	1.96	393,076.92	249,031,586.48	8.42	9,360,249.55
More than 3 years	110,996,497.29	1.24	23,496,677.49	94,521,704.80	3.19	43,501,561.03
Total	8,952,679,721.04	100.00	62,806,997.74	2,958,828,350.54	100.00	202,594,606.15

2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		Translation difference	December 31, 2019
		Reversal	Written-off		
202,594,606.15	13,028,616.44	1,531,060.78	150,878,544.07	-406,620.00	62,806,997.74

8. Inventories

(1) Classification

Item	December 31, 2019		
	Book balance	Provision	Book value
Raw material	3,523,299,911.94	11,858,909.88	3,511,441,002.06
Work-in-progress	3,962,906,487.06		3,962,906,487.06
Finished goods	21,980,732,094.85	522,067,659.88	21,458,664,434.97
Revolving material	168,117.70		168,117.70
Consigned processing material	330,899.34		330,899.34
Project cost	155,284,149.13		155,284,149.13
Material in transit	7,892,602,201.43		7,892,602,201.43

Item	December 31, 2019		
	Book balance	Provision	Book value
Goods in transit	111,006,411.18	345,233.78	110,661,177.40
Total	37,626,330,272.63	534,271,803.54	37,092,058,469.09

(Continue)

Item	December 31, 2018		
	Book balance	Provision	Book value
Raw materials	2,674,125,865.11	36,896,741.60	2,637,229,123.51
Work-in-progress	4,165,343,177.57	893,750.06	4,164,449,427.51
Finished goods	20,424,005,252.60	511,283,871.38	19,912,721,381.22
Revolving materials	5,429,943.74	2,636,699.63	2,793,244.11
Consigned processing materials	31,015,869.09	806,567.01	30,209,302.08
Project cost	2,656,099,134.84	2,659,902.82	2,653,439,232.02
Materials in transit	7,373,012,860.54		7,373,012,860.54
Goods in transit	410,377,391.16	2,663,460.56	407,713,930.60
Total	37,739,409,494.65	557,840,993.06	37,181,568,501.59

Note: The inventory used for mortgage is RMB 279,823,877.00 (Year 2018: RMB 239,233,005.00) as at December 31, 2019.

(2) Provision for decline in value of inventories

Item	January 1, 2019	Addition		Deduction		Translation difference	December 31, 2019
		Recognition	Others	Reversal	Written-off		
Raw materials	36,896,741.60	9,978,238.08		4,449,539.30	30,566,530.50		11,858,909.88
Work-in-progress	893,750.06	9,226,751.38			10,120,501.44		
Finished goods	511,283,871.38	215,924,957.80		98,791,046.32	105,749,455.38	-600,667.60	522,067,659.88
Revolving materials	2,636,699.63			2,608,277.04	28,422.59		
Consigned processing material	806,567.01				806,567.01		
Project cost	2,659,902.82				2,659,902.82		
Goods in transit	2,663,460.56			2,318,226.78			345,233.78
Total	557,840,993.06	235,129,947.26		108,167,089.44	149,931,379.74	-600,667.60	534,271,803.54

9. Non-current assets due within one year

Item	December 31, 2019	December 31, 2018
Long-term receivables due within 1 year	6,458,170.20	12,508,537.86
Long-term deferred expenses within 1 year	1,155,090.03	
Total	7,613,260.23	12,508,537.86

10. Other current assets

Item	December 31, 2019	December 31, 2018
VAT receivable	6,519,564,073.99	3,548,805,434.19
Personal income tax paid on behalf	2,407,802.28	2,411,929.44
Prepaid income tax	261,073,800.09	90,109,273.55
Deferred expenses	1,659,087,512.20	1,647,579,840.86
Bank financing products		205,179,828.85
Others	76,175,853.33	56,414,269.80
Total	8,518,309,041.89	5,550,500,576.69

11. Long-term receivables

(1) Information of long-term receivables

Item	December 31, 2019			December 31, 2018		
	Book value	Doubtful debt provisions	Book balance	Book value	Doubtful debt provisions	Book balance
Financing lease receivables	4,527,194,009.47	150,768,072.19	4,376,425,937.28	3,157,817,462.46	12,822,719.69	3,144,994,742.77
Rendering of services settled by installments	118,583,926.00		118,583,926.00	105,280,638.00		105,280,638.00
Other long-term receivables	1,328,187,844.37		1,328,187,844.37	150,908,421.83		150,908,421.83
Subtotal	5,973,965,779.84	150,768,072.19	5,823,197,707.65	3,414,006,522.29	12,822,719.69	3,401,183,802.6
Less: long-term receivables due within one year (refer to Note VI.9)	12,916,340.40	6,458,170.20	6,458,170.20	12,508,537.86		12,508,537.86
Total	5,961,049,439.44	144,309,901.99	5,816,739,537.45	3,401,497,984.43	12,822,719.69	3,388,675,264.74

(2) Changes in doubtful debt provisions

January 1, 2019	Addition	Deduction		Less: provisions for long-term receivables due within 1 year	December 31, 2019
		Reversal	Written-off		
12,822,719.69	138,987,880.17		1,042,527.67	6,458,170.20	144,309,901.99

12. Investment in joint venture & associate

Investees	January 1, 2019	January 1, 2019 of provision for impairment	Movement			
			Increase	Decrease	Profit or loss recognized under equity method	Other comprehensive income adjustment
I. Joint venture						
V2 Plug-In Hybrid Vehicle Partnership HB	150,878,203.00			305,873,536.31	333,254,038.28	-4,894,508.97
Volvofinans Bank AB	1,741,804,973.00				153,444,403.41	-45,179,260.63
Obrist Technologies GmbH	41,057,747.82	6,926,147.82		41,057,747.82		
Genius Auto Finance Co.,Ltd.	1,788,971,579.35		1,600,000,000.00		407,269,758.42	
Wenling Jirui Automobile Manufacture Co.,Ltd.	818,012.71			817,286.45	-726.26	
Wenling Xinhe Guaranty Co.,Ltd. Associated company	31,261,315.03			31,246,347.22	-14,967.81	
Beijing Feiyue Liangjing Culture Communication Co.,Ltd.	500,000.00	500,000.00		500,000.00		
Geely Financials Denmark A/S	5,563,294,314.00				-647,399,434.21	93,555,267.94
Others	29,481,875.00				-7,200,655.28	-3,637,626.72
Subtotal	9,348,068,019.91	7,426,147.82	1,600,000,000.00	379,494,917.80	239,352,416.55	39,843,871.62
II. Associates						
Mando (Ningbo) Automotive Components R&D Center Parts Co.,Ltd.	273,235,527.26				4,837,491.90	
Closed Joint Stock Company BELGEE	137,127,500.12		20,492,560.00		32,180,195.06	1,104,747.62
Zhejiang Geely Aixin Automatic Transmission Co.,Ltd.	94,960,437.78		231,580,440.00		-24,325,710.42	

Proton Holdings Berhad	298,299,399.56				254,401,910.00	
Lotus Finance Limited	363,168.00					
Drb-Hicom Geely Sd.Bfd.	2,461.00					
Shandong Hengyuan New Energy Technology Co.,Ltd.	17,009,081.09				-6,286,725.32	
Shanghai Jijin Electrical and Mechanical Equipment Co.,Ltd.	18,333,794.20				90,111,350.01	
Corun Hybrid Technology Co.,Ltd.	820,577,901.54			820,577,901.54		
Zhejiang Hengyuan new energy technology Co.,Ltd	47,140,567.93				-13,474,885.16	
Zhejiang Yinji Auto Spare Parts Co.,Ltd.	23,477,061.01				-282,074.00	
China Railway Gecent Technology Co.,Ltd.	3,503,684,780.46				-72,513,705.74	
Zhejiang Transfar Green Huilian Logictics Co.,Ltd			100,000,000.00		-6,646,819.15	
Hangzhou Lianchuangyongyuan Equity Investment Partnership Enterprise (LP)	101,229,200.29			101,227,156.45	-2,043.84	
Zhejiang Oulian Venture Capital Co.,Ltd.	95,772,384.58			99,791,597.73	4,019,213.15	
Zhejiang Qianjiang Robot Co.,Ltd.	53,399,490.61			46,561,146.28	-6,838,344.33	
Global Intelligent Power Technologies Co.,Ltd.	97,353,494.33			83,765,665.63	-6,793,914.35	
Foshan Corun Intelligent Manufacturing Co.,Ltd.	9,453,209.57		8,000,000.00	13,415,022.47	-4,038,187.10	
Qianjiang Leiting (Beijing) Technology Co.,Ltd.			320,000.00	319,820.68	-179.32	

Others	49,314,066.00		441,304,757.54		-450,503,141.20	-223,280.60
Subtotal	5,640,733,525.33		801,697,757.54	1,165,658,310.78	-206,155,569.81	881,467.02
Total	14,988,801,545.24	7,426,147.82	2,401,697,757.54	1,545,153,228.58	33,196,846.74	40,725,338.64

(Continued)

Investees	Movement				December 31, 2019	December 31, 2019 of impairment provision
	Other equities changes	Dividend	Provision for impairment	Others		
I. Joint venture						
V2 Plug-In Hybrid Vehicle Partnership HB					173,364,196.00	
Volvofinans Bank AB		36,082,807.78			1,813,987,308.00	
Obrist Technologies GmbH			-6,926,147.82			
Genius Auto Finance Co.,Ltd.					3,796,241,337.77	
Wenling Jirui Automobile Manufacture Co.,Ltd.						
Wenling Xinhe Guaranty Co.,Ltd.						
Beijing Feiyue Liangjing Culture Communication Co.,Ltd.			-500,000.00			
Geely Financials Denmark A/S	52,089,808.27				5,061,539,956.00	
Others					18,643,593.00	
Subtotal	52,089,808.27	36,082,807.78	-7,426,147.82		10,863,776,390.77	
II. Associates						

Mando (Ningbo) Automotive Components R&D Center Parts Co.,Ltd.					278,073,019.16	
Closed Joint Stock Company BELGEE					190,905,002.80	
Zhejiang Geely Aixin Automatic Transmission Co.,Ltd.					302,215,167.36	
Proton Holdings Berhad					552,701,309.56	
Lotus Finance Limited					363,168.00	
Drb-Hicom Geely Sd.Bfd.					2,461.00	
Shandong Hengyuan New Energy Technology Co.,Ltd.					10,722,355.77	
Shanghai Jijin Electrical and Mechanical Equipment Co.,Ltd.					108,445,144.21	
Corun Hybrid Technology Co.,Ltd.						
Zhejiang Hengyuan new energy technology Co.,Ltd					33,665,682.77	
Zhejiang Yinji Auto Spare Parts Co.,Ltd.					23,194,987.01	
China Railway Gecent Technology Co.,Ltd.					3,431,171,074.72	
Zhejiang Transfar Green Huilian Logictics Co.,Ltd					93,353,180.85	
Hangzhou Lianchuangyongyuan Equity Investment Partnership Enterprise (LP)						
Zhejiang Oulian Venture Capital Co.,Ltd.						

Zhejiang Qianjiang Robot Co.,Ltd.						
Global Intelligent Power Technologies Co.,Ltd.	-6,793,914.35					
Foshan Corun Intelligent Manufacturing Co.,Ltd.						
Qianjiang Leiting (Beijing) Technology Co.,Ltd.						
Others	57,369,474.28	13,488,829.02			83,773,047.00	
Subtotal	50,575,559.93	13,488,829.02			5,108,585,600.21	
Total	102,665,368.20	49,571,636.80	-7,426,147.82		15,972,361,990.98	

13. Other equity investment

Item	December 31, 2019	December 31, 2018
Financial assets at fair value through other comprehensive income	21,656,011,163.08	17,510,791,549.30
Total	21,656,011,163.08	17,510,791,549.30

14. Other non-current financial assets

Item	December 31, 2019	December 31, 2018
Shanxi Automobile Development Research Center Co.,Ltd.	500,000.00	500,000.00
Zhejiang Automobile Vocational and Technical College	30,875,000.00	30,875,000.00
Chengdu Xindadi Automobile Co.,Ltd.		44,980,000.00
Taizhou Geely Automobile Industry Co.,Ltd.	2,000,000.00	2,000,000.00
Ningbo Fuli Battery Material Technology Co.,Ltd.		8,000,000.00
Jinan Jidao Automobile Parts Co.,Ltd.	2,160,000.00	2,160,000.00
Zhejiang Limin Industrial Co.,Ltd.	4,832,850.00	4,832,850.00
Zhejiang Yinzhili Automobile Heat Exchange System Co.,Ltd.		4,050,000.00
Zhejiang Jijutai Automobile Interior Co.,Ltd.	1,610,943.71	3,420,000.00
Guoqi (Beijing) Automotive Lightweight Technology Research Institute Co.,Ltd.	3,000,000.00	3,000,000.00
Zhongfalian Investment Co.,Ltd.	10,500,000.00	10,500,000.00
Zhejiang Modern Capital and Industry Institute	30,000.00	30,000.00
Zhejiang Faurecia limin Automobile Interior and Exterior Decoration System Co.,Ltd.		6,120,000.00
Carbon Recycling Int'l Ehf.	90,930,766.38	90,930,766.38
Wuhan Digital Design and Manufacturing Innovation Center Co.,Ltd.	10,009,433.96	10,009,433.96
Shanghai Xiaoi Robot Technology Co.,Ltd	180,492,867.36	180,492,867.36
Shandong Jingu Auto Parts Co.,Ltd.		35,000,000.00
Others	237,309,882.82	141,928,500.00
Faurecia Emissions Control Technologies (Ningbo) Co.,Ltd.		896,954.94
Nanchong Chuanhua Green Huilian Logistics Co.,Ltd.		1,500,000.00
Total	574,251,744.23	581,226,372.64

15. Property, plant and equipment

Item	December 31, 2019	December 31, 2018
Property, plant and equipment	81,720,079,080.37	70,580,157,364.71
Tangible asset pending disposal	16,440,953.41	6,610,503.42
Total	81,736,520,033.78	70,586,767,868.13

Property, plant and equipment situation

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Molds and gauges	Electronic and Office equipment	Other equipment	Total
1. Cost							
1) Balance at Jan 1, 2019	31,029,871,655.33	91,817,207,931.78	2,598,445,666.92	2,801,463,590.61	1,734,244,269.76	156,448,874.89	130,137,681,989.29
2) Addition	5,797,636,728.55	12,910,219,608.38	1,383,530,924.09	994,622,224.28	603,586,169.63	164,478,253.39	21,854,073,908.32
① Purchase	2,874,799,153.32	6,534,329,393.21	1,383,530,924.09	970,203,446.61	593,417,902.68	164,478,253.39	12,520,759,073.30
② Transfer from construction-in-process	2,922,837,575.23	6,375,890,215.17		24,418,777.67	10,168,266.95		9,333,314,835.02
3) Deduction	198,688,346.55	2,202,791,031.81	1,006,544,511.22	197,252,210.87	86,245,329.33	8,735,610.97	3,700,257,040.75
Divestment and disposal	198,688,346.55	2,202,791,031.81	1,006,544,511.22	197,252,210.87	86,245,329.33	8,735,610.97	3,700,257,040.75
4)Translation differences	-102,690,085.00	-1,443,701,191.62	-69,242,224.12		1,348,542.00		-1,614,284,958.74
5) Balance at Dec 31, 2019	36,526,129,952.33	101,080,935,316.73	2,906,189,855.67	3,598,833,604.02	2,252,933,652.06	312,191,517.31	146,677,213,898.12
2.Accumulated depreciation							

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Molds and gauges	Electronic and Office equipment	Other equipment	Total
1) Balance at Jan 1, 2019	8,853,454,494.72	48,619,676,831.09	314,475,002.48	1,110,109,686.74	521,845,913.32	55,718,591.82	59,475,280,520.17
2) Addition	1,043,366,266.09	6,556,806,023.27	571,534,385.31	382,259,051.80	281,005,493.62	68,163,525.31	8,903,134,745.40
Depreciation	1,043,366,266.09	6,556,806,023.27	571,534,385.31	382,259,051.80	281,005,493.62	68,163,525.31	8,903,134,745.40
3) Deduction	113,287,774.00	1,805,055,638.95	413,932,699.36	98,678,300.67	15,502,713.02	832,690.83	2,447,289,816.83
Divestment and disposal	113,287,774.00	1,805,055,638.95	413,932,699.36	98,678,300.67	15,502,713.02	832,690.83	2,447,289,816.83
4)Translation difference	-64,357,172.00	-932,535,152.45	-11,178,571.12				-1,008,070,895.57
5) Balance at Dec 31, 2019	9,719,175,814.81	52,438,892,062.96	460,898,117.31	1,393,690,437.87	787,348,693.92	123,049,426.30	64,923,054,553.17
3. Provision for impairment							
1) Balance at Jan 1, 2019	171,980.49	66,497,907.18	392,788.79	14,388,787.13	570,967.29	221,673.53	82,244,104.41
2) Addition		693,420.39	8,653.16	358,602.73	63,417.77	266,840.75	1,390,934.80
Provision		693,420.39	8,653.16	358,602.73	63,417.77	266,840.75	1,390,934.80
3) Deduction	171,980.49	47,721,092.88	107,820.37	893,471.51	171,895.10	488,514.28	49,554,774.63
Divestment and disposal	171,980.49	47,721,092.88	107,820.37	893,471.51	171,895.10	488,514.28	49,554,774.63
4) Balance at Dec 31, 2019		19,470,234.69	293,621.58	13,853,918.35	462,489.96		34,080,264.58
4. Carrying amount							

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Molds and gauges	Electronic and Office equipment	Other equipment	Total
1) Carrying amount at Jan 1, 2019	22,176,245,180.12	43,131,033,193.51	2,283,577,875.65	1,676,965,116.74	1,211,827,389.15	100,508,609.54	70,580,157,364.71
2) Carrying amount at Dec 31, 2019	26,806,954,137.52	48,622,573,019.08	2,444,998,116.78	2,191,289,247.80	1,465,122,468.18	189,142,091.01	81,720,079,080.37

16. Construction in progress

Items	December 31, 2019			December 31, 2018		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Constructions	2,449,422,144.38		2,449,422,144.38	2,162,292,767.78		2,162,292,767.78
Equipments	1,997,897,010.63		1,997,897,010.63	2,036,442,994.65		2,036,442,994.65
Domestic and overseas projects of Geely Zhaoyuan	3,820,219,909.00		3,820,219,909.00	4,587,139,055.00		4,587,139,055.00
Software system	153,390,648.95		153,390,648.95	3,579,860.18		3,579,860.18
Total	8,420,929,712.96		8,420,929,712.96	8,789,454,677.61		8,789,454,677.61

17. Intangible assets

Item	January 1, 2019	Addition	Divestment and disposal	Translation difference	December 31, 2019
1.Cost	63,429,088,641.27	19,299,480,006.12	7,028,235,363.37	-855,089,837.39	74,845,243,446.63
Software	3,640,163,639.07	802,623,215.58	393,761,058.29	-67,570,291.00	3,981,455,505.36
Proprietary technology	7,353,968,150.80	4,514,580,113.02			11,868,548,263.82

Item	January 1, 2019	Addition	Divestment and disposal	Translation difference	December 31, 2019
Land use rights	6,156,868,379.99	1,659,833,056.79	326,000,618.77	889.65	7,490,701,707.66
Non-Patent technology	30,850,211,525.47	11,823,594,714.44	921,923,174.04	-503,185,594.04	41,248,697,471.83
Patent rights	2,307,234,617.01	146,281,160.87	77,534,759.27		2,375,981,018.61
Trademark	2,987,005,719.41	56,836,085.00	36,161,293.00	-55,020,925.00	2,952,659,586.41
Dealer network	621,889,317.00			-12,704,589.00	609,184,728.00
Others	9,511,747,292.52	295,731,660.42	5,272,854,460.00	-216,609,328.00	4,318,015,164.94
2. Accumulated amortization	28,920,701,831.09	8,534,583,817.67	6,787,755,497.05	-510,312,250.94	30,157,217,900.77
Software	1,856,767,025.41	308,805,192.09	358,848,828.42	-32,241,224.00	1,774,482,165.08
Proprietary technology	1,969,575,558.69	2,073,245,071.46			4,042,820,630.15
Land use rights	474,002,427.24	184,510,767.16	235,717,509.94		422,795,684.46
Non-Patent technology	16,976,452,983.90	5,638,821,251.08	825,888,759.37	-304,665,533.94	21,484,719,941.67
Patent rights	50,901,032.38	5,411,342.61	66,151,037.32		-9,838,662.33
Trademark	93,843,135.24	812,225.81	33,529,411.00	-81,810.00	61,044,140.05
Dealer network	174,475,290.00	19,099,242.00		-3,359,714.00	190,214,818.00
Others	7,324,684,378.23	303,878,725.46	5,267,619,951.00	-169,963,969.00	2,190,979,183.69
3. Provision for impairment	158,128,045.62				158,128,045.62
Software					

Item	January 1, 2019	Addition	Divestment and disposal	Translation difference	December 31, 2019
Proprietary technology	158,128,045.62				158,128,045.62
Land use rights					
Non-Patent technology					
Patent rights					
Trademark					
Dealer network					
Others					
4. Carrying amount	34,350,258,764.56				44,529,897,500.24
Software	1,783,396,613.66				2,206,973,340.28
Proprietary technology	5,226,264,546.49				7,667,599,588.05
Land use rights	5,682,865,952.75				7,067,906,023.20
Non-Patent technology	13,873,758,541.57				19,763,977,530.16
Patent rights	2,256,333,584.63				2,385,819,680.94
Trademark	2,893,162,584.17				2,891,615,446.36
Dealer network	447,414,027.00				418,969,910.00
Others	2,187,062,914.29				2,127,035,981.25

18. Development expenditure

Item	January 1, 2019	Addition	Deduction		Translation difference	December 31, 2019
			Research and development expense	Transfer to Intangible assets		
Research costs		5,754,060,348.05	5,754,060,348.05			
Development costs	26,936,176,715.57	14,975,602,701.93	605,058,755.14	11,566,172,370.02	-245,759,822.00	29,494,788,470.34
Total	26,936,176,715.57	20,729,663,049.98	6,359,119,103.19	11,566,172,370.02	-245,759,822.00	29,494,788,470.34

19. Goodwill

Item	December 31, 2019	December 31, 2018
Opening	722,977,806.77	657,704,584.65
Addition through business combination		76,602,697.00
Derecognition of disposal of subsidiaries	-94,179,135.60	
Others	1,833,287.00	1,035,757.11
Translation difference	-5,677,882.12	-12,365,231.99
Less: impairment provision	2,989,891.00	
Total	621,964,185.05	722,977,806.77

Changes in impairment provision

January 1, 2019	Addition	Deduction	December 31, 2019
0.00	3,031,597.00	41,706.00	2,989,891.00

20. Long-term deferred expenses

Item	January 1, 2019	Addition	Amortization	Deduction	Less: amount due within 1 year (refer to Note VI.9)	December 31, 2019
Renovation	139,694,408.45	151,278,399.16	108,524,818.45	15,810,346.63	1,155,090.03	165,482,552.50
Others	33,351,188.89	24,225,788.24	12,029,783.71	3,169,310.89		42,377,882.53
Total	173,045,597.34	175,504,187.40	120,554,602.16	18,979,657.52	1,155,090.03	207,860,435.03

21. Deferred tax assets/liabilities

(1) Deferred tax assets that are not offset

Item	December 31, 2019		December 31, 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	424,296,279.19	91,187,548.14	527,112,610.72	119,208,112.65
Deductible losses	14,249,473,221.19	3,186,085,132.14	11,268,691,564.22	3,028,078,430.72
Defined-benefit obligation	2,674,444,977.40	573,753,183.72	1,049,208,241.34	313,976,883.21
Accruals and contract liabilities	12,141,136,993.99	3,015,202,146.55	9,231,988,027.24	2,311,113,115.54
Provision for warranty	4,170,148,654.52	1,067,449,335.13	3,641,531,610.07	948,101,635.32

Item	December 31, 2019		December 31, 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government grants	1,562,460,041.89	234,369,006.28	1,416,355,501.15	212,453,325.18
Temporary difference arising from amortization	3,726,270,007.12	618,153,626.24	2,184,600,001.35	340,076,395.69
Temporary difference arising from depreciation	50,520,682.49	10,897,566.49	-345,386,621.29	-75,564,591.25
Employee benefit payable	24,373,143.67	4,960,000.00	6,688,068.42	2,056,801.98
Unrealized gains on financing activities	477,118,891.88	119,279,722.97	296,222,772.40	74,055,693.10
Unrealized profits from intragroup transactions	289,402,609.90	73,250,920.21	227,153,926.79	57,453,484.30
Others	-3,785,857,345.28	-951,446,447.55	-2,313,832,149.94	-807,831,286.04
Total	36,003,788,157.96	8,043,141,740.32	27,190,333,552.47	6,523,178,000.40

(2) Deferred tax liabilities that are not offset

Item	December 31, 2019		December 31, 2018	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Temporary difference arising from amortization and depreciation	2,437,786,877.28	593,550,025.97	24,124,615,478.15	5,208,000,794.35
Deductible losses			-15,463,095,315.71	-3,185,401,819.99
Defined-benefit obligation			-4,871,672,812.76	-1,003,678,302.20
Changes in fair value of financial assets			104,465,947.12	26,116,486.78
Others	1,141,094,095.02	238,098,523.55	1,402,496,488.03	354,605,342.53
Total	3,578,880,972.30	831,648,549.52	5,296,809,784.83	1,399,642,501.47

22. Other non-current assets

Item	December 31, 2019	December 31, 2018
Prepayment of construction, equipment and land	633,183,662.47	591,514,078.29
Pension plan assets	284,426,450.00	258,955,323.00
Refund of tax and levies	145,944,301.00	99,049,732.00
Traffic service	206,978,562.68	

Item	December 31, 2019	December 31, 2018
Property under financing lease	314,689,739.30	
ABS project	650,510,000.00	
Long-term financial instrument	217,076,210.00	241,082,183.00
In which: cash flow hedging instrument (Note VI.3)	117,987,047.00	198,609,678.00
Interest swap instruments	78,923,244.00	12,413,828.00
Electricity futures	15,792,170.00	30,058,677.00
Commodity futures hedging	4,373,749.00	
Others	78,298,518.53	17,534,259.00
Total	2,531,107,443.98	1,208,135,575.29

23. Short-term bank borrowings

(1) Classification

Item	December 31, 2019	December 31, 2018
Pledged loans		2,633,724,775.43
Mortgage loans	299,632,375.00	311,131,485.00
Guaranteed loans	11,523,049,904.44	11,795,256,938.30
Credit loans	15,167,450,435.80	20,352,978,690.00
Total	26,990,132,715.24	35,093,091,888.73

(2) As at Dec 31, 2019, the Group has no overdue short-term bank borrowings.

24. Financial liabilities held for trading

Item	December 31, 2019	December 31, 2018
Foreign exchange forward contract	14,461,160.77	6,604,733.21
Total	14,461,160.77	6,604,733.21

25. Derivative financial liabilities

Item	December 31, 2019	December 31, 2018
Hedging instruments	2,579,408,771.00	1,412,955,811.00
Including: cash flows hedging instruments (Note 1)	2,415,971,075.00	1,317,611,569.00
Hedging instruments of a net investment in a foreign operation (Note 2)	163,437,696.00	95,344,242.00
Interest swap instrument		44,446.00
Cross currency swap instrument	4,294,579.00	
Electricity futures (Note 3)	1,768,754.00	1,362,799.00

Item	December 31, 2019	December 31, 2018
Total	2,585,472,104.00	1,414,363,056.00

Note 1: At the balance sheet date, Geely Zhaoyuan owns the foreign exchange forward contract with negative fair values (foreign exchange forward contract with positive values, refer to Note VI, 3), which was designated to be the highly effective hedging instruments to manage the exposure to the currency risk related to the sales and purchases denominated in foreign currency in 2019. The provisions in the foreign exchange forward contract are consistent with the prediction. The information is as follows:

Foreign exchange forward contract

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
4,007,152,216.00	Within 1 month	-241,815,684.00
6,167,443,742.00	1 to 3 months	-459,797,544.00
17,676,660,329.00	3 to 12 months	-1,714,357,847.00
20,545,914,846.00	1 to 5 years	-1,828,281,075.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019. For those foreign exchange forward and option contracts, whose maturity dates are 1-5 years, refer to Note VI, 40.

Note 2: Geely Zhaoyuan uses the exchange rate swap contract and exchange rate option contract to reduce the effect of changes in the value of a net investment in a foreign operation due to changes in foreign exchange rates. The information is as follows:

Exchange rate swap contract

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
10,738,141,321.00	Within 1 month	-138,749,569.00
1,179,988,469.00	1 to 3 months	-18,009,621.00
785,045,279.00	3 to 12 months	-705,875.00

Exchange rate option contract

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
472,618,282.00	Within 1 month	-3,848,211.00
622,176,577.00	1 to 3 months	-2,124,420.00

Note①: Nominal amount is translated into RMB using the spot exchange rates on December 31, 2019.

Note 3: At the balance sheet date, Geely Zhaoyuan owns the following electricity forward contract with negative fair values.

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
8,521,209.00	1 to 3 months	-1,322,148.00

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
3,378,132.00	3 to 12 months	-446,606.00
82,781,076.00	1 to 5 years	-6,375,880.00

Note①: For those electricity forward contracts, whose maturity dates are 1 to 5 years, refer to Note VI.40.

26. Notes payable

Item	December 31, 2019	December 31, 2018
Bank acceptances	12,807,803,049.34	13,408,629,748.98
Total	12,807,803,049.34	13,408,629,748.98

Note: As at Dec 31, 2019, the Group has no overdue notes payable.

27. Accounts payable

(1) Aging

Aging	December 31, 2019	December 31, 2018
Within 1 year	54,931,253,390.39	41,366,721,892.31
1 to 2 years	1,028,281,047.55	447,039,120.02
2 to 3 years	86,169,003.49	6,034,190.53
More than 3 years	187,542,937.25	310,200,742.55
Total	56,233,246,378.68	42,129,995,945.41

Note: As at December 31, 2019, there are no accounts payable to shareholders with 5% or more shares of the Group; for details of accounts payable to related parties, refer to Note IX.6 (2).

(2) Item list

Item	December 31, 2019	December 31, 2018
Procurement of material	56,233,246,378.68	42,129,995,945.41
Total	56,233,246,378.68	42,129,995,945.41

28. Advances from customers

(1) Aging

Aging	December 31, 2019	December 31, 2018
Within 1 year	5,037,559,965.48	5,778,641,778.99
1 to 2 years	2,863,575.61	2,612,782.51
2 to 3 years	1,015,634.96	430,017.60
More than 3 years	554,366.56	462,539.93
Total	5,041,993,542.61	5,782,147,119.03

(2) Item list

Item	December 31, 2019	December 31, 2018
Products payment	5,022,812,924.00	5,771,741,877.41
Others	19,180,618.61	10,405,241.62
Total	5,041,993,542.61	5,782,147,119.03

29. Contract liabilities

Item	December 31, 2019	December 31, 2018
Sales generated obligations	13,537,186,263.96	8,563,604,912.74
Extended service business	3,673,466,933.00	2,735,842,980.93
Sales with purchase commitment	689,771,975.00	188,365,004.33
Advances payment for customers	1,608,670,101.58	3,062,861,793.13
Others	41,188,239.86	
Less: non-current portions in other non-current liabilities	3,893,242,839.00	3,625,675,767.91
Total	15,657,040,674.40	10,924,998,923.22

30. Employee benefits payable

Item	December 31, 2019	December 31, 2018
Short-term employee benefits	6,581,793,572.87	5,088,806,244.59
Post-employment benefits – defined contribution plan	1,221,186,080.57	1,238,225,348.24
Termination Benefits	9,396,318.49	3,606,636.38
Total	7,812,375,971.93	6,330,638,229.21

(1) Short-term employee benefits:

Item	December 31, 2019	December 31, 2018
Salaries, bonuses, allowance and subsidies	6,278,432,737.07	4,799,698,063.80
Staff welfare	69,756,758.23	36,162,648.77
Social insurance premium	171,078,112.57	162,691,746.14
Including: Medical insurance	34,247,464.57	26,219,098.53
Work-related injury insurances	38,005,930.01	40,470,498.78
Maternity insurance	98,824,717.99	96,002,148.83
Housing funds	12,413,426.31	40,453,242.99
Labor union expenditure and employees' education expenses	27,314,206.71	27,002,210.91
Staff incentive and welfare fund	22,798,331.98	22,798,331.98
Total	6,581,793,572.87	5,088,806,244.59

(2) Defined contribution plan:

Item	December 31, 2019	December 31, 2018
Endowment insurance	781,490,206.01	846,211,905.99
Unemployment insurance	439,695,874.56	392,013,442.25
Total	1,221,186,080.57	1,238,225,348.24

(3) Termination benefits

Item	December 31, 2019	December 31, 2018
Compensation for termination of employment	9,396,318.49	3,606,636.38
Total	9,396,318.49	3,606,636.38

31. Taxes payable

Item	December 31, 2019	December 31, 2018
Value added tax	2,357,715,514.98	953,082,833.21
Consumption tax	998,982,470.80	1,269,889,165.11
Corporate income tax	1,577,714,790.35	2,821,811,427.16
Personal income tax	52,597,277.45	51,538,012.54
City maintenance and construction tax	42,222,557.99	59,407,824.32
Educational surcharges	34,543,317.36	42,391,274.16
Land value increment tax	78,381.73	7,766,017.69
Real estate tax	56,929,233.59	42,127,520.83
Land use tax	71,285,655.52	49,831,378.01
Stamp duty	22,200,588.46	22,620,435.32
Other tax	70,751,121.80	137,911,782.13
Total	5,285,020,910.03	5,458,377,670.48

32. Other payables

（1）Total items

Item	December 31, 2019	December 31, 2018
Interest payable	677,547,953.68	534,368,045.37
Dividend payable	21,975,766.73	7,168,767.12
Other payables	3,857,776,999.56	5,081,459,045.89
Total	4,557,300,719.97	5,622,995,858.38

（2）Interest payable

Item	December 31, 2019	December 31, 2018
Loan interest	391,704,875.38	392,256,915.57
Corporate bonds interest	285,843,078.30	142,111,129.80
Total	677,547,953.68	534,368,045.37

（3）Dividend payable

Item	December 31, 2019	December 31, 2018
Investment dividend	12,263,266.73	
Perpetual bonds classified as equity instruments	9,712,500.00	7,168,767.12
Total	21,975,766.73	7,168,767.12

（4）Other payables

1) Aging

Aging	December 31, 2019	December 31, 2018
Within 1 year	2,475,387,856.51	3,708,095,651.64
1 to 2 years	468,677,592.45	713,791,687.40
2 to 3 years	633,158,685.36	201,402,424.73
More than 3 years	280,552,865.24	458,169,282.12
Total	3,857,776,999.56	5,081,459,045.89

Note: As at December 31, 2019, there are no other payables to shareholders with 5% or more shares of the Group; for details of other payables to related parties, refer to Note IX.6 (2).

2) Items

Item	December 31, 2019	December 31, 2018
Current account and project equipment item	3,006,222,248.10	4,092,551,190.63
Deposits	771,177,406.51	896,220,688.04
Others	80,377,344.95	92,687,167.22
Total	3,857,776,999.56	5,081,459,045.89

33. Non-current liabilities due within one year

Item	December 31, 2019	December 31, 2018
Long-term bank borrowings due within one year	4,345,173,753.00	2,322,928,188.26
Bonds payable due within one year	1,200,000,000.00	1,499,822,465.76
Long-term payables due within one year	119,081,469.64	12,264,445.00

Item	December 31, 2019	December 31, 2018
Provisions due within one year	5,249,325,053.00	5,049,881,151.00
Total	10,913,580,275.64	8,884,896,250.02

34. Other current liabilities

Item	December 31, 2019	December 31, 2018
Accruals	7,424,780,816.92	9,333,297,345.34
Liabilities related to repurchase commitment	7,288,079,033.44	2,822,930,188.96
Short-term financing	2,000,000,000.00	
Total	16,712,859,850.36	12,156,227,534.30

35. Long-term bank borrowings

Item	December 31, 2019	December 31, 2018
Mortgaged loans		3,449,336.11
Guaranteed loans	4,398,484,796.92	4,662,367,348.14
Credit loans	41,794,396,977.00	28,776,097,675.00
Less: current portion refer to Note VI.33	4,345,173,753.00	2,322,928,188.26
Total	41,847,708,020.92	31,118,986,170.99

36. Bonds payable

Item	December 31, 2019	December 31, 2018
13 Geely Corporate Bond	1,200,000,000.00	1,200,000,000.00
15 Geely Corporate Bond 01	41,000,000.00	41,000,000.00
16 Geely MTN001		1,499,822,465.76
18 Geely MTN002	2,000,000,000.00	1,995,047,169.82
19 Geely MTN001	3,492,383,044.71	
19 Geely MTN002	2,000,000,000.00	
5 year bond, MEUR 500 with a fixed rate (Note1)	3,907,922,431.00	3,922,714,687.00
5.25 year bond, MSEK 2,500 with a floating rate and MSEK 500 with a fixed rate (Note 2)	2,235,359,812.00	2,295,535,200.00
7.2 year bond, MEUR 500 with a medium-term (Note 3)	3,887,395,588.00	3,924,820,552.00
3 year bond, MUSD 250 (Note 4)	1,731,429,890.00	1,710,307,290.00
5 year bond, MUSD 300 with a fixed rate (Note 5)	2,060,084,649.45	2,047,822,296.29

Item	December 31, 2019	December 31, 2018
5 year medium-term bond, MEUR 600 with a fixed rate (Note 6)	4,653,045,357.00	
4 year medium-term bond, MSEK 2000 with a floating rate (Note 7)	1,491,089,296.00	
5 year exchangeable bond, MEUR 400 (Note 8)	2,915,866,125.00	
Green Bond	2,763,871,304.00	2,693,166,759.00
Less: current portion refer to Note VI.33	1,200,000,000.00	1,499,822,465.76
Total	33,179,447,497.16	19,830,413,954.11

Note 1: In May 2016, Geely Zhaoyuan issued a 5 year bond, MEUR 500 (equivalent to MRMB 3,600) with a fixed rate.

Note 2: In December 2016, Geely Zhaoyuan issued a 5.25 year bond, MSEK 2,500 with a floating rate and MSEK 500 with a fixed rate (equivalent to MRMB 2,300)

Note 3: In November 2017, Geely Zhaoyuan issued a 7.2 year bond, MEUR 500 (equivalent to MRMB 3,900) with a fixed rate.

Note 4: In November 2018, Geely Zhaoyuan issued a 3 year bond, MUSD 250 (equivalent to MRMB 1,700) with a fixed rate.

Note 5: In January 2018, Geely Automobile Holdings Co.,Ltd. (HK.0175) issued a MUSD 300 bond with semi-annual interest payment since July, 2018. Net proceeds raised is MUSD 297 and will be matured in 2023.

Note 6: In April 2019, Geely Zhaoyuan issued a 5 year bond, MEUR 600 (equivalent to MRMB 4,700) with a fixed rate.

Note 7: In February 2019, Geely Zhaoyuan issued a 4 year bond, MSEK 2,000 (equivalent to MRMB 1,500) with a floating rate.

Note 8: In June 2019, Geely Zhaoyuan issued a 5 year bond, MEUR 400 (equivalent to MRMB 2,900) with a fixed rate. For the relative derivative financial liabilities, refer to Note VI. 40

37. Long-term payables

Item	December 31, 2019	December 31, 2018
Payables for financing lease	473,148,416.45	47,568,085.00
Loans for long-term projects	500,000,000.00	300,000,000.00
Excess loss of long-term equity investment (Note 1)	156,744,000.00	79,151,618.00
Liabilities related to repurchase commitment (Note 2)	729,928,781.00	764,538,414.20
Others	687,243,445.32	79,151,618.00
Less: current portion refer to Note VI.33	119,081,469.64	12,264,445.00
Total	2,427,983,173.13	1,258,145,290.20

Note 1: The excessive loss of long-term equity investment attributes to the equity-holding of Zenuity AB of Geely Zhaoyuan.

Note 2: Part of the sales of vehicle in Geely Zhaoyuan combined with a repurchase commitment:1) the difference between original sales price and the repurchase price was recognized in the income statement as revenue over the contract term 2) The repurchase obligation is considered to be liability.

38. Provisions

Item	December 31, 2019	December 31, 2018
Warranty (Note)	8,703,983,318.71	9,758,833,537.48
Others	2,146,706,789.51	105,343,724.80
Less: current portion refer to Note VI.33	5,249,325,053.00	5,049,881,151.00
Total	5,601,365,055.22	4,814,296,111.28

Note: Warranty provision includes the Group's cost of satisfying the customers with specific contractual warranties as well as other cost not covered by standard contractual commitments.

39. Deferred income

Item	December 31, 2019	December 31, 2018
Subsidies for research and development, Infrastructure	11,151,898,377.85	13,208,921,723.93
Others	7,054,979.06	2,674,992.72
Total	11,158,953,356.91	13,211,596,716.65

40. Other non-current liabilities

Item	December 31, 2019	December 31, 2018
Long-term derivative financial liabilities	2,137,314,578.00	1,259,213,929.00
In which: electricity futures (refer to Note VI.25)	6,375,880.00	238,105.00
Interest swap instruments	46,342,562.00	
Cash flow hedging instruments (refer to Note VI.25)	1,828,281,075.00	1,258,975,824.00
Derivative financial liabilities related to bonds (Note)	256,315,061.00	
Provisions for post-employment benefit	9,253,597,999.60	6,480,128,777.34
Single performance obligations recognized by contract for over one year	3,548,726,709.33	3,625,675,767.91
Others	663,901,948.09	466,464,975.63
Total	15,603,541,235.02	11,831,483,449.88

Note: In June 2019, the Group issued a 5 year bond, MEUR 400 (equivalent to MRMB 2,900) with a fixed rate, refer to Note VI.36. According to the contract, the bondholders have two additional rights:

(1) The right to convert the bonds into AB Volvo shares from July 23, 2019 to June 19, 2023.

(2) The right to own a put option at the call price equal to principal in the end of the third year.

Nominal amount RMB	Maturity date	Fair value
187,605,772.00	1 to 5 years	-256,315,061.00

41. Share capital

Shareholder	January 1, 2019		Addition	Deduction	December 31, 2019	
	Amount	Percentage %			Amount	Percentage %
Li Shufu	847,000,000.00	91.08			847,000,000.00	91.08
Li Xingxing	83,000,000.00	8.92			83,000,000.00	8.92
Total	930,000,000.00	100.00			930,000,000.00	100.00

42. Other equity instruments

Item	December 31, 2019	December 31, 2018
Perpetual bonds	1,500,000,000.00	2,000,000,000.00
Total	1,500,000,000.00	2,000,000,000.00

43. Capital reserve

Item	January 1, 2019	Addition	Deduction	December 31, 2019
Capital premium	8,345,635,987.32			8,345,635,987.32
Other capital reserve	10,698,494,816.04	1,058,712,352.45	410,584,270.05	11,346,622,898.44
Total	19,044,130,803.36	1,058,712,352.45	410,584,270.05	19,692,258,885.76

44. Other comprehensive income

Item	January 1, 2019	Movement					December 31, 2019
		Amount incurred before income tax in current year	Less: amount previously included in other comprehensive income and transferred to profit or loss in the year	Less: income tax expenses	Attributable to the owners of the Company after tax	Attributable to non-controlling interest after tax	
I. Other comprehensive income which will not be re-classified into the profit or loss	-10,552,976,808.47	2,623,057,953.09		-580,223,142.00	3,260,024,859.75	-56,743,764.66	-7,292,951,948.72
Including: Other comprehensive income that will not be reclassified to profit or loss under equity method profit or loss	-9,201,302,376.47	5,289,989,884.50			5,338,413,277.16	-48,423,392.66	-3,862,889,099.31
Changes due to re-measurement of defined benefit plans	-1,351,674,432.00	-2,666,931,931.41		-580,223,142.00	-2,078,388,417.41	-8,320,372.00	-3,430,062,849.41
II. Other comprehensive income that will be re-classified into profit or loss.	-105,378,273.53	-3,669,192,228.38	-109,963.48	-636,858,230.12	-2,962,527,099.87	-69,696,934.91	-3,067,905,373.40
Including: Other comprehensive income that may be reclassified subsequently to profit or loss under equity method	-12,741,480.11	263,829.49	-109,963.48		297,414.33	76,378.64	-12,444,065.78
Changes in re-classification of financial assets into other comprehensive income	1,106,099,745.89	-798,281,542.11			-798,281,542.11		307,818,203.78
Changes in cash flow hedge recognized in other comprehensive income	-1,714,756,405.00	-2,358,836,693.39		-613,414,027.34	-1,745,422,666.05		-3,460,179,071.05
Translation differences of financial statements denominated in foreign currency	516,019,865.69	-512,337,822.37		-23,444,202.78	-419,120,306.04	-69,773,313.55	96,899,559.65

Other comprehensive income in total	-10,658,355,082.00	-1,046,134,275.29	-109,963.48	-1,217,081,372.12	297,497,759.88	-126,440,699.57	-10,360,857,322.12

45. Surplus reserve

Item	January 1, 2019	Addition	Deduction	December 31, 2019
Statutory surplus reserve	40,734,742.89		40,734,742.89	
Total	40,734,742.89		40,734,742.89	

46. Undistributed profits

Item	December 31, 2019	December 31, 2018
Opening	46,440,199,428.28	33,685,219,032.19
Add: changes in accounting policies		-22,188,180.20
Adjusted undistributed profit	46,440,199,428.28	33,663,030,851.99
Add: net profit attributable to the owners of the Company	8,510,177,463.00	13,026,069,988.53
Less: dividend of perpetual bonds	91,612,482.88	81,900,000.00
Less: dividend of preferred shares (Note 1)	90,493,610.00	47,691,026.00
Less: appropriation to statutory surplus reserve		2,144,774.55
Less: appropriation of staff incentive bonuses and welfare funds		14,666,528.78
Less: others (Note 2)	589,633,349.11	102,499,082.91
Balance at the end of the year	54,178,637,449.29	46,440,199,428.28

Note 1: Volvo Car AB (subsidiary of Geely Zhaoyuan) allocated RMB 90,493,610.00 dividend to its preferred shareholders (Year 2018: RMB 47,691,026.00).

Note 2: The main components include: share option exercise of Geely Automobile Holding Ltd. (HK.0175); transferring the shares of Zhejiang Qianjiang Motorcycle Co.,Ltd. and increasing the share of non-controlling interest in Volvo Car AB

47. Revenue and cost of sales

(1) Item

Item	2019		2018	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary operations	323,971,611,520.40	259,021,000,944.32	321,950,461,932.71	250,567,484,914.66
Other operations	6,846,035,727.73	3,748,337,309.80	6,570,417,590.46	3,486,298,486.19
Total	330,817,647,248.13	262,769,338,254.12	328,520,879,523.17	254,053,783,400.85

(2) The revenue and cost of sales allocated by category

Item	2019	2018
Revenue-primary operations	323,971,611,520.40	321,950,461,932.71

Item	2019	2018
Including: sales of vehicles	295,431,247,090.49	293,704,109,274.17
Sales of parts and related products	25,146,374,123.72	25,040,193,233.98
Others	3,393,990,306.19	3,206,159,424.56
Costs of sales-primary operations	259,021,000,944.32	250,567,484,914.66
Including: sales of vehicles	234,706,313,885.33	224,893,171,991.19
Sales of parts and related products	21,288,146,003.15	22,861,446,606.37
Others	3,026,541,055.84	2,812,866,317.10

48. Financial expenses

Item	2019	2018
Interest expenses	3,660,159,959.45	2,152,653,292.25
Less: interest income	1,096,721,112.50	889,113,505.32
Bank charges and others	340,254,311.77	658,085,546.92
Foreign exchange gain or loss	-383,356,219.04	-107,777,473.94
Total	2,520,336,939.68	1,813,847,859.91

49. Other income

Item	2019	2018
Government grants	2,038,736,840.64	2,891,997,779.97
Total	2,038,736,840.64	2,891,997,779.97

50. Investment income

Item	2019	2018
Investment income (losses) under equity method	33,196,846.74	-225,961,818.08
The profits declared by entities under cost method	12,681,491.75	394,339.00
Dividend income from other equity investments	1,210,786,406.00	
Income from other non-current financial assets	8,225,210.68	166,090,561.93
Income from bank financial products	1,018,239.52	6,094,213.98
Income from financial assets held for trading	1,442,332.42	-2,714,721.30
Income from disposals of long-term equity investments	364,439,420.90	2,146,090.59
Others	-631,416.61	11,806,898.87

Item	2019	2018
Total	1,631,158,531.40	-42,144,435.01

51. Net exposure to hedging gains

Item	2019	2018
Net exposure to hedging gains	-2,582,346,947.00	-586,503,751.00
Total	-2,582,346,947.00	-586,503,751.00

52. Gains from the changes of the fair value

Item	2019	2018
Derivative financial instruments	-169,105,183.47	12,677,337.47
Financial assets held for trading	-41,828,277.46	-35,336,828.00
Financial liabilities held for trading	9,164,221.20	-6,564,422.66
Electricity futures		-1,578,814.00
Total	-201,769,239.73	-30,802,727.19

53. Credit impairment losses

Item	2019	2018
Accounts receivable	-108,196,887.26	-26,539,867.88
Other receivables	-11,497,555.66	-442,981.33
Long-term receivable	-138,987,880.17	17,489,498.98
Other		-5,645.88
Total	-258,682,323.09	-9,498,996.11

54. Asset impairment losses

Item	2019	2018
Provision for devaluation of inventories	-126,962,857.82	-189,431,549.88
Impairment for long-term equity investment		-6,926,147.82
Impairment for tangible assets	-1,390,934.80	-20,082,496.59
Impairment for goodwill	-3,031,597.00	
Doubtful debts for prepayment	-2,358,569.57	
Impairment for other non-current financial assets	-1,809,056.29	
Other		-212,437,511.62

Item	2019	2018
Total	-135,553,015.48	-428,877,705.91

55. Income from disposal of assets

Item	2019	2018
Income from tangible assets disposal	-498,625,892.13	-2,900,129,441.53
Income from intangible assets disposal	795,160,890.49	
Total	296,534,998.36	-2,900,129,441.53

56. Non-operating income

Item	2019	2018
Gain from non-current assets write off	1,384,194.26	288,084.60
Gain from penalty, fines, indemnity	72,513,893.50	46,829,111.62
Government grants	18,075,924.01	3,361,201.10
Unpayable amounts	13,730,494.64	8,313,225.20
Others	24,905,054.48	169,540,496.88
Total	130,609,560.89	228,332,119.40

57. Non-operating expenses

Item	2019	2018
Losses on non-current assets write off	128,070,667.43	157,918,080.11
Abnormal losses	1,443,257.30	4,090,067.78
Donations	162,903,138.90	228,171,021.16
Penalty and fines	60,650,147.10	96,198,075.26
Others	8,912,096.47	14,063,087.61
Total	361,979,307.20	500,440,331.92

58. Income tax expenses

Item	2019	2018
Current income tax	4,888,074,930.87	7,001,135,264.79
Deferred taxes	-827,752,880.16	-1,498,783,598.05
Total	4,060,322,050.71	5,502,351,666.74

59. Other comprehensive income

For details, refer to Note VI.44.

60. Supplementary information of cash flows statement

(1) Supplementary information of cash flows statement

Supplementary materials	2019	2018
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	14,190,837,226.97	20,267,640,387.75
Add: provision for impairment of assets	135,553,015.48	428,877,705.91
Credit impairment losses	258,682,323.09	9,498,996.11
Depreciation of tangible assets	8,903,134,745.40	8,122,370,632.74
Amortization of intangible assets	8,534,583,817.67	7,446,735,125.33
Amortization of long-term deferred expenses	120,554,602.16	119,162,913.08
Income from disposal of assets	-296,534,998.36	2,900,129,441.53
Losses on non-current assets write off	126,686,473.17	157,629,995.51
Losses on the fair value change	201,769,239.73	30,802,727.19
Financial expenses	3,614,708,721.58	2,081,061,017.02
Income in investment	-1,631,158,531.40	42,144,435.01
Increase in deferred tax assets	-259,758,928.21	-2,200,847,018.18
Decrease in deferred tax liabilities	-567,993,951.95	-211,500,884.47
Decrease in inventories	113,079,222.02	-3,625,302,715.73
Increase in operating receivable	-6,332,086,249.26	3,372,690,080.84
Increase in operating payable	16,638,751,656.57	4,205,260,575.02
Net cash flows from operating activities	43,750,808,384.66	43,146,353,414.66
2. Significant investment and financing activities that do not involve cash receipts and payments:		
Amount of endorsement transfer received from sales and services		
Debts transferred into capital		
Convertible bonds due within one year		
Tangible assets acquired under financial leases		
3. Net changes in cash and cash equivalents:		
Year-end cash balance	81,599,170,145.35	64,092,956,440.57
Less: opening cash balance	64,092,956,440.57	53,767,180,335.01
Add: December 31, 2019 of cash equivalents	22,055,140,434.58	22,614,809,596.99
Less: January 1, 2019 of cash equivalents	22,614,809,596.99	21,755,997,758.05
Net increase in cash and cash equivalents	16,946,544,542.37	11,184,587,944.50

(2) Composition of cash and cash equivalents

Item	December 31, 2019	December 31, 2018
I. Cash	81,599,170,145.35	64,092,956,440.57
Including: cash on hand	36,772,980.65	2,013,560.12
Bank deposits	79,416,522,048.43	63,081,881,168.29
Other monetary fund	2,145,875,116.27	1,009,061,712.16
II. Cash equivalents	22,055,140,434.58	22,614,809,596.99
Including: bond investment due within three months		
III. Cash and cash equivalents	103,654,310,579.93	86,707,766,037.56

VII. Changes of consolidation scope

1. Disposal of subsidiaries

Single disposal of investments in subsidiaries, i.e. the loss of control

Subsidiaries Name	Equity disposal consideration	Equity disposal ratio (%)	Equity disposal approach	Time point of losing control	Determination basis for time point of losing control	The residual equity ratio at the date of losing control (%)	The book value of residual equity at the date of losing control	Fair value of residual equity at the date of losing control	The gain or loss of residual equity based on fair value measurement	The determination of fair value and the main assumptions of residual equity at the date of losing control
Zhejiang Qianjiang Motorcycle Co.,Ltd.	MRMB 1,102.95	29.77	Share transfer	In June 2019	Completion date					

2. Other reasons for changes of consolidation scope

New entities within the scope of consolidated financial statements during reporting period

Company type	Company name	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Reasons for changes
Subsidiary	Zhejiang Houtong Equity Investment Management Co., Ltd	2,000.00	100.00	Newly established
Subsidiary	Zhejiang Liankong Technology Co., Ltd	5,000.00	100.00	Newly established
Subsidiary	Geely Factoring (xi 'an) Co., Ltd	10,000.00	100.00	Newly established

VIII. Interest in subsidiaries
1. Interest in subsidiaries
(1) The Group structure
1) Subsidiaries in the scope of consolidation

Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Beijing Geely Kaisheng International Investment Co.,Ltd.	Beijing	Beijing	Investment	100.00		Found
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	Taizhou	Taizhou	Manufacture	98.50		Found
Zhejiang Geely Automobile Co.,Ltd.	Ningbo	Ningbo	Manufacture	71.05		Found
Shanghai Maple Automobile Co.,Ltd.	Shanghai	Shanghai	Manufacture	90.00		Found
Jining Fulin Auto Parts Co.,Ltd. (Note1)	Jining	Jining	Manufacture	90.00	10.00	Found
Geely International (US) Co.,Ltd.	USA	USA	R&D	100.00		Found
Hangzhou Geely Evun Technology Co.,Ltd.	Hangzhou	Hangzhou	R&D	100.00		Found
Zhejiang Geely Business Service Co.,Ltd.	Hangzhou	Hangzhou	Service	100.00		Found
Proper Glory Holding Inc (Note 2)	BVI	BVI	Investment	100.00		Found
Geely International (Hong Kong) Co.,Ltd.	Hong Kong	Hong Kong	Investment	100.00		Found
Weirui Electric Vehicle Technology (Suzhou) Co.,Ltd.	Suzhou	Suzhou	Manufacture	100.00		Found
Zhejiang Geely New Energy Commercial Vehicle Co.,Ltd.	Hangzhou	Hangzhou	R&D and Service	100.00		Found

Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Easy-insure Insurance Agency Co.,Ltd.	Hangzhou	Hangzhou	Insurance	100.00		Found
Ningbo Yijie Equity Investments and Fund Management Partnership (LP)	Ningbo	Ningbo	Investment	70.00		Found
Geely Changxing New Energy Automobile Co.,Ltd.	Changxing	Changxing	Manufacture	90.00		Found
Zhejiang Zhongjian Investment Co.,Ltd.	Hangzhou	Hangzhou	Investment	100.00		Found
Geely Automobile Group Co., Ltd	Ningbo	Ningbo	Management	100.00		Found
Polestar Automotive (Shanghai) Co., Ltd. （Note 3）	Shanghai	Shanghai	Manufacture	50.00	50.00	Found
Zhejiang Houtong Equity Investment Management Co., Ltd	Hangzhou	Hangzhou	Investment	100.00		Found
Zhejiang Liankong Technology Co., Ltd	Ningbo	Ningbo	R&D	100.00		Found
Geely Factoring (Xi 'an) Co., Ltd	Xi’an	Xi’an	Import and export factoring	100.00		Found

Note 1: The Company holds 90% equity of Jining Fulin Auto Parts Co.,Ltd. The shareholding percentage of the subsidiary, Zhejiang Geely Automobile, is 10%, and the direct and indirect holding as well as the proportion of voting rights of the company is 97.11%.

Note 2: According to the “Shareholding Entrustment Agreement,” the BVI Geely Group Limited will entrust the company with the equity of the Proper Glory Holding Inc.

Note 3: The Company holds 50% of the equity of Polestar Automotive (Shanghai) Co., Ltd., and the subsidiary, Volvo Automobile (China) Investment Co.,Ltd., holds 50% of the equity of it, and the direct and indirect holding as well as the proportion of voting rights of the Company is 100.00%.

2) The scope of consolidated statements of the significant subsidiaries and shareholding ratio

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
Geely International (Hong Kong) Co., Ltd	Dawn Raise International Co.,Ltd.	Investment	BVI	MUSD 0.05	Yes
	Geely UK Limited	Investment	UK	MGBP 97.5001	Yes
	Hangzhou Jiqiao Automobile Technology Co.,Ltd.	R&D	Hangzhou	MUSD 20	Yes
	Lotus Advance Technologies Sdn.Bhd.	Investment	Malaysia	MGBP 365.580474	Yes
	Geely Research and Development UK Limited	R&D	UK	MGBP 10	Yes
	Size-up Investment Co.,Ltd.	Investment	BVI	USD 100	Yes
	Symphony Lotus Limited	Marketing	Hong Kong	MUSD 23.174002	Yes
Zhejiang Geely Automobile Co.,Ltd	Jinan Ruhoo Automobile Parts Co.,Ltd.	Production	Jinan	1,000	Yes
	Ningbo Geely Automobile Research & Development Co.,Ltd.	R&D	Ningbo	3,000	Yes
	Ningbo Huali Real Estate Co.,Ltd.	Real Estate Development	Ningbo	2,100	Yes
	China-Euro Vehicle Technology AB	R&D	Sweden	MUSD 85	Yes
	Ningbo Lijing Real Estate Co.,Ltd.	Real Estate Development	Ningbo	2,100	Yes
	Guizhou Geely New Energy Automobile Co.,Ltd.	Manufacture	Guiyang	80,000	Yes
	Shenzhen Geely Automobile Sale Co.,Ltd.	Marketing	Shenzhen	5,000	Yes
	Xiamen Geely Automobile Sale Co.,Ltd.	Marketing	Xiamen	1,000	Yes
	Hangzhou Geely New Energy	Marketing	Hangzhou	1,000	Yes

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
	Automobile Sale Co.,Ltd.				
	Hangzhou Geely Auto Parts Co.,Ltd	Manufacture	Hangzhou	20,000	Yes
	Taizhou Geely Luoyou Engine Co.,Ltd.	Manufacture	Taizhou	5,000	Yes
	Guiyang Geely Engine Co.,Ltd.	Manufacture	Guiyang	33,846	Yes
	Beijing Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Beijing	1,000	Yes
	Guangzhou Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Guangzhou	1,000	Yes
	Tianjin Geely Dihao New Energy Automobile Sale Co.,Ltd.	Marketing	Tianjin	1,000	Yes
	Yiwu Geely Engine Co.,Ltd.	Manufacture	Yiwu	5,000	Yes
	Zhejiang Jirun Meishan Geely Auto Parts Co.,Ltd	Manufacture	Ningbo	40,000	Yes
	Zhejiang Geely Automobile Parts purchasing Co.,Ltd	Marketing	Ningbo	10,000	Yes
	Fuzhou Geely Dihao New Energy Automobile Sale Co.,Ltd.	Marketing	Fuzhou	1,000	Yes
	Xian Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Xi’an	1,000	Yes
	Changsha Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Changsha	1,000	Yes
	Geely Changxing Automatic Transmission Co.,Ltd.	Production	Changxing	15,000	Yes
	Ningbo Hangzhou Bay Auto Parts Co.,Ltd.	Production	Ningbo	40,000	Yes
	Hefei Geely Dihao Automobile Sale Co.,Ltd.	Marketing	Hefei	1,000	Yes
Zhejiang Haoqing Automobile Manufacture Co.,Ltd	Taizhou Haoqing Automobile Sales Service Co.,Ltd.	Marketing	Taizhou	13,680	Yes
	Zhejiang Geely Automobile Technology Co.,Ltd.	R&D	Hangzhou	10,000	Yes

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
	Linhai Haoqing Real Estate Development Co.,Ltd.	Real Estate Development	Taizhou	3,100	Yes
	Baoji Geely Automobile Co.,Ltd.	Production	Baoji	15,000	Yes
	Shanxi New Energy Automotive Industry Co.,Ltd.	Production	Jinzhong	15,000	Yes
	Asia-Europe Auto. Manufacturing (Taizhou) Co.,Ltd.	Production	Taizhou	5,000	Yes
	Chengdu Zhaoyuan New Energy Automobile Investment Co.,Ltd.	Investment	Chengdu	80,500	Yes
	Sichuan Geely Auto Parts Co.,Ltd	R&D and Production	Chengdu	20,000	Yes
	Xian Geely Automobile Co.,Ltd.	Manufacture	Xi,an	15,000	Yes
	Zhejiang Kingkong Automobile Co.,Ltd.	Production	Luqiao	41,300	Yes
	Hefei Geely New Energy Automobile Sales Co.,Ltd.	Marketing	Hefei	1,000	Yes
	Putian Geely New Energy Automobile Sales Co.,Ltd.	Marketing	Putian	1,000	Yes
Proper Glory Holding Inc.	Geely Automobile Holdings Ltd.	Investment	Cayman Islands	MHKD 247	Yes
Shanghai Maple Automobile Co.,Ltd	Shanghai LTI Automobile Parts Co.,Ltd.	Production	Shanghai	MUSD 54. 29715	Yes
	Ningbo Jihong Alcohol Hydrogen Technology Co.,Ltd.	R&D	Ningbo	3,508	Yes
	Shanghai Mudi Automobile Molds Co.,Ltd.	Production	Shanghai	4,000	Yes
Beijing Geely Kaisheng International Investment Co.,Ltd	Beijing Geely Wanyuan International Investment Co.,Ltd.	Investment	Beijing	710,000	Yes

Subsidiary name	Consolidated scope of the subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
Zhejiang Geely New Energy Commercial Vehicle Group Co., Ltd	Zhejiang Yinglun Automobile Co.,Ltd.td.	Manufacture	Yiwu	32,000	Yes
	Jiangxi Geely New Energy Commercial Vehicle Co.,Ltd.	R&D	Shangrao	10,000	Yes
	Nanchong Geely Commercial Vehicle Research Institute Co.,Ltd.	R&D	Nanchong	73,000	Yes
Zhejiang Geely Business Service Co.,Ltd	Hangzhou Xuanyu Human Resource Co.,Ltd.	Service	Hangzhou	200	Yes
	Jizhi (Hangzhou) Cultural and Creative Co. Ltd	Service	Hangzhou	2,000	Yes
Zhejiang Zhongjian Investment Co.,Ltd	Zhejiang Zhihui Puhua Finance lease Co.,Ltd.	Rental Service	Ningbo	MUSD 105	Yes
Geely Automobile Group Co., Ltd	Zhejiang Jichuang Auto Parts Co.,Ltd	Production	Ningbo	30,000	Yes
	Wuhan Geely Auto Parts Co.,Ltd	Production	Wuhan	10,000	Yes
	Jinan Geely Automobile Co.,Ltd	Production	Jinan	36,000	Yes
	Shanghai Meihuan Trading Co.,Ltd	Marketing	Shanghai	5,000	Yes
	Wuhan Geely Automobile Industry Co.,Ltd	Manufacture	Wuhan	9,000	Yes
	Zhejiang Geely Education Technology Co. Ltd	Service	Ningbo	1,000	Yes

3) The scope of consolidated statements of the significant sub-subsidiaries

Sub-subsidiaries	Consolidated scope of sub-subsidiary	Business nature	Registered place	Registered capital (ten thousand yuan)	Whether control or not
Geely Automobile Holdings Ltd. (HK.0175)	Zhejiang Jirun Automobile Co.,Ltd.	Production	Ningbo	MUSD 476.6366	Yes
	Shanghai Maple Guorun Automobile Co.,Ltd.	Production	Shanghai	MUSD 121.3636	Yes
	Hunan Geely Automobile Parts Co.,Ltd.	Production	Xiangtan	MUSD 88.50	Yes
	Zhejiang Ruhoo Automobile Co.,Ltd.	Production	Taizhou	52,167.70	Yes
	Zhejiang Fulin Guorun Automobile Parts Co.,Ltd.	Production	Taizhou	MUSD 30.8592	Yes
	Ningbo Geely Luoyou Engine Parts Co.,Ltd.	Production	Ningbo	28,280	Yes
	Value Century Group Limited	Investment	BVI	USD 1	Yes
	Centurion Industries Limited	Investment	BVI	USD 1	Yes
	Geely International Ltd	Investment	Hong Kong	MHKD 235.29412	Yes
	Luckview Group Limited	Investment	BVI	USD 1	Yes
	Linkstate Overseas	Investment	BVI	USD 1	Yes
Beijing Geely Wanyuan International Investment Co.,Ltd	Shanghai Geely Zhaoyuan International Investment Co.,Ltd.	Investment	Shanghai	1,328,657	Yes

(2) Companies with more than 50% of shareholding percentage that haven't been included in the scope of the consolidation and the reasons

Subsidiary name	Shareholding percentage (%)	Whether control or not	Reason of not being consolidated
Zhejiang Automobile Vocational and Technical College	100.00	No	Note 1
Genius Auto Finance Co.,Ltd.	80.00	No	Note 2

Note 1: The business scope of Zhejiang Automobile Vocational and Technical College includes full-time higher education, adult higher vocational education and short-term professional training. The company's financial and operating policies will be managed by Mitime Investment and Development Group Co.,Ltd. which is out of the consolidated scope and the company has no control right over it.

Note 2: Genius Auto Finance Co.,Ltd, funded by Geely Automobile Holdings Co.,Ltd. (HK.0175) and the third party BNP Paribas jointly, is a joint venture company and engages in auto finance business in China. The company's registered capital is MRMB 4,000, of which the Geely Automobile Holdings Co.,Ltd. (HK.0175) contribution totals MRMB 3,200, owns 80% stock, but according to the joint venture agreement, the joint venture company is controlled by both investors and the company has no control right over it.

2. Equities in joint venture and associated enterprise (Amount: ten thousand yuan)

(1) Significant joint ventures and associates

Joint venture or associates	Principal place of business	Registered place	Business nature	Shareholding percentage (%)		Accounting method
				Directly	Indirectly	
Volvofinans Bank AB	Sweden	Sweden	Finance		50.00	Equity method
V2 Plug-In Hybrid Vehicle Partnership HB	Sweden	Sweden	Services		50.00	Equity method
Genius Auto Finance Co.,Ltd	Shanghai	Shanghai	Finance		80.00	Equity method
Closed Joint Stock Company BELGEE	Belarus	Belarus	Manufacturing		36.28	Equity method
Mando (Ningbo) Automotive Parts Co.,Ltd.	Ningbo	Ningbo	Manufacturing		35.00	Equity method

(2) Important Financial information of significant joint ventures

Unit: ten thousand yuan

Item	December 31, 2019/2019			December 31, 2018/2018		
	Volvofinans Bank AB.	V2 Plug-In Hybrid Vehicle Partnership HB	Genius Auto Finance Co.,Ltd	Volvofinans Bank AB.	V2 Plug-In Hybrid Vehicle Partnership HB	Genius Auto Finance Co.,Ltd
Current assets	530,281.97	33,816.39	3,440,328.69	454,807.73	27,625.80	2,123,784.15
Including: cash and cash equivalents	195,941.28	14,850.96	19,265.00	91,035.29	15,367.18	20,658.00
Non-current assets	2,777,105.21	4,514.94	92,642.93	2,873,427.20	10,213.87	61,461.37
Total assets	3,307,387.18	38,331.33	3,532,971.62	3,328,234.93	37,839.67	2,185,245.53
Current liabilities	186,543.42	2,300.18	2,146,153.68	188,497.29	1,334.16	1,355,497.89
Non-current liabilities	2,814,231.08	966.20	912,285.60	2,849,151.20	2,185.77	606,124.01
Total liabilities	3,000,774.50	3,266.38	3,058,439.28	3,037,648.49	3,519.93	1,961,621.90
Net assets	306,612.68	35,064.95	474,532.34	290,586.44	34,319.74	223,623.62
Share of net assets calculated based on the proportion of ownership interest	153,306.34	17,532.48	379,625.87	145,293.22	17,159.87	178,898.90
Adjustments						
- Goodwill	28,887.28			28,887.28		
- Other	-794.89	-196.0565			-2,072.05	
Carrying amount of investments in equity of joint ventures	181,398.73	17,336.42	379,624.13	174,180.50	15,087.82	178,897.16
Fair value of investments in equity of joint ventures in public markets						
Revenue	346,102.79	67,058.46	124,803.09	335,781.26	62,777.04	71,922.17
Net profit and total comprehensive income	23,785.88	67,031.75	50,908.72	24,239.47	62,744.97	21,665.26
Dividends from joint venture in the current year	3,608.28			18,216.99	35,656.65	

(3) Important financial information of the significant associates

Item	December 31, 2019/2019		December 31, 2018/2018	
	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.
Current assets	119,037.97	244,228.48	56,341.06	238,234.55
Non-current assets	196,003.23	34,849.24	188,560.82	32,707.35
Total assets	315,041.20	279,077.72	244,901.88	270,941.90
Current liabilities	113,785.29	198,397.26	41,960.71	191,484.58
Non-current liabilities	153,660.70	785.49	170,802.45	1,093.96
Total liabilities	267,445.99	199,182.75	212,763.16	192,578.54
Net assets	47,595.21	79,894.97	32,138.72	78,363.36
Share of net assets calculated based on the proportion of ownership interest	17,269.26	27,963.24	11,598.86	27,427.18
Adjustments				
- Goodwill				
- Unrealized profit arising from internal transactions				
- Others				
Carrying amount of investments in equity of associates	19,090.50	27,807.30	13,712.75	27,323.55
Fair value invested in the associates' equity in public markets				
Revenue	179,196.77	243,232.44	85,113.69	314,144.17
Net profit	8,869.07	1,382.14	-20,839.97	3,247.45
Discontinued operating profit or loss				
Other comprehensive income	304.48			

Item	December 31, 2019/2019		December 31, 2018/2018	
	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.
Total comprehensive income	9,173.55	1,382.14	-20,839.97	3,247.45
Dividends from associates in the current year				

IX. Related parties and transactions

1. Information of the shareholders of the Group

Name of shareholder	Types of relationship	Equity ratio %	Proportion of votes %
Li Shufu	Investor	91.08	91.08
Li Xingxing	Investor	8.92	8.92

2. Subsidiaries of the Company

For details, refer to Note VIII.1.

3. Joint ventures and associats of the Company

For details, refer to Note VIII.2.

Other joint ventures and associates with related party transactions in current or previous year, which led to balance, are as follows:

Name of joint ventures or associates	Relationship with the Group
Geely Financials Denmark A/S	Joint venture
V2 Plug-in Hybrid Vehicle Partnership HB	Joint venture
VCFS Germany GmbH	Joint venture
VH Systems AB	Joint venture
Volvo Trademark Holding AB	Joint venture
Volvofinans Bank AB	Joint venture
Zenuity AB	Joint venture
Genius Auto Finance Co.,Ltd	Joint venture
Closed Joint Stock Company BELGEE	Associates
Göteborgs Tekniska College AB	Associates
Proton Holdings Berhad	Associates
Proton Parts Centre Sdn	Associates
China Railway Gecent Technology Co.,Ltd.	Associates
Shandong Hengyuan New Energy Technology Co.,Ltd.	Associates
Mando (Ningbo) Automotive Parts Co.,Ltd.	Associates
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Associates

4. Other related parties

Name of other related parties	Relationship with the Group
Chengdu Geely Youxing Technology Co.,Ltd	The same ultimate controller
Dongguan Youxing Technology Co.,Ltd	The same ultimate controller
Fuzhou Youxing Network Technology Co. Ltd	The same ultimate controller
Hangzhou Youxing Technology Co.,Ltd.	The same ultimate controller
Hangzhou Zhongyue Transportation Technology Co. Ltd	The same ultimate controller

Hefei Geely Youxing Technology Co.,Ltd	The same ultimate controller
Ningbo Geely Youxing Network Technology Co.,Ltd.	The same ultimate controller
Tianjin Geely Youxing Technology Co.,Ltd	The same ultimate controller
Wuhan Geely Youxing Technology Co.,Ltd	The same ultimate controller
Changsha Youxing Network Technology Co. Ltd	The same ultimate controller
Chongqing Geely Youxing Technology Co.,Ltd	The same ultimate controller
Hangzhou Fenghua Cultural and Creative Co. Ltd	The same ultimate controller
Hubei Yikatong Techonology Co.,Ltd.	The same ultimate controller
Geely Group (Ningbo) Co.,Ltd.	The same ultimate controller
Kandi Electric Vehicles (Shanghai) Co.,Ltd	The same ultimate controller
Mitime Investment and Development Co.,Ltd	The same ultimate controller
Hainan Mitime Fragrance Bay Tourism Development Co. Ltd	The same ultimate controller
Mitime Motor Racing Cars Sports Co.,Ltd	The same ultimate controller
Ningbo Mitime Investment Co.,Ltd.	The same ultimate controller
Zhejiang Maple Asset Management Co.,Ltd.	The same ultimate controller
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd	The same ultimate controller
Zhejiang Qianjiang Robot Co. Ltd	The same ultimate controller
Zhejiang Qianjiang Lithium Technology Co. Ltd	The same ultimate controller
Zhejiang Xuanfu Automatic Transmission Co., Ltd	The same ultimate controller
Microcity Electric Vehicle Service (Taizhou) Co., Ltd	The same ultimate controller
Fengsheng Automobile Technology Group Co. Ltd	Joint company which is controlled by ultimate controller
PT Geely Mobil Indonesia	Joint stock company which is controlled by ultimate controller
Corun Hybrid Technology Co.,Ltd	Joint stock company which is controlled by ultimate controller
Global Intelligent Power Technologies Co.,Ltd	Joint stock company which is controlled by ultimate controller
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd	Joint stock company which is controlled by ultimate controller
Lanzhou Zhidou Electric Vehicle Co.,Ltd	Joint stock company which is controlled by ultimate controller
Wenling Jirui Automobile Manufacture Co.,Ltd	Joint stock company which is controlled by ultimate controller
Wenling Xinhe Non-financing Guaranty Co.,Ltd	Joint stock company which is controlled by ultimate controller
Zhejiang Oulian Venture Capital Co.,Ltd.	Joint stock company which is controlled

	by ultimate controller
Zhidou Electric Vehicle Co.,Ltd.	Joint stock company which is controlled by ultimate controller

5. Related-party transaction (Unit: ten thousand yuan)

(1) Sales and purchase of goods/rendering and receipts of services

1) Purchase of goods/receipts of services

Related party	Related party transaction	2019	2018
Mando (Ningbo) Automotive Parts Co.,Ltd.	Purchase of goods	255,245.37	358,495.25
Hubei Yikatong Techonology Co.,Ltd.	Purchase of goods	165,320.03	
Volvofinans Bank AB	Purchase of goods	109,806.49	44,800.32
V2 Plug-In Hybrid Vehicle Partnership HB	Purchase of goods	67,555.10	62,777.04
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Purchase of goods	15,759.01	669.63
VH Systems AB	Purchase of goods	11,935.52	13,197.82
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Purchase of goods	1,560.92	
Volvo Trademark Holding AB	Purchase of goods	1,145.87	1,100.05
VCFS Germany GmbH	Purchase of goods	577.24	584.24
Zenuity AB	Purchase of goods	454.65	3,588.05
Göteborgs Tekniska College AB	Purchase of goods	400.36	11.70
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Purchase of goods		166,826.16
Zhidou Electric Vehicle Co.,Ltd	Purchase of goods		16,383.63

2) About the sale of goods/rendering services

Related party	Related party transaction	2019	2018
Hangzhou Youxing Technology Co.,Ltd.	Sales of goods	123,190.88	43,738.73
Volvofinans Bank AB	Sales of goods	82,219.70	58,293.42
VH Systems AB	Sales of goods	12,083.45	12,888.03
Hangzhou Zhongyue Transportation Technology Co. Ltd	Sales of goods	6,515.44	
Closed Joint Stock Company BELGEE	Sales of goods	3,110.98	1,090.49
Zenuity AB	Sales of goods	1,245.95	2,556.31
Microcity Electric Vehicle Service (Taizhou) Co., Ltd	Sales of goods	576.91	
VCFS Germany GmbH	Sales of goods	571.44	530.42
Göteborgs Tekniska College AB	Sales of goods	514.23	273.70
Geely Financials Denmark A/S	Sales of goods	172.30	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd	Sales of goods	139.75	4.65
Zhejiang Hengyuan New Energy Technology Co.,Ltd	Sales of goods	52.22	
Hubei Yikatong Techonology Co.,Ltd.	Sales of goods	24.94	
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Sales of goods	8.26	
Genius Auto Finance Co.,Ltd	Sales of goods	1.14	
Global Intelligent Power Technologies Co.,Ltd	Sales of goods		1,910.61
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd	Sales of goods		2,359.99
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Sales of goods		944.68
Corun Hybrid Technology Co.,Ltd.	Sales of goods		301.77
Proton Parts Centre Sdn	Sales of goods		11.04

(2) Other related-party transactions

Related party	Related party transaction	2019	2018
Proton Holdings Berhad	Technology development income	24,183.94	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Technology development income	67.93	5,905.15
Hubei Yikatong Techonology Co.,Ltd.	Technical service income	1,157.09	

Related party	Related party transaction	2019	2018
Mando (Ningbo) Automobile Parts Co.,Ltd	Technical service income		713.53
Mando (Ningbo) Automobile Parts ~~Co.~~,Ltd	Quality assurance claim income	8,063.74	3,781.94
Hubei Yikatong Techonology Co.,Ltd.	Quality assurance claim income	2,445.51	
Hangzhou Youxing Technology Co.,Ltd.	Quality assurance claim income	588.52	
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Quality assurance claim income	0.28	
Genius Auto Finance Co.,Ltd	Interest income	3,832.24	6,832.60
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Interest income	1,347.64	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Interest income	1,030.41	792.14
Zhidou Electric Vehicle Co.,Ltd	Interest income	632.11	3,894.23
Hangzhou Youxing Technology Co.,Ltd.	Interest income	247.37	
China Railway Gecent Technology Co.,Ltd.	Interest income	2.36	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Financial fee income		1.89
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Rental and water & electricity incomes	407.53	42.45
Hangzhou Youxing Technology Co.,Ltd	Rental and water & electricity incomes	457.73	125.77
Corun Hybrid Technology Co.,Ltd.	Water & electricity incomes		109.41
Hubei Yikatong Techonology Co.,Ltd.	Water & electricity incomes		9.26
Genius Auto Finance Co.,Ltd	Service income	369.03	477.50
Hangzhou Youxing Technology Co.,Ltd	Service income	235.15	282.90
Hubei Yikatong Techonology Co.,Ltd.	Service income	99.90	
Mitime Investment and Development Co.,Ltd	Service income	53.49	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Service income	19.74	

Related party	Related party transaction	2019	2018
Zhejiang Xuanfu Automatic Transmission Co., Ltd	Service income	9.59	
Shandong Hengyuan New Energy Technology Co.,Ltd.	Service income	5.70	
China Railway Gecent Technology Co.,Ltd.	Service income	2.62	
Tianjin Geely Youxing Technology Co.,Ltd	Financing lease interest income	697.09	
Chengdu Geely Youxing Technology Co.,Ltd	Financing lease interest income	640.24	
Chongqing Geely Youxing Technology Co.,Ltd	Financing lease interest income	410.10	
Changsha Geely Youxing Technology Co.,Ltd	Financing lease interest income	166.10	
Mando (Ningbo) Automobile Parts Co.,Ltd	Other income	510.88	
Corun Hybrid Technology Co.,Ltd.	Other income		112.76
Hubei Yikatong Techonology Co.,Ltd.	Selling equipment	47.83	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd	Transfer tangible assets	27.16	433.44
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Transfer tangible assets	3.87	0.26
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Purchase tangible assets	215.33	
Hubei Yikatong Techonology Co.,Ltd.	Technological development expense	6,551.40	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Technological development expense	449.59	
Hubei Yikatong Techonology Co.,Ltd.	Research and development expenditure	1,533.12	
Closed Joint Stock Company BELGEE	Quality assurance claim expenditure	364.24	
Zhejiang Qianjiang Robot Co.,Ltd	Purchase equipment		210.30
Zhejiang Qianjiang Lithium Technology Co. Ltd	Purchase equipment	21.34	
Hangzhou Youxing Technology Co.,Ltd	Other expenditure	11.92	7.32

6. Receivables and payables from related party

(1) Receivables

Item	December 31, 2019		December 31, 2018	
	Book balance	Doubtful debt provisions	Book balance	Doubtful debt provisions
Accounts receivable:				
Hangzhou Youxing Technology Co.,Ltd.	695,059,600.04		1,859,265.62	
Volvofinans Bank AB	517,062,286.00		270,751,334.00	
Proton Holdings Berhad	330,009,454.10			
Closed Joint Stock Company BELGEE	147,777,473.52		957,267.49	
Hangzhou Zhongyue Transportation Technology Co. Ltd	86,234,600.00			
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	67,232,632.45			
VH Systems AB	22,435,351.00		16,323,968.00	
Hubei Yikatong Techonology Co.,Ltd.	15,547,836.75			
Mando (Ningbo) Automobile Parts Co.,Ltd.	2,882,279.46		3,179,117.97	
Göteborgs Tekniska College AB	1,913,828.00		457,990.00	
Zenuity AB	1,598,468.00		10,298,631.00	
Zhejiang Xuanfu Automatic Transmission Co., Ltd	1,011,186.59			
VCFS Germany GmbH	218,790.00		39,393.00	
PT Geely Mobil Indonesia			42,638,754.74	
Global Intelligent Power Technologies Co.,Ltd			8,431,490.97	421,574.55
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd			3,831,903.72	191,595.19
Zhejiang Hengyuan New Energy Technology Co.,Ltd.			3,356,219.00	
Corun Hybrid Technology Co.,Ltd.			1,954,112.54	97,705.63
V2 Plug-In Hybrid Vehicle Partnership HB			192,110.00	
Prepayments:				
Volvofinans Bank AB	4,539,082.00		59,001,581.00	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	39,426.69			

Item	December 31, 2019		December 31, 2018	
	Book balance	Doubtful debt provisions	Book balance	Doubtful debt provisions
Hangzhou Youxing Technology Co.,~~Ltd~~.	30,000.00		10,000.00	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.			13,214.48	
Other receivables:				
Hangzhou Youxing Technology Co.,Ltd.	1,269,937,224.84		1,054,192.80	
Geely Group (Ningbo) Co.,Ltd.	969,300,000.00		969,300,000.00	
Proton Holdings Berhad	428,716,579.95		777,091.64	
Geely Financials Denmark A/S	416,368,619.00			
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	335,462,189.44		200,207,330.70	
Mitime Investment and Development Group Co.,Ltd.	169,284,059.45		20,350,000.00	
Hubei Yikatong Techonology Co.,Ltd.	73,448,449.19			
China Railway Gecent Technology Co.,Ltd.	39,023,726.90			
Shandong Hengyuan New Energy Technology Co.,Ltd.	36,910,171.05		2,003.40	
Genius Auto Finance Co.,Ltd	14,978,347.66			
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	4,523,344.52		495,537.74	
Mitime Motor Racing Cars Sports Co.,Ltd	142,203.20		67,979.20	
Ningbo Mitime Investment Co.,Ltd.	97,989.00		66,054.00	
Hangzhou Fenghua Cultural and Creative Co. Ltd	18,594.29			
Zhejiang Xuanfu Automatic Transmission Co., Ltd	3,904.50			
Hainan Mitime Fragrance Bay Tourism Development Co. Ltd	1,156.28			
Zhidou Electric Vehicle Co.,Ltd			199,736,329.69	
Kandi Electric Vehicles (Shanghai) Co.,Ltd.			719,797.09	
Long-term receivables:				
Tianjin Geely Youxing Technology	61,479,609.90			

Item	December 31, 2019		December 31, 2018	
	Book balance	Doubtful debt provisions	Book balance	Doubtful debt provisions
Co.,Ltd				
Wuhan Geely Youxing Technology Co.,Ltd	56,070,500.00			
Dongguan Youxing Technology Co.,Ltd	56,070,500.00			
Hefei Geely Youxing Technology Co.,Ltd	56,070,500.00			
Fuzhou Youxing Network Technology Co. Ltd	56,070,500.00			
Chongqing Geely Youxing Technology Co.,Ltd	48,159,749.70			
Chengdu Geely Youxing Technology Co.,Ltd	33,224,091.66			
Changsha Geely Youxing Technology Co.,Ltd	16,513,450.00			

(2) Payables

Item	December 31, 2019	December 31, 2018
Accounts payables:		
Mando (Ningbo) Automotive Parts Co.,Ltd.	728,391,711.12	730,907,057.54
Hubei Yikatong Techonology Co.,Ltd.	262,628,567.56	
V2 Plug-In Hybrid Vehicle Partnership HB	189,654,271.00	109,518,050.00
Hangzhou Youxing Technology Co.,Ltd.	139,143,411.55	
Volvofinans Bank AB	87,425,660.00	77,372,673.00
Proton Holdings Berhad	85,901,687.10	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	75,673,735.66	8,379,558.99
VH Systems AB	23,504,733.00	13,840,370.00
Volvo Trademark Holding AB	2,510,918.00	3,995,887.00
Zenuity AB	1,396,698.00	3,384,209.00
Hangzhou Fenghua Cultural and Creative Co. Ltd	150,861.74	

Item	December 31, 2019	December 31, 2018
Zhidou Electric Vehicle Co.,Ltd.		913,782,251.11
Ningbo Geely Youxing Network Technology Co. Ltd		40,690.00
Corun Hybrid Technology Co.,Ltd.		4,186.00
Advances:		
Corun Hybrid Technology Co.,Ltd.		3,000,000.00
Kandi Electric Vehicles (Shanghai) Co.,Ltd.		61,568.99
Other payables:		
Hubei Yikatong Techonology Co.,Ltd.	128,948,294.08	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	3,328,400.00	
Zhidou Electric Vehicle Co.,Ltd.	2,375,055.56	
Genius Auto Finance Co.,Ltd.	616,393.26	56,255.95
Closed Joint Stock Company BELGEE	513,537.85	
Hangzhou Youxing Technology Co.,Ltd.	12,099.16	
Microcity Electric Vehicle Service (Taizhou) Co., Ltd	1,000.00	
Wenling Xinhe Non-financing Guaranty Co.,Ltd.		33,074,999.99
Zhejiang Oulian Venture Capital Co.,Ltd.		5,782,000.00
Wenling Jirui Automobile Manufacture Co.,Ltd.		770,000.00
Kandi Electric Vehicles (Shanghai) Co.,Ltd.		176,220.53
Corun Hybrid Technology Co.,Ltd.		12,245.40
Contact liabilities:		
Closed Joint Stock Company BELGEE	1,755,484.89	1,024,660.11
Proton Holdings Berhad		9,903.48
PT Geely Mobil Indonesia		3,802.14
Dividends payable:		
Zhejiang Maple Asset Management Co.,Ltd.	12,263,266.73	

7. Related-party guarantee (Unit: ten thousand yuan)

The Company acts as the guarantor

Warrantee	Guaranteed amount	Start date	Due date	Whether the guarantee is implemented
Fengsheng Automobile Technology Group Co. Ltd	15,000.00	2019-12-13	2020-12-13	NO
Fengsheng Automobile Technology Group Co. Ltd	25,000.00	2019-12-18	2020-12-13	NO
Fengsheng Automobile Technology Group Co. Ltd	4,999.40	2019-3-7	2020-3-7	NO
Fengsheng Automobile Technology Group Co. Ltd	15,000.00	2019-3-27	2020-3-27	NO
Hangzhou Youxing Technology Co.,Ltd.	6,000.00	2019-6-27	2020-3-29	NO
Hangzhou Youxing Technology Co.,Ltd.	14,000.00	2019-9-27	2020-3-29	NO

X. Commitments and contingencies

1. Significant commitments (Unit: ten thousand yuan)

(1) Capital commitments

Item	December 31, 2019	December 31, 2018
Commitment for acquisition of long-term asset	326,174.06	413,775.37
Overseas investment commitment	54,000.00	49,390.38
Total	380,174.06	463,165.75

(2) Operating lease commitment

As of the balance sheet date, the irrevocable operating lease of the Group is shown as follows:

Minimum payments of irrevocable lease	December 31, 2019	December 31, 2018
No later than 1 year	80,201.00	86,673.96
Later than 1 year but no later than 5 years	227,933.80	221,112.90
Later than 5 years	145,106.40	142,007.70
Total	453,241.20	449,794.56

2. Contingencies

(1) Legal proceedings

Geely Zhaoyuan may at times be involved in legal proceedings. The estimated legal risk associated is RMB 35,667,740.00.

(2) Pension contingent liabilities

In terms of agreement, Volvo Personvagnar AB, Volvo Bili Göteborg AB and Volvo Personbilar Sverige AB shall undertake the contingent liability of 2% pension plan with amount of RMB 122,619,485.00. Management believes that the risk is immaterial.

(3) Tax risk
The potential tax risk evaluated is RMB 316,229,095.00.

(4) Other contingent liabilities
The amount involved in other external contract related to contingent liabilities is RMB549,057,808.00.

XI. Events after the balance sheet date

1. As of the report date, the coronavirus is still spreading overseas, which has affected the overseas production and sales of the Group to some extent. The Group is taking measures to mitigate the impact of the pandemic on its employees and operations. The management in charge of corporate governance will continue to monitor this risk and assess its impact on the Group's financial position and operating results for the year 2020.

2. In March 2020, Zhejiang Jirun Automobile Co., Ltd., a subsidiary of the Company, set up a wholly-owned subsidiary, Chengdu Geely Automobile Manufacturing Co., Ltd., with a registered capital of MRMB 50.

3. In March 2020, Zhejiang Maple Asset Management Co., Ltd transferred its 1.5% of shares of Zhejiang Haoqing Automobile Manufacturing Co., Ltd. to the Company. After the transfer, Zhejiang Haoqing Automobile Manufacturing Co., Ltd became a wholly-owned subsidiary of the Company.

XII. Other important events

The directors of Geely Automobile Holdings Co.,Ltd. (HK.0175) proposed a dividend of HK$0.25 per ordinary share to the shareholders on the registered list on June 4, 2020, amounting to approximately MRMB 2,057.75.

XIII. Notes to items in finance statements of the Company

1. Other receivables

（1）Item list

Item	December 31, 2019	December 31, 2018
Interest receivables	246,106,704.81	249,329,018.74
Dividend receivables		
Other receivables	7,844,702,924.59	9,158,505,893.97
Total	8,090,809,629.40	9,407,834,912.71

（2）Interest receivable

Item	December 31, 2019	December 31, 2018
Loans interest	246,106,704.81	249,329,018.74
Total	246,106,704.81	249,329,018.74

（3）Other receivables

1) Item list

Item	December 31, 2019				
	Book balance		Doubtful debt provisions		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable for which doubtful debt provisions is collectively assessed by credit risk characteristics	7,847,173,625.20	100.00	2,470,700.61	100.00	7,844,702,924.59
Total	7,847,173,625.20	100.00	2,470,700.61	100.00	7,844,702,924.59

(Continued)

Item	December 31, 2018				
	Book balance		Doubtful debt provisions		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable for which doubtful debt provisions is collectively assessed by credit risk characteristics	9,160,976,594.58	100.00	2,470,700.61	100	9,158,505,893.97
Total	9,160,976,594.58	100.00	2,470,700.61	100	9,158,505,893.97

2) Aging

Aging	December 31, 2019			December 31, 2018		
	Book balance		Doubtful debt provisions	Book balance		Doubtful debt provisions
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	4,929,533,784.27	62.82		7,451,059,913.37	81.34	
1 to 2 years	2,129,168,514.00	27.13		1,219,464,409.29	13.31	
2 to 3 years	440,156,719.01	5.61		451,964,553.00	4.93	
More than 3 years	348,314,607.92	4.44	2,470,700.61	38,487,718.92	0.42	2,470,700.61
Total	7,847,173,625.20	100.00	2,470,700.61	9,160,976,594.58	100.00	2,470,700.61

(4) Doubtful debt provisions

Doubtful debt provisions	Phase 1	Phase 2	Phase 3	Total
	Future 12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
January 1, 2019	2,470,700.61			2,470,700.61
January 1, 2019 for current period	——	——	——	——
--Transfer to Phase 2				
--Transfer to Phase 3				
--Return to Phase 2				
--Return to Phase 1				
Recognition for current period				
Reversal for current period				
Written-off for current period				
Verification and write-off for current period				
Others				
December 31, 2019	2,470,700.61			2,470,700.61

(5) As at December 31, 2019, there are no other receivables to shareholders with 5% or more shares of the Group.

2. Investment in joint venture & associate

Item	December 31, 2019			December 31, 2018		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiary	27,557,648,453.82	44,789,998.45	27,512,858,455.37	26,289,808,013.82	44,789,998.45	26,245,018,015.37
Invest in associated enterprises and joint ventures	3,454,366,061.73		3,454,366,061.73	3,739,186,122.37	500,000.00	3,738,686,122.37
Total	31,012,014,515.55	44,789,998.45	30,967,224,517.10	30,028,994,136.19	45,289,998.45	29,983,704,137.74

(1) Investment in subsidiaries

Investees	January 1, 2019	Addition	Deduction	December 31, 2019	December 31, 2019 of impairment provision
Proper Glory Holding Inc.	160,377,380.00			160,377,380.00	
Geely International (Hong Kong) Co.,Ltd.	591,430,882.00			591,430,882.00	
Shanghai Maple Automobile Co.,Ltd.	177,499,237.58			222,289,236.03	44,789,998.45
Zhejiang Haoqing Automobile Co.,Ltd	3,305,726,105.26			3,305,726,105.26	
Zhejiang Geely Automobile Co.,Ltd	2,264,794,493.37			2,264,794,493.37	
Jining Fulin Automobile Components Co.,Ltd.	45,000,000.00			45,000,000.00	
Shanghai Meihuan Trading Co.,Ltd.(Note 1)	4,500,000.00		4,500,000.00		
Beijing Geely Kaisheng International Investment Co.,Ltd.	7,242,000,000.00			7,242,000,000.00	
Hangzhou Geely Evun Technology Co.,Ltd.	30,000,000.00			30,000,000.00	
Zhejiang Geely Business Service Co.,Ltd.	20,000,000.00			20,000,000.00	

Investees	January 1, 2019	Addition	Deduction	December 31, 2019	December 31, 2019 of impairment provision
Zhangjiakou Volvo Engine Manufacturing Co. Ltd	604,975,000.00			604,975,000.00	
Weirui Electric Vehicles(Suzhou) Co.,Ltd.	26,000,000.00			26,000,000.00	
Daqing Volvo Cars Manufacture Co.,Ltd.	833,260,000.00			833,260,000.00	
Shanghai Volvo Cars R&D Co.,Ltd.	77,342,500.00			77,342,500.00	
Zhejiang Geely New Energy Commercial Vehicle Co.,Ltd.td.	300,000,000.00	200,000,000.00		500,000,000.00	
Easy-insure Insurance Agency Co.,Ltd.	50,000,000.00			50,000,000.00	
Ningbo Yijie Equity Investments and Fund Management Partnership (LP)	2,000,000.00			2,000,000.00	
Zhejiang Qianjiang Motorcycle Co.,Ltd.(Note 2)	1,081,350,000.00		1,081,350,000.00		
Geely International (US) Co.,Ltd.	33,852,140.00	33,690,440.00		67,542,580.00	
Geely Changxing New Energy Automobile Co.,Ltd.	270,000,000.00			270,000,000.00	
Shanghai Geely Zhaoyuan International Investment Co.,Ltd.	5,186,570,000.00			5,186,570,000.00	
Zhejiang Zhongjian Investment Co.,Ltd.	300,000,000.00			300,000,000.00	
Geely Automobile Group Co. Ltd	500,000,000.00	400,000,000.00		900,000,000.00	
Geely Automobile Holdings Ltd.	382,310,347.06			382,310,347.06	
Polestar Automotive (Shanghai) Co., Ltd.(Note 3)	2,756,029,930.10	1,700,000,000.00		4,456,029,930.10	
Zhejiang Houtong Equity Investment Management Co., Ltd		20,000,000.00		20,000,000.00	
Zhejiang Liankong Technology Co., Ltd.(Note 4)					

Investees	January 1, 2019	Addition	Deduction	December 31, 2019	December 31, 2019 of impairment provision
Geely Factoring (Xi 'an) Co., Ltd.(Note 5)					
Total	26,245,018,015.37	2,353,690,440.00	1,085,850,000.00	27,557,648,453.82	44,789,998.45

Note 1: Shanghai Meihuan Trading Co.,Ltd. was transferred to Geely Automobile Group Co. Ltd.
Note 2: Zhejiang Qianjiang Motorcycle Co.,Ltd was transferred to Geely Technology Group Co. Ltd.
Note 3: The Company increased total capital of MRMB 1,700 to Polestar Automotive (Shanghai) Co., Ltd unilaterally, which did not change the shareholding structure.
Note 4: The share capital of Zhejiang Liankong Technology Co., Ltd is MRMB 50, and the capital contributions of the Company is MRMB 50, which is under the provisions of association within the stipulated time.
Note 5: The share capital of Geely Factoring (Xi 'an) Co., Ltd is MRMB100, the capital contributions of the Company is MRMB 100, which is under the provisions of association within the stipulated time.

(2) Investment in associated enterprises and joint venture

Investees	January 1, 2019	Movement								December 31, 2019	December 31, 2019 of impairment provision
		Increase	Decrease	Profit or loss recognized under equity method	Other comprehensive income adjusted	Other equity changes	Dividend	Provision for impairment	Others		
I. Associates											
Zhejiang Yinji Automotive Components Co.,Ltd.	23,477,061.01			-282,074.00						23,194,987.01	
Corun Hybrid Technology Co.,Ltd.	211,524,280.90		211,524,280.90								
China Railway Gecent Technology Co.,Ltd.	3,503,684,780.46			-72,513,705.74						3,431,171,074.72	
Total	3,738,686,122.37		211,524,280.90	-72,795,779.74						3,454,366,061.73	

3. Revenue and cost of sales

Item	2019		2018	
	Revenue	Costs of sales	Revenue	Costs of sales
Other operations	283,118,441.70	143,523,550.65	260,024,972.16	21,917,598.06
Total	283,118,441.70	143,523,550.65	260,024,972.16	21,917,598.06

4. Investment income

(1) Information investment income

Item	2019	2018
Investment income (losses) under equity method	-72,795,779.74	-9,706,330.35
Income from disposals of long-term equity investments	-83,869,624.89	-9,010,057.80
Income from long-term equity investment generated	3,572,360,330.33	
Income from disposals of other non-current financial assets		51,189,784.30
Total	3,415,694,925.70	32,473,396.15

(2) Long-term equity investment income under equity method

Item	2019	2018
Zhejiang Yinji Automotive Components Co.,Ltd.	-282,074.00	-383,361.01
Geely Yinjian Investment Co.,Ltd.		682.11
Corun Hybrid Technology Co.,Ltd.		956,143.42
China Railway Gecent Technology Co.,Ltd.	-72,513,705.74	-10,279,794.87
Total	-72,795,779.74	-9,706,330.35

Zhejiang Geely Holding Group Co.,Ltd.
April 29, 2020

统一社会信用代码
91110102085546327O

营业执照

（副　本）（10－1）

名　　称　北京兴华会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　张恩军

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

北京兴华会计师事务所(特殊普通合伙)
仅供报告使用
1101020349414

成立日期　2013年11月22日

合伙期限　2013年11月22日　至　2063年11月21日

主要经营场所　北京市西城区裕民路18号2206房间

登记机关

北京市工商行政管理局西城分局

2019 年 07 月 03 日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号：000377

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

北京兴华会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：张恩军

证书号：10　　发证时间：二〇一九年九月四日

证书有效期至：二〇二一年九月四日

仅供报告附件使用

会计师事务所

执业证书

名　　　称：北京兴华会计师事务所（特殊普通合伙）

首席合伙人：张恩军

主任会计师：

经营场所：北京市西城区裕民路18号2206房间

组织形式：特殊普通合伙

执业证书编号：11000010

批准执业文号：京财会许可（2013）0060号

批准执业日期：2013年10月10日

证书序号：0011908

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一九　年八　月六　日

中华人民共和国财政部制

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

姓名 Full name 陈树华
性别 Sex 男
出生日期 Date of birth 1968-02-22
工作单位 Working unit 杭州金瑞会计师事务所有限公司
身份证号码 Identity card No. 33262268022

证书编号 No. of Certificate 330000240229
批准注册协会 Authorized Institute of CPAs 浙江省注册会计师协会
发证日期 Date of Issuance 1999年12月01日

年度检验登记 Annual Renewal Registration
本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.
注册会计师任职资格检查 2018 检 浙江省注册会计师协会

年度检验登记 Annual Renewal Registration
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注册会计师任职资格检查 2019 检 浙江省注册会计师协会

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA
同意调出 Agree the holder to be transferred from
事务所 CPAs
转出协会盖章 Stamp of the transfer-out Institute of CPAs
同意调入 Agree the holder to be transferred to
北京兴华杭州分所
事务所 CPAs
转入协会盖章 Stamp of the transfer-in Institute of CPAs
2013年12月26日

北京兴华会计师事务所(特殊普通合伙)
报告附件
1101020349414

年度检验登记 Annual Renewal Registration
本证书经检验合格，继续有效一年。
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注册会计师工作单位变更事项登记
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事务所 CPAs
转入协会盖章 Stamp of the transfer-in Institute of CPAs
年 月 日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This ce[illegible] year after
this re[illegible]

注册会计师任职资格检查
（浙注协[2018]28号）
2018
检
浙江省注册会计师协会

年 月 日

证书编号 No. of Certificate [illegible]
批准注册协会 Authorized Institute of CPAs [illegible]
发证日期 Date of Issuance [illegible] 年 [illegible] 月 [illegible] 日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
年 月 日

同意调入
Agree the holder to be transferred to

北京兴华杭州分所 事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs
2013 年 12 月 26 日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
年 月 日

同意调入
Agree the holder to be transferred to

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs
年 月 日

北京兴华会计师事务所(特殊普通合伙)
1101020349414
报告附件

姓名 Full name [illegible]
性别 Sex 男
出生日期 Date of birth [illegible]
工作单位 Working unit [illegible]
身份证号码 Identity card No. [illegible]

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after
this renewal.

注册会计师任职资格检查
（浙注协[2019]35号）
2019
检
浙江省注册会计师协会

月 日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after
this renewal.

年 月 日

Zhejiang Geely Holding Group Co.,Ltd.

Financial Year 2018 Auditor's Report

Contents

Auditor's Report

(2019)JingKuaiXingShenZiNo. 68000052

To the Shareholders of Zhejiang Geely Holding Group Co.,Ltd.

1.Opinion

We have audited the accompanying financial statements of Zhejiang Geely Holding Group Co.,Ltd. ("the Company") and its subsidiaries("the Group"), which comprise the consolidated and parent company's balance sheets as at December 31,2018, the consolidated and parent company's income statements, the consolidated and parent company's statement of cash flows and the consolidated and parent company's statements of changes in shareholders' equity for the year then ended and notes to the financial statements.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Company as at December 31,2018 and their operating results and cash flows for the year then ended, which are in accordance with the Accounting Standards for Business Enterprises.

2.Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3.Responsibilities of the management and those charged with governance for the financial statements

The management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining such internal control as the management determines is necessary to enable the

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电话：+86-10-82250666 传真：+86-10-82250851 电子邮件：xhcpas@xhcpas.com Tel: +86-10-82250666 Fax：+86-10-82250851 E-mail：xhcpas@xhcpas.com

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance in discharging their responsibilities for overseeing the company's financial reporting process.

4.Auditor's responsibilities for the audit of the financial statements

Our objects are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and thereasona

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电话：+86-10-82250666 传真：+86-10-82250851 电子邮件：xhcpas@xhcpas.com Tel: +86-10-82250666 Fax：+86-10-82250851 E-mail：xhcpas@xhcpas.com

bleness of accounting estimates and related disclosures made by the management.

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

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Chinese Certified Public Accountant: 中国注册会计师 陈树华 注册号:330000240029
Shuhua Chen

Beijing Xinghua Certified
Public Accountants
(Special General Partnership)

Chinese Certified Public Accountant: 中国注册会计师 朱佳明 注册号:330002770009
Jiaming Zhu

Beijing China

Date of Report: April 29, 2019

地址：北京市西城区裕民路18号北环中心22层 邮编：100029 Add: Level 22,North Ring Center, No.18 Yumin Road, Xicheng District, Beijing P.C.:100029
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Consolidated Balance Sheet

December 31, 2018

Zhejiang Geely Holding Group Co.,Ltd. **RMB Yuan**

Item	Notes	2018	2017
Non-current assets:			
Debt investment	VI. 11	30,000,000.00	
Available-for-sale financial assets	VI. 12		4,515,998,114.10
Other investment on debt			
Long-term receivables	VI. 13	3,388,675,264.74	3,906,827,721.23
Long-term equity investment	VI. 14	14,981,375,397.42	5,610,123,461.57
Other equity instruments investment	VI. 15	17,510,791,549.30	
Other non-current financial assets	VI. 16	581,226,372.64	
Investment property			
Fixed assets	VI. 17	70,586,767,868.13	55,742,394,025.68
Construction-in-progress	VI. 18	8,789,454,677.61	14,691,151,929.93
Productive biological assets			
Oil and gas assets			
Intangible assets	VI. 19	34,350,258,764.56	33,112,658,217.92
Development expenditure	VI. 20	26,936,176,715.57	18,366,312,260.06
Goodwill	VI. 21	722,977,806.77	657,704,584.65
Long-term deferred expenses	VI. 22	173,045,597.34	123,663,257.26
Deferred income tax assets	VI. 23	6,523,178,000.40	4,322,330,982.22
Other non-current assets	VI. 24	1,208,135,575.29	1,827,391,272.75
Total non-current assets		**185,782,063,589.77**	**142,876,555,827.37**
Current assets:			
Cash at bank and on hand	VI. 1	67,340,143,959.02	54,268,662,867.06
Financial assets held for trading	VI. 2	1,881,645,004.49	
Derivative financial assets	VI. 3	773,721,386.00	
Financial assets measured at fair values and changes accounted into current profit or losses	VI. 4		3,166,788,180.62
Bills and accounts receivable	VI. 5	29,491,507,878.27	31,576,055,685.02
In which: bills receivable		22,614,809,596.99	24,709,770,776.91
Accounts receivable		6,876,698,281.28	6,866,284,908.11
Prepayments	VI. 6	2,617,428,048.93	2,195,233,014.55
Other receivables	VI. 7	2,800,221,617.04	3,021,676,927.42
In which: interest receivable		43,987,872.65	73,258,331.05
Dividend receivable			
Inventories	VI. 8	37,181,568,501.59	33,556,265,785.86
Contract assets			
Held-for-sale assets			12,306,223.00
Non-current assets due within one year	VI. 9	12,508,537.86	86,915,051.98
Other current assets	VI. 10	5,550,500,576.69	5,645,110,164.86
Total current assets		**147,649,245,509.89**	**133,529,013,900.37**
Total assets		**333,431,309,099.66**	**276,405,569,727.74**

Consolidated Balance Sheet (Continued)

December 31, 2018

Zhejiang Geely Holding Group Co.,Ltd. **RMB Yuan**

Item	Notes	2018	2017
Non-current liabilities:			
Long-term loans	VI. 37	31,118,986,170.99	13,418,284,218.88
Bonds payable	VI.38	19,830,413,954.11	15,363,624,180.76
In which: preference shares			
Perpetual capital securities			
Long-term accounts payable	VI.39	1,258,145,290.20	2,001,292,630.00
Provisions	VI.40	4,814,296,111.28	7,879,331,155.61
Deferred income	VI.41	13,211,596,716.65	7,782,512,110.50
Deferred income tax liabilities	VI.23	1,399,642,501.47	1,611,143,385.94
Other non-current liabilities	VI.42	11,831,483,449.88	5,774,800,470.00
Total non-current liabilities		**83,464,564,194.58**	**53,830,988,151.69**
Current liabilities:			
Short-term loans	VI. 25	35,093,091,888.73	13,758,061,814.56
Financial liabilities held for trading	VI. 26	6,604,733.21	
Derivative financial liabilities	VI. 27	1,414,363,056.00	
Financial liabilities measured at fair values and changes accounted into current profit or losses	VI. 28		452,597,735.00
Bills and accounts payable	VI. 29	55,538,625,694.39	51,570,357,961.00
Advances from customers	VI. 30	5,782,147,119.03	8,911,129,265.48
Contract liabilities	VI. 31	10,924,998,923.22	
Employee benefits payable	VI. 32	6,330,638,229.21	6,449,701,354.48
Taxes payable	VI. 33	5,458,377,670.48	5,363,619,059.04
Other payables	VI. 34	5,622,995,858.38	13,061,577,059.47
In which: interest payable		534,368,045.37	344,887,184.46
Dividends payable		7,168,767.12	7,168,767.12
Available-for-sale liabilities			
Non-current liabilities due within one year	VI. 35	8,884,896,250.02	10,973,057,708.53
Other current liabilities	VI. 36	12,156,227,534.30	21,575,641,565.77
Total current liabilities		**147,212,966,956.97**	**132,115,743,523.33**
Total liabilities		**230,677,531,151.55**	**185,946,731,675.02**
Equity:			
Share capital	VI. 43	930,000,000.00	930,000,000.00
Other equity instruments	VI. 44	2,000,000,000.00	2,000,000,000.00
In which: preference shares			
Perpetual capital securities		2,000,000,000.00	2,000,000,000.00
Capital reserve	VI. 45	19,044,130,803.36	19,007,822,995.62
Less: treasury shares			
Other comprehensive income	VI. 46	-10,658,355,082.00	3,265,112,598.53
Special reserve			
Surplus reserve	VI. 47	40,734,742.89	38,589,968.34
Provision for general risks			
Undistributed profits	VI. 48	46,440,199,428.28	33,685,219,032.19
Total shareholders' equity attributable to parent company		57,796,709,892.53	58,926,744,594.68
Minority interests		44,957,068,055.58	31,532,093,458.04
Total equity		**102,753,777,948.11**	**90,458,838,052.72**
Total equity and liabilities		**333,431,309,099.66**	**276,405,569,727.74**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Balance Sheet

December 31, 2018

Zhejiang Geely Holding Group Co.,Ltd. **RMB Yuan**

Item	Notes	2018	2017
Non-current assets:			
Debt investment			
Available-for-sale financial assets			463,355,600.00
Other investment on debt			
Long-term receivables			
Long-term equity investment	XIII.2	29,983,704,137.74	13,702,885,254.50
Other equity instruments investment		10,000,000.00	
Other non-current financial assets		306,083,067.70	
Investment property			
Fixed assets		192,253,756.23	210,935,680.55
Construction-in-progress		1,164,457.95	1,528,290.10
Productive biological assets			
Oil and gas assets			
Intangible assets		32,502,334.76	41,463,628.65
Development expenditure		16,173,421.95	11,645,572.85
Goodwill			
Long-term deferred expenses		16,517,785.87	14,976,476.33
Deferred income tax assets			
Other non-current assets			
Total non-current assets		**30,558,398,962.20**	**14,446,790,502.98**
Current assets:			
Cash at bank and on hand		827,037,155.78	21,481,327.49
Financial assets held for trading			
Derivative financial assets			
Bills and accounts receivable		913,700.00	
In which: bills receivable		913,700.00	
Accounts receivable			
Prepayments		30,000.00	
Other receivables	XIII.1	9,407,834,912.71	16,207,292,510.01
In which: interest receivable		249,329,018.74	1,231,651,031.12
Dividend receivable			
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		11,434,265.35	7,076,667.13
Total current assets		**10,247,250,033.84**	**16,235,850,504.63**
Total assets		**40,805,648,996.04**	**30,682,641,007.61**

Balance Sheet (Continued)

December 31, 2018

Zhejiang Geely Holding Group Co.,Ltd. **RMB Yuan**

Item	Notes	2018	2017
Non-current liabilities:			
Long-term loans		3,099,980,000.00	2,160,000,000.00
Bonds payable		3,236,047,169.82	2,698,922,465.76
In which: preference shares			
Perpetual capital securities			
Long-term accounts payable			250,000,000.00
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities		1,000,000,000.00	
Total non-current liabilities		**7,336,027,169.82**	**5,108,922,465.76**
Current liabilities:			
Short-term loans		7,313,160,000.00	5,660,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Bills and accounts payable		727,392.90	49,000.00
Advances from customers			
Contract liabilities			
Employee benefits payable		72,582,125.07	42,284,220.07
Taxes payable		35,307,940.67	28,623,189.33
Other payable		20,224,787,490.95	12,807,557,659.87
In which: interest payable		316,314,377.70	331,372,516.64
Dividends payable		7,168,767.12	7,168,767.12
Available-for-sale liabilities			
Non-current liabilities due within one year		2,159,822,465.76	3,266,875,799.10
Other current liabilities			
Other current liabilities		**29,806,387,415.35**	**21,805,389,868.37**
Total liabilities		**37,142,414,585.17**	**26,914,312,334.13**
Equity			
Share capital		930,000,000.00	930,000,000.00
Other equity instruments		2,000,000,000.00	2,000,000,000.00
In which: preference shares			
Perpetual capital securities		2,000,000,000.00	2,000,000,000.00
Capital reserve		597,067,180.59	641,037,250.49
Less: treasury shares			
Other comprehensive income		-109,963.48	-268,842.38
Special reserve			
Surplus reserve			
Undistributed profits		136,277,193.76	197,560,265.37
Total equity		**3,663,234,410.87**	**3,768,328,673.48**
Total equity and liabilities		**40,805,648,996.04**	**30,682,641,007.61**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Consolidated Income Statement

2018

Zhejiang Geely Holding Group Co.,Ltd. **RMB Yuan**

Item	Notes	2018	2017
I. Operating income	VI. 49	**328,520,879,523.17**	**278,264,593,706.98**
Less: operating costs	VI. 49	254,053,783,400.85	215,333,481,509.16
Tax and surcharges		7,305,728,460.67	6,427,753,457.57
Selling expenses		17,878,917,382.64	16,299,503,643.30
General and administrative expenses		10,992,053,237.91	9,605,086,015.37
Research and development expenses		9,328,489,637.40	8,609,534,712.44
Financial expenses	VI. 50	1,813,847,859.91	1,444,268,110.45
In which: interest expenses		2,152,653,292.25	1,621,283,471.71
Interest income		889,113,505.32	660,820,215.36
Asset impairment losses	VI. 51	428,877,705.91	195,959,012.81
Credit impairment losses	VI. 52	9,498,996.11	
Add: other income	VI. 53	2,891,997,779.97	2,489,180,524.97
Investment income ("-" for losses)	VI. 54	-42,144,435.01	11,026,795.78
In which: investment yield from joint ventures and associates		-225,960,818.08	-282,937,264.98
Net exposure hedging benefits	VI. 55	-586,503,751.00	
Gains from changes of the fair value ("-" for losses)	VI. 56	-30,802,727.19	315,967,615.08
Income from disposals of assets	VI. 57	-2,900,129,441.53	-260,427,691.43
II. Operating profit ("-" for losses)		**26,042,100,267.01**	**22,904,754,490.28**
Add: non-operating income	VI. 58	228,332,119.40	618,590,190.98
Less: non-operating expenses	VI. 59	500,440,331.92	176,903,211.51
III. Profit before tax ("-" for losses)		**25,769,992,054.49**	**23,346,441,469.75**
Less: income tax expense	VI. 60	5,502,351,666.74	4,522,206,612.97
IV. Net profit ("-" for losses)		**20,267,640,387.75**	**18,824,234,856.78**
1. Classification by operating continuity		**20,267,640,387.75**	**18,824,234,856.78**
(1) Sustained profit and loss		20,267,640,387.75	18,824,234,856.78
(2) Discontinued operating profit and loss			
2. Classification by ownership		**20,267,640,387.75**	**18,824,234,856.78**
(1) Profit or loss attributable to minority interests		7,241,570,399.22	6,521,864,200.96
(2) Net profit attributable to owners of the parent		13,026,069,988.53	12,302,370,655.82
V. Other comprehensive income for the year, net of tax		**-13,897,752,601.94**	**4,096,785,222.06**
Other comprehensive income attributable to parent net of tax		**-13,923,467,680.53**	**3,955,957,315.95**
1. Other comprehensive income which can't be reclassified as losses and gains later		**-10,394,592,249.00**	**-246,960,969.47**
(1) Remeasure and set benefit plan changes in net assets or net liabilities			
(2) Shares of other comprehensive income which can't be reclassified as losses and gains by the investee under equity method		-9,230,625,710.00	29,323,333.53
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in the fair value of the enterprise's own credit risk			
(5) Others		-1,163,966,539.00	-276,284,303.00
2. Other comprehensive income which will be reclassified as losses and gains later		**-3,528,875,431.53**	**4,202,918,285.42**
(1) Shares of other comprehensive income which will be reclassified as losses and gains later by the investee under equity method		158,878.90	-12,900,359.01
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets re-classified into other comprehensive income		-629,858,509.16	568,208,255.05
(4) Provision for impairment of credit for investment of other debt investments			
(5) Changes in cash flow hedge recognized in other comprehensive income		-2,300,537,397.00	2,673,223,098.00
(6) Exchange differences arising from the translation of foreign currency financial statement		-598,638,404.27	974,387,291.38
Other comprehensive income attributable to minority interests net of tax		**25,715,078.59**	**140,827,906.11**
VI. Total comprehensive income		**6,369,887,785.81**	**22,921,020,078.84**
1. Total comprehensive income attributable to parent		-897,397,692.00	16,258,327,971.77
2.Total comprehensive income attributable to minority interests		7,267,285,477.81	6,662,692,107.07
VII. Earnings per share:			
1. Basic earnings per share			
2. Diluted earnings per share			

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Income Statement

2018

Zhejiang Geely Holding Group Co.,Ltd.			**RMB Yuan**
Item	**Notes**	**2018**	**2017**
I. Operating income	XIII. 3	**260,024,972.16**	**475,200,519.27**
Less: operating costs	XIII. 3	21,917,598.06	50,786,374.94
Tax and surcharges		1,718,771.67	4,927,353.61
Selling expenses			
General and administrative expenses		445,003,634.76	287,720,807.82
Research and development expenses			
Financial expenses		584,258,290.47	507,705,798.53
In which: interest expenses		558,130,868.46	470,277,277.77
Interest income		8,397,475.59	3,746,606.64
Asset impairment losses			2,970,700.61
Credit impairment losses			
Add: other income		872,619,854.41	782,436,237.16
Investment income ("-" for losses)	XIII. 4	32,473,396.15	347,967,666.45
In which: investment yield from joint ventures and associates		-18,923,157.32	-149,450,571.45
Net exposure hedging benefits			
Gains from changes of the fair value ("-" for losses)			
Income from disposals of assets		251,551.85	17,228.30
II. Operting profit ("-" for losses)		**112,471,479.61**	**751,510,615.67**
Add: non-operating income		2,588,407.60	2,244,929.07
Less: non-operating expenses		58,747,455.30	11,980,669.62
III. Profit before tax ("-" for losses)		**56,312,431.91**	**741,774,875.12**
Less: income tax expense		35,695,503.52	26,651,786.38
IV. Net profit ("-" for losses)		**20,616,928.39**	**715,123,088.74**
1. Sustained profit and loss		20,616,928.39	715,123,088.74
2. Discontinued operating profit and loss			
V. Other comprehensive income for the year, net of tax		**158,878.90**	**-1,168,018,842.38**
1. Other comprehensive income which can't be reclassified as losses and gains later			
(1) ther comprehensive income for the year, net of tax Remeasure and set benefit plan changes in net assets or net liabilities			
(2) Shares of other comprehensive income which can't be reclassified as losses and gains by the investee under equity method			
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in the fair value of the enterprise's own credit risk			
2. Other comprehensive income which will be reclassified as losses and gains later		**158,878.90**	**-1,168,018,842.38**
(1) Shares of other comprehensive income which will be reclassified as losses and gains later by the investee under equity method		158,878.90	-268,842.38
(2) Changes in fair value of other debt investments			-1,167,750,000.00
(3) Amount of financial assets re-classified into other comprehensive income			
(4) Provision for impairment of credit for investment of other debt investments			
(5) Changes in cash flow hedge recognized in other comprehensive income			
(6) Exchange differences arising from the translation of foreign currency financial statement			
VI. Total comprehensive income		**20,775,807.29**	**-452,895,753.64**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Consolidated Statement of Cash Flows

2018

Zhejiang Geely Holding Group Co.,Ltd. **RMB Yuan**

Item	Notes	2018	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from sale of goods or rendering of services		356,346,254,688.46	297,625,242,439.84
Refund of tax and levies		1,746,214,745.04	638,987,611.28
Cash received for other operating activities		10,335,106,233.52	6,425,218,289.65
Cash inflow from operations		**368,427,575,667.02**	**304,689,448,340.77**
Cash paid for purchasing goods or receiving services		250,321,443,124.34	200,354,488,527.17
Cash paid to and on behalf of employees		32,560,802,921.29	29,016,333,979.73
Various taxes paid		26,729,838,522.00	20,014,875,317.36
Other cash paid related to operating activities		15,669,137,684.73	12,264,464,610.36
Cash outflow from operations		**325,281,222,252.36**	**261,650,162,434.62**
Net cash flows from operating activities		**43,146,353,414.66**	**43,039,285,906.15**
II. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disinvestment		4,065,512,402.00	5,307,175,290.48
Cash received from investment yield		420,430,844.34	339,675,927.91
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		207,872,445.34	288,937,605.29
Net cash received from disposal of subsidiaries and other operation entities		9,750,000.00	-413,189,891.16
Cash received related to investment activities		1,019,820,042.69	6,815,773,379.00
Cash inflow from investment activities		**5,723,385,734.37**	**12,338,372,311.52**
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		42,755,816,121.07	37,106,044,659.12
Cash paid for acquiring investments		37,675,262,746.52	5,350,094,809.23
Net cash amount paid from acquiring subsidiaries and other operation entities		3,209,116.09	198,516.28
Cash paid for other related investment activities		4,921,588,350.52	2,428,400,306.82
Cash outflow from investment activities		**85,355,876,334.20**	**44,884,738,291.45**
Net cash flows from investment activities		**-79,632,490,599.83**	**-32,546,365,979.93**
III. CASH FLOWS FROM FINANCING ACTIVITIES：			
Cash received from accepting investment		8,067,015,084.13	3,078,049,207.00
Cash received from borrowings		54,698,537,819.56	15,932,129,765.96
Cash received from issuing bonds		6,673,829,580.43	3,898,396,552.00
Cash received related to other financing activities		16,989,624,840.00	16,413,095,133.00
Cash inflow from financing activities		**86,429,007,324.12**	**39,321,670,657.96**
Cash paid for repaying debts		19,759,839,497.65	18,021,196,116.64
Cash paid for distributing dividends, profits or paying interests		4,167,963,433.27	2,813,448,523.43
Cash paid related to other financing activities		14,653,372,049.99	10,186,149,654.82
Cash outflow from financing activities		**38,581,174,980.91**	**31,020,794,294.89**
Net cash flows from financing activities		**47,847,832,343.21**	**8,300,876,363.07**
IV. Effect of exchange rate fluctuations on cash held		**-177,107,213.54**	**448,394,015.13**
V. Net increase/(decrease) in cash and cash equivalents		**11,184,587,944.50**	**19,242,190,304.42**
Add: cash and cash equivalents at beginning of period		75,523,178,093.06	56,280,987,788.64
VI. Cash and cash equivalents at end of period		**86,707,766,037.56**	**75,523,178,093.06**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Statement of Cash Flows

2018

Zhejiang Geely Holding Group Co.,Ltd. **RMB Yuan**

Item	Notes	2018	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from sale of goods or rendering of services		1,229,061,530.82	46,656,553.07
Refund of tax and levies		5,599.43	55,807.60
Cash received for other operating activities		80,556,079,891.24	60,683,707,127.40
Cash inflow from operations		**81,785,147,021.49**	**60,730,419,488.07**
Cash paid for purchasing goods or receiving services		9,889,987.97	
Cash paid to and on behalf of employees		215,779,080.85	166,883,991.89
Various taxes paid		40,547,916.24	23,336,040.25
Other cash paid related to operating activities		66,370,915,619.04	53,572,200,785.45
Cash outflow from operations		**66,637,132,604.10**	**53,762,420,817.59**
Net cash flows from operating activities		**15,148,014,417.39**	**6,967,998,670.48**
II. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disinvestment		351,768,460.00	993,100,000.00
Cash received from investment yield		55,820,457.90	513,500,000.00
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		29,854,488.20	751,523.00
Net cash received from disposal of subsidiaries and other operation entities			
Cash received related to investment activities			
Cash inflow from investment activities		**437,443,406.10**	**1,507,351,523.00**
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		72,902,115.79	61,689,538.62
Cash paid for acquiring investments		16,594,197,013.74	6,016,705,454.00
Net cash inflow through disposal of subsidiaries and other business entities			
Cash paid for other related investment activities		386,971,400.00	460,262,704.00
Cash outflow from investment activities		**17,054,070,529.53**	**6,538,657,696.62**
Net cash flows from investment activities		**-16,616,627,123.43**	**-5,031,306,173.62**
III. CASH FLOWS FROM FINANCING ACTIVITIES：			
Cash received from capital contribution			100,000,000.00
Cash received from borrowings		10,041,500,000.01	8,487,800,000.00
Cash received from issuing bonds			
Cash received related to other financing activities		2,994,000,000.00	
Cash inflow from financing activities		**13,035,500,000.01**	**8,587,800,000.00**
Cash paid for repaying debts		10,019,119,709.01	9,901,011,000.00
Cash paid for distributing dividends, profits or paying interests		741,298,129.22	623,431,582.98
Cash paid related to other financing activities			21,127,776.34
Cash outflow from financing activities		**10,760,417,838.23**	**10,545,570,359.32**
Net cash flows from financing activities		**2,275,082,161.78**	**-1,957,770,359.32**
IV. Effect of exchange rate fluctuations on cash held		**72.55**	**2,126.72**
V. Net increase/(decrease) in cash and cash equivalents		**806,469,528.29**	**-21,075,735.74**
Add: cash and cash equivalents at beginning of period		21,481,327.49	42,557,063.23
VI. Cash and cash equivalents at end of period		**827,950,855.78**	**21,481,327.49**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance director：Dai Qing**

Consolidated Statement of Changes in Shareholders' Equity

Zhejiang Geely Holding Group Co.,Ltd. | 2018 | RMB Yuan

Item	Current period											
	Shareholders' equity attributable to parent company's shareholders										Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits		
		Preferred shares	Perpetual capital securities	Others									
I. At 31st December 2017	**930,000,000.00**		**2,000,000,000.00**		**19,007,822,995.62**		**3,265,112,598.53**		**38,589,968.34**		**33,685,219,032.19**	**31,532,093,458.04**	**90,458,838,052.72**
Add: changes in accounting policy											-22,188,180.20	-10,807,467.52	**-32,995,647.72**
Correction of previous errors													
Business combination under common control													
Others													
II. Opening balance of the year	**930,000,000.00**		**2,000,000,000.00**		**19,007,822,995.62**		**3,265,112,598.53**		**38,589,968.34**		**33,663,030,851.99**	**31,521,285,990.52**	**90,425,842,405.00**
III. Increase/decrease of changes in amount of current period ("-" for decrease)					**36,307,807.74**		**-13,923,467,680.53**		**2,144,774.55**		**12,777,168,576.29**	**13,435,782,065.06**	**12,327,935,543.11**
1. Total comprehensive income							-13,923,467,680.53				13,026,069,988.53	7,267,285,477.81	**6,369,887,785.81**
2. Capital invested and decreased by shareholders					36,307,807.74						-29,108,058.00	7,220,614,382.92	**7,227,814,132.66**
(1) Ordinary shares invested by shareholders												7,200,217,230.04	**7,200,217,230.04**
(2) Capital invested by other equity instrument holders													
(3) Amount paid for shares credited into shareholders' equity					19,489,044.33							27,802,982.67	**47,292,027.00**
(4) Others					16,818,763.41						-29,108,058.00	-7,405,829.79	**-19,695,124.38**
3. Profit distribution									2,144,774.55		-180,013,219.33	-1,053,721,250.02	**-1,231,589,694.80**
(1) Surplus reserve withdrawal									2,144,774.55		-2,144,774.55		
(2) Withdrawal of provision for general risks													
(3) Distribution to shareholders											-129,591,026.00	-1,060,065,616.33	**-1,189,656,642.33**
(4) Others											-48,277,418.78	6,344,366.31	**-41,933,052.47**
4. Transfer between shareholders' equity											-39,780,134.91	1,603,454.35	**-38,176,680.56**
(1) Capital reserve transfer to share capital													
(2) Surplus reserve transfer to share capital													
(3) Loss made up by surplus reserve													
(4) Change of setting benefit plan transfered to retained income													
(5) Others											-39,780,134.91	1,603,454.35	**-38,176,680.56**
5. Special reserve													
(1) Withdrawal during the year													
(2) Usage during the year													
6. Others													
IV. At 31st December 2018	**930,000,000.00**		**2,000,000,000.00**		**19,044,130,803.36**		**-10,658,355,082.00**		**40,734,742.89**		**46,440,199,428.28**	**44,957,068,055.58**	**102,753,777,948.11**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu | **Chief Financial Officer： Li Donghui** | **Finance Director：Dai Qing**

Consolidated Statement of Changes in Shareholders' Equity (Continued)

Zhejiang Geely Holding Group Co.,Ltd. | 2018 | RMB Yuan

Item	Previous period												
	Shareholders' equity attributable to parent company's shareholders											Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits		
		Preferred shares	Perpetual capital securities	Others									
I. At 31st December 2016	**830,000,000.00**		**2,000,000,000.00**		**17,340,057,289.95**		**-690,844,717.42**				**21,491,603,658.73**	**21,549,657,566.77**	**62,520,473,798.03**
Add: changes in accounting policy													
Correction of previous errors													
Business combination under common control													
Others													
II. Opening balance of the year	**830,000,000.00**		**2,000,000,000.00**		**17,340,057,289.95**		**-690,844,717.42**				**21,491,603,658.73**	**21,549,657,566.77**	**62,520,473,798.03**
III. Increase/decrease of changes in amount of current period ("-" for decrease)	**100,000,000.00**				**1,667,765,705.67**		**3,955,957,315.95**		**38,589,968.34**		**12,193,615,373.46**	**9,982,435,891.27**	**27,938,364,254.69**
1. Total comprehensive income							3,955,957,315.95				12,302,370,655.82	6,662,692,107.07	**22,921,020,078.84**
2. Capital invested and decreased by shareholders	100,000,000.00				1,667,765,705.67				38,589,968.34		-70,616,966.00	3,915,267,222.85	**5,651,005,930.86**
(1) Ordinary shares invested by shareholders	100,000,000.00											383,298,060.10	**483,298,060.10**
(2) Capital invested by other equity instrument holders					-15,259,655.00								**-15,259,655.00**
(3) Amount paid for shares credited into shareholders' equity					140,727,820.03							191,334,348.55	**332,062,168.58**
(4) Others					1,542,297,540.64				38,589,968.34		-70,616,966.00	3,340,634,814.20	**4,850,905,357.18**
3. Profit distribution											-134,444,358.00	-600,099,547.71	**-734,543,905.71**
(1) Surplus reserve withdrawal													
(2) Withdrawal of provision for general risks													
(3) Distribution to shareholders											-81,900,000.00	-600,099,547.71	**-681,999,547.71**
(4) Others											-52,544,358.00		**-52,544,358.00**
4. Transfer between shareholders' equity											3,365,767.13	4,576,109.06	**7,941,876.19**
(1) Capital reserve transfer to share capital													
(2) Surplus reserve transfer to share capital													
(3) Loss made up by surplus reserve													
(4) Change of setting benefit plan transfered to retained income													
(5) Others											3,365,767.13	4,576,109.06	**7,941,876.19**
5. Special reserve													
(1) Withdrawal during the year													
(2) Usage during the year													
6. Others											92,940,274.51		**92,940,274.51**
IV. At 31st December 2017	**930,000,000.00**		**2,000,000,000.00**		**19,007,822,995.62**		**3,265,112,598.53**		**38,589,968.34**		**33,685,219,032.19**	**31,532,093,458.04**	**90,458,838,052.72**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu | **Chief Financial Officer： Li Donghui** | **Finance Director：Dai Qing**

Statement of Changes in Shareholders' Equity

Zhejiang Geely Holding Group Co.,Ltd. **2018** **RMB Yuan**

Item	Current period										
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Preferred shares	Perpetual capital securities	Others							
I. At 31st December 2017	930,000,000.00		2,000,000,000.00		641,037,250.49		-268,842.38			197,560,265.37	3,768,328,673.48
Add: changes in accounting policy											
Correction of previous error											
Others											
II. Opening balance of the year	930,000,000.00		2,000,000,000.00		641,037,250.49		-268,842.38			197,560,265.37	3,768,328,673.48
III. Increase/decrease of changes in amount of current period ("-" for decrease)					-43,970,069.90		158,878.90			-61,283,071.61	-105,094,262.61
1. Total comprehensive income							158,878.90			20,616,928.39	20,775,807.29
2. Capital invested and decreased by shareholders					-43,970,069.90						-43,970,069.90
(1) Ordinary shares invested by shareholders											
(2) Capital invested by other equity instrument holders											
(3) Amount paid for shares credited into shareholder's equity											
(4) Others					-43,970,069.90						-43,970,069.90
3. Profit distribution										-81,900,000.00	-81,900,000.00
(1) Surplus reserve withdrawal											
(2) Distribution to shareholders										-81,900,000.00	-81,900,000.00
(3) Others											
4. Transfer between Shareholders' equity											
(1) Capital reserve transfer to Share capital											
(2) Surplus reserve transfer to Share capital											
(3) Loss made up by surplus reserve											
(4) Change of setting benefit plan transfered to retained income											
(5) Others											
5. Special reserve											
(1) Withdrawal during the year											
(2) Usage during the year											
6. Others											
IV. At 31st December 2018	930,000,000.00		2,000,000,000.00		597,067,180.59		-109,963.48			136,277,193.76	3,663,234,410.87

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director：Dai Qing**

Statement of Changes in Shareholders' Equity

Zhejiang Geely Holding Group Co.,Ltd. | 2018 | RMB Yuan

Item	Previous period										
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Preferred shares	Perpetual capital securities	Others							
I. At 31st December 2016	**830,000,000.00**		**2,000,000,000.00**		**637,324,239.05**		**1,167,750,000.00**			**-528,603,097.88**	**4,106,471,141.17**
Add: changes in accounting policy											
Correction of previous error											
Others											
II. Opening balance of the year	**830,000,000.00**		**2,000,000,000.00**		**637,324,239.05**		**1,167,750,000.00**			**-528,603,097.88**	**4,106,471,141.17**
III. Increase/decrease of changes in amount of current period ("-" for decrease)	**100,000,000.00**				**3,713,011.44**		**-1,168,018,842.38**			**726,163,363.25**	**-338,142,467.69**
1. Total comprehensive income							**-1,168,018,842.38**			**715,123,088.74**	**-452,895,753.64**
2. Capital invested and decreased by shareholders	**100,000,000.00**				**3,713,011.44**						**103,713,011.44**
(1) Ordinary shares invested by shareholders	100,000,000.00										**100,000,000.00**
(2) Capital invested by other equity instrument holders											
(3) Amount paid for shares credited into shareholder's equity											
(4) Others					3,713,011.44						**3,713,011.44**
3. Profit distribution										**-81,900,000.00**	**-81,900,000.00**
(1) Surplus reserve withdrawal											
(2) Distribution to shareholders										-81,900,000.00	**-81,900,000.00**
(3) Others											
4. Transfer between Shareholders' equity											
(1) Capital reserve transfer to Share capital											
(2) Surplus reserve transfer to Share capital											
(3) Loss made up by surplus reserve											
(4) Change of setting benefit plan transfered to retained income											
(5) Others											
5. Special reserve											
(1) Withdrawal during the year											
(2) Usage during the year											
6. Others										**92,940,274.51**	**92,940,274.51**
IV. At 31st December 2017	**930,000,000.00**		**2,000,000,000.00**		**641,037,250.49**		**-268,842.38**			**197,560,265.37**	**3,768,328,673.48**

Notes on Page 16 to Page 128 are an Integral Part of the Financial Statements.

Legal Representative: Li Shufu **Chief Financial Officer： Li Donghui** **Finance Director： Dai Qing**

Notes to the Financial Statements of Financial Year 2018

Zhejiang Geely Holding Group Co.,Ltd.

(All amounts shall be in RMB/yuan)

I. Basic situation of the company

Funded by natural persons Li Shufu and Li Xubing jointly and registered in Zhejiang Administration of Industry and Commerce on March 24, 2003 (Registration No.: 330000000011822), Zhejiang Geely Holding Group Co.,Ltd. (hereinafter referred to as "the Company") owns the Business License of Enterprise. In March 2007, Li Xubing transferred his 17.3% of the Company's shares with the total amount of 143.59 million yuan to Li Shufu and his 10% of the Company's shares with the total amount of 83 million yuan to Li Xingxing. On November 27, 2015, the Company issued a unified social credit code 91330000747735638J of business license. In the year of 2017, the Company has changed registered capital from 830 million yuan to 930 million yuan, and issued a new Business License of Enterprise on January 3, 2017. The increasement of paid-up capital has been fully paid by shareholder Li Shufu. The current shareholders of the Company are Li Shufu who invests 847 million yuan, accounting for 91.08% of the registered capital and Li Xingxing who invests 83 million yuan, accounting for 8.92% of the registered capital. Share capital of the Company is 930 million yuan.

The operating period of the Company is 30 years and its legal representative is Li Shufu. The main operation and business scope of the Company and its subsidiaries (hereinafter referred to as "the Group") includes: automobile manufacture and sales, industrial investment, investment in mechanical and electrical products, education, real estate investment, investment management, asset management, business administration, technology development of automobile and auto parts, car design, car model design, operating import and export business.

The ultimate controller of the Company is Li Shufu.

The financial statements thereto of the Group were approved by the Group Board on April 29, 2019.

II. The scope of consolidated financial statements for this year

Current period consolidation includes 20 1st tier subsidiaries, and adds 3 new subsidiaries, reduces 1 subsidiaries, net adds 2 subsidiaries within the period, See Note VIII. "Interest in Other Entities" for detail.

III. Preparation basis of the financial statements

1. Preparation basis

The financial statements in accordance with "Accounting Standard for Business Enterprises, announced by the Ministry of Finance, "Application Guidelines on Accounting Standards for Enterprises", "Interpretations of Accounting Standards for Enterprises" and other relevant provisions (generally referred as "Accounting Standards for Enterprises").

The accounting of the Group is on the accrual basis. Except for certain financial instruments, the financial statements are generally measured on the historical cost basis. In case of impairment of assets, the corresponding impairment provision shall be recognized in accordance with the relevant provisions.

2. Going concern

The Company has no cause of significant events or situations of doubt which affect the going concern assumption for the following 12 months since this reporting date.

IV. Interpretations of important accounting policies and estimates

1. Statement on compliance with "Accounting Standards for Enterprises"

The financial statements of the Group prepared comply with the requirements of "Accounting Standards for Enterprises", and reflect the consolidated and the Group's financial position on December 31, 2018 and the consolidated and the Group's operating result and cash flows during 2018 authentically and completely.

2. Accounting period

The accounting year of the Group is based on the calendar year, namely from January 1 to December 31 each year.

3. Functional currency

As RMB is the currency of the main economic environment where the Group and its domestic subsidiaries engage in their business, they adopt RMB as the functional currency for book-keeping. The overseas subsidiaries of the Group adopt Hong Kong dollar, Swedish krona, Ruble, Euro and US dollar as their bookkeeping functional currency according to the main economic environment where they engage in their business. The book-keeping functional currency of the Group is RMB during the preparation of the financial statements.

4. Enterprise consolidation under common control and not under common control

(1) Enterprise consolidation under common control

Enterprise consolidation under common control means the consolidated enterprises are ultimately and permanently subject to the same party or parties before the consolidation. The consolidation date refers to the day when the combining party actually obtains the control over the combined party.

For the assets and liabilities obtained from enterprise consolidation under common control, their value shall be measured as the book value on the final controller's consolidated financial statements of shareholders' equity of the combined party on the combination date. If the accounting policies of the acquiree are different from the acquirer's, the financial statements of the acquiree shall be adjusted to be in accordance with the accounting policies of the acquirer, and the adjusted book value shall be confirmed as book value.

The difference between the book value of net assets the combining party obtains and the book value of consolidation consideration paid (or the total face value of issued shares) it pays is used to adjust the capital reserve (share premium). If the capital reserve is not enough, retained earnings will be adjusted accordingly.

Various direct expenses, including audit, assessment and legal services arising from enterprise consolidation of the combing party shall be recognized in profits and losses when incurred.

The service charge and commission of issuing equity securities are used to adjust the premium on securities, if the premium on securities is not enough to be written off, retained earnings will be adjusted accordingly.

The equity obtained from the combined party under common control through several transactions and eventually formed enterprise consolidation under common control shall be treated as follows: if it's a "package transaction," each and every transaction shall be accounted as a trade of obtaining controlling right.

If it's not a "package transaction," the share of book value on the final controller's consolidated financial statements of shareholders' equity of the combined party on the business combination date shall be regarded as initial investment cost of long-term equity investment.

The difference between initial investment cost of long-term equity investment and sum of book value of long-term equity investment before consolidation and book value of new shares price on the business combination date shall be used to adjust capital reserve (capital premium or share premium) ;

if the capital reserve (capital premium or share premium) is not enough to be written off, it shall be used to adjust retained earnings.

Other comprehensive income of equity investment recognized through the calculation based on equity method or by being taken as financial instrument shall not be accounted temporarily, until the investment is disposed, then it shall be accounted according to the same basis that the investees directly dispose of relevant assets or liabilities.

Shareholders' equity recognized due to changes of other shareholders' equity except net profit and loss, other comprehensive income and profits allocation of the investees shall not be accounted temporarily, until the investment is disposed, it shall be carried forward into current profits and losses. Among them, if the equity left after disposal is accounted based on equity method or cost method, other comprehensive income and other shareholders' equity shall be carried forward into current profits and losses in ratio; if the equity left after disposal is accounted based on the recognition of financial instruments and measurement standard, all other comprehensive income and other shareholders' equity shall be carried forward.

See details of the accounting method for consolidation financial statements in Note IV. 5.

(2) Enterprise consolidation not under common control

Enterprise consolidation not under common control means the consolidated enterprises aren't ultimately subject to the same party or parties before the consolidation.

For enterprise consolidation not under common control, the consolidation costs include the fair value of assets paid for gaining the control right over the acquiree at the acquisition date, liabilities incurring, and the difference between fair value and book value shall be recognized in profits and losses.

The acquirer shall allocate consolidation costs at the acquisition date, and confirm the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

In case of the consolidation costs larger than the difference of the fair value share of identifiable net assets of the acquiree gained during consolidation, it shall be recognized as goodwill; in case of the consolidation costs smaller than the fair value share of identifiable net assets of the acquiree gained during consolidation after check and confirmation, the difference shall be recognized in profit or loss for current period.

Other assets (except intangible assets) obtained by the acquirer during consolidation (not limited to the assets that have been confirmed by the acquirer), and the economic benefits are likely to enter into the company and the fair value can be measured reliably, then they shall be measured separately and in accordance with the fair value; if the fair value of intangible assets can be measured reliably, and they are measured as intangible assets and in accordance with the fair value; Other liabilities (except contingent liabilities) obtained by the acquirer during consolidation, and performing relevant obligation might lead to the outflow of economic benefits and the fair value can be measured reliably, then they shall be measured separately and in accordance with the fair value; if the fair value of contingent liabilities can be measured reliably, and they are measured as liabilities and in accordance with the fair value.

The intangible assets that belong to the acquiree and are not identified in the financial statement, shall be fully identified and judged, and they shall be recognized as intangible assets if they cater for one of the following conditions: (1) originates from contractual rights or other legal rights; (2) it can be separated or divided from the acquire, and can be sold, transferred, licensed, leased or exchanged alone or in conjunction with the relevant contracts, assets and liabilities.

Deductible temporary differences the acquirer obtains from the acquiree can't be confirmed due to inconformity with the confirmation conditions of the deferred income tax assets. If new or further information showing the related situation at the acquisition date has existed within 12 months after that is obtained and the expected acquiree gains economic benefits from deductible temporary differences at the acquisition date, the relevant deferred income tax assets can be confirmed and goodwill can be reduced. If goodwill isn't enough, the difference is recognized as the current profits and losses; except the above-mentioned case, the recognition of deferred income tax assets related to enterprise consolidation shall be recorded into the current profits and losses.

For enterprise consolidation not under common control, audit, legal services, assessment, consulting and other intermediary costs and management costs arising from enterprise consolidation shall be recognized in profits and losses when incurred. The transaction costs of issuing equity or debt securities of the acquirer as the consolidation consideration shall be recorded into their initially recognized amount.

As for enterprise consolidation under different control realized by multiple separate transactions, if they belong to "a package transaction", and each and every transaction shall be accounted as a trade of obtaining controlling right; if they don't belong to "a package transaction", in the individual financial statements, the book value of the acquiree's equity investment prior to the acquisition date and the new investment costs at the acquisition date constitute the initial costs of the investment as calculation based on cost method; if the acquiree's equity prior to the acquisition date involves other comprehensive income based on equity method, the investment and its related other comprehensive income shall be dealt with on the basis of the accounting method of dealing with the related assets or liabilities directly by the acquiree. Shareholders' equity of the acquiree recognized due to changes of other shareholders' equity except net profit and loss, other comprehensive income and profits allocation of the Investees shall be carried forward into the current profits and losses when it is disposed. Among them, if the equity left after disposal is accounted based on equity method or cost method, other comprehensive income and other shareholders' equity shall be carried forward into current profits and losses in ratio; if the equity left after disposal is accounted based on the recognition of financial instruments and measurement standard, all other comprehensive income and other shareholders' equity shall be carried forward.

See details of the accounting method for consolidation financial statements in Note IV. 5.

The fair value of the acquiree's equity investment (accounted based on the recognition of financial instruments and measurement standard) prior to the acquisition date and the new investment costs at the acquisition date constitute the initial costs of the investment based on cost method, the difference between the fair value and the book value of the original equity, and the accumulated fair value changes, which is originally recorded into the other comprehensive income, are all transferred to the profit and loss of the current period as calculation based on cost method.

(3) The judgment criteria for multiple transactions as a package transaction

The judgment criteria of the company for determining multiple of transactions as a package transaction, as follows:

1) These transactions were made at the same time or under the influence of mutual influence.
2) These transactions shall achieve a complete business result as a whole.
3) The occurrence of a transaction depends on the occurrence of at least one other transaction.
4) When a transaction is considered alone, it is not economical, but it is economical when considering other transactions.

5. Methods of preparing for consolidated financial statements

(1) Principle of determining the extent of consolidated financial statements

The consolidation scope of consolidated financial statements shall be determined on the basis of control. Control refers to the Group has the right to manage the investees and enjoy variable returns through participation in their related activities and has the power to influence the amount of returns by virtue of its control over the investees. The consolidation scope includes the Group and all its subsidiaries. Subsidiaries mean enterprises or entities under the control of the Group.

In case of any change in the relevant factors subject to the above-mentioned control due to the change in the related facts and circumstances, the Group will evaluate the scope again.

(2) Methods of preparing for consolidated financial statements

The Group begins to include a subsidiary in its consolidation scope since the day when the Group obtains the subsidiary's net assets and the actual control over the subsidiary's production, management and decision-making and stops to include a subsidiary in its consolidation scope since it loses its actual control over the subsidiary. As for a subsidiary at the Group's disposal, the operating results and cash flow prior to the disposal date have been included in the consolidated income statement and the consolidated cash flow statement properly; the beginning balance on the consolidated balance sheet of the subsidiary at the Group's current disposal shall not be adjusted. As for a new subsidiary in enterprise consolidation under different control, its operating results and cash flow after the acquisition date have been included in the consolidated income statement and the consolidated cash flow statement properly and its beginning balance and contrast balance on the consolidated financial statements shall not be adjusted. As for a new subsidiary in enterprise consolidation under the same control, its operating results and cash flow from the beginning of the current consolidation to the consolidation date have been included in the consolidated income statement and the consolidated cash flow statement properly and its contrast balance on the financial statements shall be adjusted.

If the accounting policies or periods of subsidiaries and the Group differ during the preparation of the consolidated financial statements, the financial statements of subsidiaries shall be adjusted, if necessary, in accordance with the accounting policies and period of the Group. As for a subsidiary obtained in enterprise consolidation under different control, its financial statements shall be adjusted on the basis of the fair value of identifiable net assets at the acquisition date.

All major balances, transactions and unrealized profits of the Group shall be offset during the preparation of consolidated financial statements.

Part of the shareholders' equity and current net profits and losses of a subsidiary not attributable to the Group are listed and shown separately under the item of shareholders' equity and net profits of consolidated financial statements as equity, profits and losses of minority shareholders. The current profits and losses of a subsidiary attributable to the share of minor shareholders' equity are shown and listed under the item of "minority interests" of consolidated Income Statement. If losses of a minority shareholders share exceed shares they enjoy in the beginning shareholders' equity of the subsidiary, equity of minority shareholders shall be offset.

If the Group loses its control over the original subsidiaries due to disposal of some equity investments or other reasons, the remaining equity shall be re-measured in accordance with the fair value at the date of losing control. The differences between the sum of the consideration from entity disposal and fair value of remaining equity and shares of net assets shall be recorded into the current returns on investments. The other comprehensive income related to the equity investment of the original subsidiaries shall be dealt with in accordance with the accounting method of dealing with the related assets or liabilities directly by the acquiree at the date of losing control (i.e., except changes in net liabilities or assets due to the newly measured and designated benefit plan by the original subsidiaries, others shall all be recorded into the current returns on investment). After that, the remaining equity of this part shall be adopted for follow-up measurement according to the relevant provisions of "Accounting Standard for Business Enterprises No. 2 - Long-term Equity Investment" or "Accounting

Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and other standards. See Note IV, 10"Financial Instruments" and Note IV, 12"Long-term Equity Investment" for details.

As for the Group's losing control over a subsidiary due to disposal of its equity investment through multiple separate transactions, whether various separate transactions belong to a package transaction needs further judgment. If terms, conditions and economic impact of various transactions of dealing with the subsidiary's equity investment meet the following one or more cases, it's generally shown the various transactions shall be dealt with according to a package transaction: A. these transactions are concluded simultaneously or considering the impact on each other; B. these transactions can reach a complete commercial result as a whole; C. the occurrence of one transaction depends on that of other one or more transactions; D. an individual transaction is economic when it's taken into consideration with other transactions. If these transactions don't belong to a package transaction, each one shall be accordingly and respectively dealt with on the basis of the applicable accounting principles of "partial disposal of the subsidiary's long-term equity investment in the condition of the Group's maintaining control over them" and "the Group's losing control over the original subsidiary due to disposal of part of equity investment or other reasons" (see the previous paragraph for details). As for the Group's losing control over a subsidiary due to disposal of its equity investment through various transactions which belong to a package transaction, they shall be dealt with according to a transaction of dealing with a subsidiary and losing the control over it; However, before the Group loses its control, the difference of shares of the net assets the Group enjoys in the subsidiary related to disposal price and investment each time shall be recognized as other comprehensive income of consolidated financial statements and recorded into the current profits and losses at the date of losing control.

6. Goodwill

Goodwill resulting from the consolidation of enterprises is separately presented in the consolidated financial statements and is measured according to the amount after deducting the accumulated impairment provision from the cost. Goodwill acquired in a business combination shall be tested for impairment at least at each financial year-end.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, there may be an indication that a related asset group or set of asset groups may be impaired. That is, from the date of purchase, the book value of goodwill shall be apportioned in a reasonable way to the asset group or a set of asset groups that can benefit from the synergistic effect of enterprise consolidation. If the recoverable amount of the asset group or a set of asset groups containing apportioned goodwill is lower than its book value, an impairment loss on goodwill shall be recognized. The amount of impairment loss firstly deducted from the book value of the goodwill apportioned to the asset group or combination of asset groups, and then according to the proportion of the book value of other assets other than goodwill in the asset group or a set of asset groups, the book value of other assets is deducted proportionally. The recoverable amount is the higher of the net amount of the fair value of the asset deducts the disposal expenses or the present value of the expected future cash flow of the asset.

Goodwill impairment loss shall be recorded into the current profit and loss when it occurs, and an impairment loss on goodwill is not be reversed in the subsequent accounting period.

7. Accounting methods of joint venture arrangements and classifications and joint operation

Joint Venture arrangements refer to arrangements jointly controlled by two or more parties. In accordance with the rights and duties of the Group in joint venture arrangements, it divides them into joint operation and joint venture. The joint operation refers to a joint arrangement in which the Group enjoys its related assets and undertakes its related liabilities. The joint venture refers to a joint arrangement in which the Group only enjoys the rights of its net assets.

The Group's investment in the joint venture is calculated according to equity method and dealt with according to the accounting policies in Note IV, 12 (3) B "Long-term Equity Investment Accounted Based on Equity Method".

As for the joint operation, the Group as a joint party shall confirm: its individual assets and liabilities; joint assets and liabilities according to its share; incomes from shares of the joint operation; incomes from production sales of the joint operation according to its share; its individual expenses; expenses of the joint operation according to its share.

If the Group as a joint party invests or sells assets (don't constitute the business, the same below) or acquires assets through the joint operation, it only confirms the part of other parties in the joint operation of the profits and losses due to the transaction. If the impairment of the assets has been occurred, which is in accordance with "Accounting Standard for Business Enterprises No. 8 - Impairment of Assets", the Group shall recognize such losses in full as for its investment in and sales of assets through the joint operation; as for the Group's acquisition of assets through the joint operation, it shall recognize such losses according to the share.

8. Criterion for determining cash and cash equivalents

The cash and cash equivalents of the Group include cash on hand, deposits which can be used for payment at any time, its cash with a short term (generally three months from the acquisition date to the maturity date), strong liquidity and easy change into known amount and investment with a low risk of value change.

9. Foreign currency business and foreign currency statement conversion

(1) Conversion methods of foreign currency transactions

When foreign currency transactions of the Group are initially recognized, it adopts spot exchange rate at the transaction date for conversion of foreign currency amount into functional currency. However, the foreign currency exchange business and transactions related to it of the Group shall be converted into functional currency amount according to the actual exchange rate.

(2) Conversion methods of foreign currency monetary items and non-momentary items

At the balance sheet date, foreign currency monetary items shall be converted according to the spot exchange rate of the date. All exchange differences of such a conversion shall be recorded into the current profits and losses except: a. those caused by foreign currency special loans related to the construction of assets meeting capitalization conditions which shall be dealt with in the principle of capitalization of the loans costs; b. those caused by changes in other book balances except for the amortization costs of the available-for-sale foreign currency monetary items which shall be recorded into other comprehensive income.

Foreign currency non-monetary items measured by historical cost shall still be measured by the functional currency converted according to the spot exchange rate at the transaction date. Foreign currency non-monetary items measured by fair value shall be converted according to the spot exchange rate determined by the fair value. The differences between the functional currency amount and the original one after the conversion shall be recorded into the current profits and losses or recognized as other comprehensive income as changes of fair value (including changes of exchange rate).

Foreign currency non-monetary items measured by historical cost shall still be measured by the functional currency amount converted according to the spot exchange rate at the transaction date. Foreign currency non-monetary items measured by fair value shall be converted according to the spot exchange rate determined by the fair value. The differences between the functional currency amount and the original one after the conversion shall be recorded into the current profits and losses or recognized as other comprehensive income as changes of fair value (including changes of exchange rate).

(3) Conversion methods of foreign currency financial statements

During the preparation of consolidated financial statements related to overseas operation, exchange differences arising from exchange rate changes of foreign currency monetary items constituting net investment of the overseas operation substantially shall be recognized as “exchange differences of foreign currency financial statements” and recorded into other comprehensive income; the overseas operation situation shall be recorded into current profits and losses.

Foreign currency financial statements of overseas operation shall be converted into RMB according to the following methods: items of assets and liabilities of the balance sheet shall be converted according to the spot exchange rate at the balance sheet date; items of shareholders’ equity except the item of “undistributed profits” shall be converted according to the spot exchange rate when incurred. Items of income and expenses in the income statement shall be converted according to the spot exchange rate at the transaction date. Undistributed profits at the beginning of the year are those at the end of last year after conversion; undistributed profits at the end of last year shall be calculated and shown according to profits distributed to various items after the conversion; the difference between items of assets and liabilities and items of shareholders’ equity after conversion shall be recognized as exchange differences of foreign currency financial statements and recorded into other comprehensive income. When the Group deals with the overseas operation and loses its control, exchange differences of foreign currency financial statements listed under the item of shareholders’ equity and related to the overseas operation, all or part of them according to the proportion of dealing with the overseas operation, shall be recorded into the current profits and losses.

Foreign currency cash flow and cash flow of overseas subsidiaries shall be converted according to the spot exchange rate at the cash flow date. Cash fluctuant amounts due to exchange rate changes shall be separately listed and shown in the cash flow statement as an adjustable item.

Amounts at the beginning of the year and the actual amounts of previous year shall be shown according to those of the converted financial statements of previous year.

If the Company loses its control over the overseas operation due to disposal of its total shareholders’ equity of the overseas operation or disposal of part of the equity investment or other reasons, all exchange differences of foreign currency financial statements related to the overseas operation and equities attributable to the parent company’s shareholder under the item of shareholders’ equity of the balance sheet shall be recorded into the current profits and losses.

When the Company holds a decreasing overseas operation ratio due to disposal of part of equity investment or other reasons but doesn’t lose its control over it, exchange differences of foreign currency financial statements related to the disposal part of the overseas operation shall be equities attributable to minority shareholders and not be recorded into the current profits and losses. During the disposal of part of equity of an associated enterprise or a joint venture in the overseas operation, exchange differences of foreign currency financial statements related to the overseas operation shall be recorded into the current profits and losses according to the disposal ratio of the overseas operation.

10. Financial instruments

If the Group recognizes financial assets or liabilities as a party of the financial instrument contract, they shall be measured by fair value at the time of initial recognition.

For the accounting recognition and termination of financial assets bought and sold in common ways, the assets to be received and liabilities to be borne shall be recognized on the trading day, or the assets to be sold shall be terminated on the trading day.

As for those financial assets or liabilities which are measured by fair value and their changes are recorded into the current profits and losses, their related transaction costs shall be recorded into the profits and losses directly. As for other financial assets or liabilities, their related transaction costs shall be recorded into the initially recognized amount. When the Group initially recognizes receivables that do not contain material financing elements or do not take into account the financing elements in contracts within one year in accordance with “Accounting Standards for Business Enterprises no. 14 - Revenue (" revenue criteria "), the initial measurement shall be made according to the transaction price defined by the revenue criteria.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period, using the effective interest rate.

The effective interest rate refers to the rate that exactly discounts estimated future cash flow of the financial asset or financial liability in the expected duration into the book balance of the financial asset or the amortized cost of the financial liability. When calculating the effective interest rate, an enterprise shall estimate future cash flows considering all contractual terms of the financial asset or financial liability (including prepayment, call and similar options)but shall not consider future credit losses.

The amortized cost of financial assets or liabilities is formed by deducting the repaid principal from the initial recognized amount of the financial assets or liabilities, adding or subtracting the difference between the initial recognized amount and the amount at maturity by using the effective interest rate method, and then deducting the accumulated loss provision (only applicable to financial assets).

(1) Classification of financial assets

After initial recognition, the Group will measure different types of financial assets measured by amortized cost, fair value with changes recorded into other comprehensive income, or fair value with changes recorded into the current profits and losses for subsequent measurement.

Contract terms for financial assets stipulate that cash flow at a specific date is only for the principal and on the basis of the outstanding principal amount of the payment of interest, the goal of the Group's business model of managing the financial assets is to collect the cash flow from the contract, the Group classifies this financial asset as amortized cost. Such financial assets mainly include monetary capital, bills receivable and accounts receivable, other receivables and lender's rights investment, etc.

Contract terms for financial assets stipulate that cash flow at a specific date is only for the principal and on the basis of the outstanding principal amount of the payment of interest, the goal of the Group's business model of managing the financial assets is to collect the cash flow from the contract and sale financial assets, the Group classifies this financial asset as fair value with changes recorded into other comprehensive income. If the term of such financial assets is more than one year from the date of acquisition, it shall be listed as other lender's rights investment; if it is due within one year (including one year) from the date of balance sheet, it shall be listed as non-current liabilities due within one year; where the time limit of acquisition is within one year (including one year), it shall be listed as other current assets.

Financial assets measured at fair value with changes recorded into the current profits and losses include financial assets classified as fair value with changes recorded into the current profits and losses and financial assets designated as fair value with changes recorded into the current profits and losses, which are listed in the trading financial assets. Other non-current financial assets that are due (or have no fixed term) for more than one year from the balance sheet date and are expected to be held for more than one year.

① Financial assets that cannot be classified as financial assets measured at amortized cost and financial assets measured at fair value with changes recorded into other comprehensive income shall be classified as financial assets measured at fair value with changes recorded into the current profits and losses.

② On initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group shall irrevocably designate as financial assets measured as fair value with changes recorded into the current profits and losses.

On initial recognition, the group shall, on the basis of a single financial asset, irrevocably designate the non-tradable equity instrument investments other than those confirmed or valued in the merger of enterprises not under the same control as fair value with changes recorded into other comprehensive income. Such financial assets are listed as investments in other equity instruments.

A financial asset shall be classified as held for trading if one of the following conditions is met:

① The financial asset is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

② The financial asset is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking.

③ The financial asset or financial liability is a derivative, except for a derivative that is a designated and effective hedging instrument whose fair value cannot be reliably measured.

1) Financial assets measured by amortized cost

The financial asset measured by amortized cost adopts the effective interest rate method, and the subsequent measurement is made according to the amortized cost. The profit or loss generated when impairment occurs or the recognition is terminated shall be recorded into the current profit and loss.

The group recognizes interest income from financial assets measured at amortized costs in accordance with the effective interest rate method. Except in the following cases, the Group shall calculate and determine the interest income based on the book balance of the financial assets multiplied by the actual interest rate.

2) Financial assets measured by fair value with changes recorded into other comprehensive income

classified as impairment loss or gain related to financial assets measured by fair value with changes recorded into other comprehensive income, the interest income and exchange profit and loss calculated by the effective interest rate method are recorded into the current profit and loss, in addition, the changes in the fair value of the financial asset are recorded into other comprehensive income. The amount of the financial asset recorded into the profit and loss of each period is equal to the amount recorded into the profit and loss of each period as measured by the amortized cost. When the financial asset is terminated for recognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income into current profit and loss.

After investment in non-tradable equity instruments are designated as financial assets measured by fair value with changes recorded into other comprehensive income, changes in the fair value of these financial assets are confirmed in other comprehensive income. When the financial asset is terminated for recognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income into retained earnings. During the period when the Group holds such investment in non-tradable equity instrument, the right of the Group to collect dividends has been established, the economic benefits related to dividends are likely to enter into the group and can be measured reliably, the dividend income shall be recognized and recorded into the current profits and losses.

3) Financial assets measured by fair value with changes recorded into the current profits and losses

Financial assets which are measured by fair value with changes recorded into the current profits and losses shall be recognized by fair value change. Gains or losses arising from changes in fair value and dividends and interest income related to the financial assets shall be recorded into the current profits and losses.

(2) Impairment of financial instruments

The financial assets measured at amortized cost and financial assets measured by fair value with changes recorded into other comprehensive income conduct impairment accounting and are recognized as loss provisions on the basis of expected credit loss.

Lease receivables/financing lease receivable/operating lease receivable, formed by income trading rules for all contract assets and accounts receivable, and by specified transaction of "Accounting Standards for Enterprises no. 21-Leases", recognize loss provisions according to the amount which equivalents to the expected credit loss in the whole duration.

For other financial instruments, except the financial assets purchased or originated with credit impairment, the Group shall evaluate the credit risk changes of the relevant financial instruments since the initial recognition on each balance sheet date. If the credit risk of the financial instrument has increased significantly since the initial confirmation, the Group shall measure its loss provision according to the amount which equivalents to the expected credit loss of the financial instrument in the whole duration; if the credit risk of the financial instrument has not increased significantly since the initial confirmation, the Group shall measure its loss provision according to the amount which equivalents to the expected credit loss of the financial instrument within the next 12 months. The increase or return amount of credit loss reserve shall be recognized as impairment loss or gain in the current profits and losses, except for financial assets measured by fair value with changes recorded into other comprehensive income. For financial assets measured by fair value with changes recorded into other comprehensive income, the Group shall recognize credit loss provision in other comprehensive income and include impairment loss or gain into current profits and losses without reducing the book value of the financial assets listed in the balance sheet.

In the previous accounting period, the Group has measured the loss reserve according to the amount which equivalents to the expected credit loss in the whole duration of the financial instrument. However, on the balance sheet date of the current period, the financial instrument is no longer in the situation where the credit risk has increased significantly since the initial recognition. On the balance sheet date of the current period, the Group shall measure its loss provision of financial instruments according to the amount which equivalents to the expected credit loss of the financial instrument within the next 12 months. The recovered amount of the loss provision shall be recorded in the current profit and loss as impairment gain.

① Credit risk increased significantly

The Group uses the available reasonable and valid forward-looking information to determine whether the credit risk of financial instruments has increased significantly since the initial recognition, by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date.

The Group takes the following factors into consideration when evaluating whether the credit risk is significantly increased:

1) Whether there are significant changes in the internal price indicators caused by credit risk changes.

2) If an existing financial instrument is originated or issued as a new financial instrument on the balance sheet date, whether the interest rate or other terms of the financial instrument have changed significantly (such as more stringent contract terms, increased collateral or guaranty or higher yield rate, etc.).

3) Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected duration have changed significantly. These indicators include credit spreads, the price of credit default swaps on borrowers, the length and extent to which the fair value of a financial asset is less than its amortized cost, and other market information about the borrower (such as price movements in the borrower's debt instruments or equity instruments).
4) Whether the external credit rating of financial instruments has changed significantly.
5) Whether the actual or expected internal credit rating of the borrower is downgraded.
6) Whether an adverse change in the business, financial or economic situation results in a significant change in the ability of the borrower to meet its obligations.
7) Whether the actual or expected operating results of the borrower have changed significantly.
8) Whether the credit risk of other financial instruments issued by the same borrower increases significantly.
9) Whether there has been a significant adverse change in the regulatory, economic or technical environment of the borrower.
10) Whether there has been a significant change in the value of the collateral used as collateral for the debt or in the quality of the collateral or credit enhancement provided by a third party. These changes are expected to reduce the borrower's financial incentive to repay the debt within the contractual period or affect the probability of default.
11) Whether there is a significant change in the economic motivation that is expected to reduce the borrower's repayment within the contracted term.
12) Whether there is any change in the expectation of the loan contract, including the anticipated release or amendment of contractual obligations that may result from the breach of the contract, the granting of an interest-free period, a jump in interest rates, the demand for additional collateral or guaranty, or other changes in the contractual framework of the financial instrument.
13) Whether the borrower's expected performance and repayment behavior have changed significantly.
14) Whether the Group's credit management methods for financial instruments have changed.

No matter whether the credit risk increases significantly after the above assessment, when the payment of the financial instrument contract has been overdue for more than (including) 30 days, it indicates that the credit risk of the financial instrument has increased significantly.

On the balance sheet date, the Group assumes that the credit risk of a financial instrument has not increased significantly since the initial recognition, if the Group judges that the instrument has only a low credit risk. If the financial instrument has a low credit risk, the borrowers fulfill their obligations of the contractual cash flow ability is very strong in the short term, and even the economic situation and business environment in a long term change adversely but not necessarily reduce the ability to carry out contractual cash of borrowers, then the financial instruments is considered as lower credit risk.

② Objective evidence that a financial assets is impaired

One or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset which can be reliably estimated. Objective evidence that a financial asset is impaired includes the following events:

1) Significant financial difficulty of the issuer or obligor.
2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments.
3) The lender, for economic or legal reasons relating to the borrower’s financial difficulty, will not

grant a concession to the borrower.

4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations.
5) The financial difficulties of the lender or borrower cause the active market of the financial asset to disappear.
6) Purchase or originate a financial asset with substantial discount reflects a credit loss.

③ Recognition of expected credit losses

The Group determines the credit loss of other receivables on the basis of individual assets, and determines the credit loss of related financial instruments on the basis of the combination of receivables by using the impairment matrix. Based on the characteristics of common risks, the Group divides financial instruments into different groups. Common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, type of collateral, initial confirmation date, remaining contract term, industry of borrower, geographical location of borrower, value of collateral relative to financial assets, etc.

The Group shall determine the expected credit losses of the relevant financial instruments according to the following methods:

1) For financial assets, the credit loss refers to the present value of the difference between the contract cash flow to be collected by the Group and the expected cash flow to be collected.
2) For other receivables, the credit loss refers to the present value of the difference between the contract cash flow to be collected by the Group and the expected cash flow to be collected.
3) For a financial asset whose credit impairment has occurred on the balance sheet date but not purchased or originated, the credit loss refers to the difference between the book balance of the financial asset and the present value of the estimated future cash flow discounted at the original effective interest rate.

The factors reflected by the Group's method of measuring the expected credit losses of financial instruments include: the unbiased probabilistic weighted average amount determined by evaluating a series of possible results; time value of money; reasonable and evidence-based information about past events, current conditions, and projections of future economic conditions that can be obtained on the balance sheet date without unnecessary additional cost or effort.

④ Write-downs financial assets

When the group no longer reasonably expects that the cash flow of the financial asset contract can be fully or partially recovered, the book balance of the financial asset shall be directly written down. Such write-downs constitute a termination of recognition of the relevant financial asset.

(3) Transfer for financial assets

Financial assets that meet one of the following conditions shall be terminated for recognition:

① The contractual right to receive the cash flow of the financial asset terminates.
② The financial asset has been transferred and almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee.
③ The financial asset has been transferred. Although the Group has neither transferred nor retained nearly all the risks and rewards in the ownership of the financial asset, it has not retained the control over the financial asset.

If the Group has neither transferred nor retained nearly all the risks and rewards in the ownership of the financial asset, it has not retained the control over the financial asset, it shall continue to recognize the transferred financial asset according to its continuous involvement in the transferred financial asset, and correspondingly recognize as relevant liabilities. The Group shall measure relevant liabilities according to the following methods:

1） Transferred financial asset measured at the amortized cost, the book value of the relevant liabilities is equal to the book value of continuous involvement in the transferred financial asset minus the right measured at the amortized cost the Group reserved (if the Group for the transfer of a financial asset reserves the right related) and add obligations of the Group (if the Group for the transfer of a financial asset to undertake the obligations) of the amortized cost, the relevant liability is not designated as financial liabilities measured by fair value with their changes recognized into the current profits and losses.

2） Transferred financial asset measured at fair value, the book value of the relevant liabilities is equal to the book value of continuous involvement in the transferred financial asset minus the right measured at the fair value the Group reserved (if the Group for the transfer of a financial asset reserves the right related) and add obligations of the Group (if the Group for the transfer of a financial asset to undertake the obligations) of the fair value, the fair value of the rights and obligations is measured by the independent foundation.

If the overall transfer of financial assets meets the recognition criteria of termination, the difference between the book value of the transferred financial assets on the date of the termination of recognition and the consideration received due to the transfer of financial assets and the accumulated amount of the fair value changes originally included in other comprehensive income corresponding to the termination of recognition shall be recorded into the current profits and losses. If the financial asset transferred by the Group is a non-tradable equity instrument investment which is measured at financial assets measured by fair value with changes recorded into other comprehensive Income, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

If part of financial assets transfer satisfies the above statements of terminating recognition, the book value of the transferred financial assets shall be apportioned based on the fair value of terminating recognition and not yet terminating recognition, and the difference between the sum of consideration received due to the transfer and accumulated amount of changes of recorded fair value of other comprehensive income that should be apportioned to the part of terminating recognition and the above book value apportioned shall be accounted as current profits and losses. If the financial asset transferred by the Group is a non-tradable equity instrument investment which is measured at financial assets measured by fair value with changes recorded into other comprehensive Income, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

If the overall transfer of financial assets fails to meet the conditions for the termination of recognition, the Group shall continue to recognize the overall transfer of financial assets and recognize the consideration received as financial liabilities.

(4) Classification of financial liabilities and equity instruments

The Group classifies the financial instrument or its components as a financial liability or equity instrument at the time of initial recognition in accordance with the issued terms of the contract of the financial instrument and the economic substance reflected therein, but not only in legal form, and combines with the definition of the financial liabilities and equity instruments.

① Classification and measurement of financial liabilities

Financial liabilities are divided into financial assets and financial liabilities which are measured by fair value with changes recorded into the current profits and losses at the initial recognition.

1) Financial liabilities measured by fair value with changes recorded into the current profits and losses

Financial liabilities measured by fair value with changes recorded into the current profits and losses involves trading financial liabilities (including derivative instruments of financial liabilities) and designated financial liabilities measured by fair value with changes recorded into the current profits and losses. In addition to the separate listing of derivative financial liabilities, the financial liabilities measured by fair value with changes recorded into the current profits and losses are listed as trading financial liabilities.

Financial liabilities shall be classified as held for trading if one of the following condition is met:

The purpose of undertaking relevant financial liabilities is mainly for short-term buybacks.

Relevant financial liabilities are part of a centrally managed portfolio of identifiable financial instruments at the time of initial recognition, and there is an objective evidence of a short-term profit model in near term.

Related financial liabilities belongs to derivative instruments, except derivatives that meet the definition of financial security contracts and derivatives that are designated as effective hedging instruments.

Financial liabilities satisfy one of the following conditions can be designated as financial liabilities measured by fair value with changes recorded into the current profits and losses: (1) This designation eliminates or significantly reduces accounting mismatches; (2) According to the risk management or investment strategy stated in the formal written documents of the Group, management and evaluation of financial liability portfolio or financial assets and financial liability portfolio on the basis of fair value, these shall be reported to the key management of the Group; (3) Qualified hybrid contracts containing embedded derivatives.

The fair value is adopted for the subsequent measurement of transactional financial liabilities, and the gains or losses resulting from the changes in the fair value and the dividends or interest expenses related to such financial liabilities are recorded in the current profits and losses.

For financial liabilities measured by fair value with changes recorded into the current profits and losses which are designated, the changes in fair value caused by the Group's credit risk shall be recorded in other comprehensive income, and other changes in fair value shall be recorded in the current profits and losses. When the financial liabilities are terminated for recognition, the accumulated change of fair value caused by the change of its own credit risk recorded in other comprehensive income shall be transferred to retained earnings. Dividends or interest expenses related to such financial liabilities are recorded in the current profits and losses. If above impact of the change in the credit risk cause or expand the accounting mismatch in the profits and losses, the Group will record all the gains or losses (including the amount affected by the change in credit risk) of such financial liabilities into the current profit and loss.

2) Other financial liabilities

Financial liabilities other than financial liabilities formed by the transfer of financial assets that do not meet the conditions for the termination of recognition or continue to involve in the transferred financial assets, financial guarantee contracts and loan commitments are classified as financial liabilities measured at amortized cost. Other financial liabilities shall be follow-up measured based on amortization cost according to actual interest rate method, gains or losses from terminal recognition or amortization shall be recorded into current profits and losses.

The Group shall recalculate the book value of the financial liabilities according to amortized cost which are not terminated, however, the contractual cash flow is changed under the circumstance of that Group modifies or renegotiates the contract with the counterparty, and record the relevant gains or losses into the current profits and losses. Recalculating the book value of the financial liability, the Group shall renegotiate or modify cash flow contract according to original effective interest rate of the financial liabilities. For all costs or expenses arising from the modification or renegotiation of the contract, the Group shall adjust the book value of the modified financial liabilities and amortize them over the remaining term.

① Terminating recognition of financial liabilities

Financial liabilities or part of financial liabilities shall be recognized terminally only when all or part of present obligation of financial liabilities have been relieved. The Group (Debtor) and Debtee enter an agreement that taking over new financial liabilities instead of present liabilities, and if any essence of the contract terms of original financial liabilities is different from that of the present ones, the recognition of present financial liabilities shall be terminated and original financial liabilities are to be confirmed concurrently.

The difference between the book value confirmed terminally, if termination of all or part of financial liabilities are recognized, and the consideration paid (including roll-out non-cash-producing assets or new financial liabilities taken) shall be recorded into current profits and losses.

② Equity instruments

Equity instrument refers to the contract providing the residual equity of the Group after deduction of all liabilities from assets. The Group issues (including refinances), repurchase, sell or cancel equity instruments as the response to the change of equity. The Group doesn't recognize the change of fair value of equity instruments. Trade cost related to equity transaction shall be deducted from the equity.

The group treats distribution of equity instrument holders as profit distribution, and issued stock dividends shall not affect the total equity of shareholders.

(5) Derivatives and embedded derivatives

Derivatives, including interest rate swap contracts, forward foreign exchange contracts, foreign exchange options contracts, exchange rate swap contracts and power futures contracts. Derivative instruments are initially measured at fair value on the signing date of relevant contracts and are subsequently measured at fair value.

For the hybrid contract formed by the embedded derivative instrument and the main contract, if the main contract belongs to financial assets, the Group will not split the embedded derivative instrument from the hybrid contract, but apply the accounting standards on the classification of financial assets as a hybrid contract.

If the main contract contained in the hybrid contract does not belong to financial asset but still meets the following conditions, the Group will split the embedded derivative instruments from the hybrid contract and treat it as a separate derivative instrument.

1) The economic characteristics and risks of embedded derivatives are not closely related to the economic characteristics and risks of the main contract.
2) An individual instrument with the same terms as an embedded derivative complies with the definition of a derivative.
3) The hybrid contract is not measured by fair value with changes recorded into the current profits and losses.

Where an embedded derivative instrument is split from a hybrid contract, the Group shall account for the main contract of the hybrid contract in accordance with the applicable accounting standards. If the Group is unable to reliably measure the fair value of the embedded derivative instrument according to the terms and conditions of the embedded derivative instrument, the fair value of the embedded derivative instrument shall be determined according to the difference between the fair value of the hybrid contract and the fair value of the main contract. After using the above method, if the fair value of the embedded derivative instrument still cannot be measured separately on the acquisition date or the subsequent balance sheet date, the Group will designate the hybrid contract as a financial instrument measured by fair value with changes recorded into the current profits and losses.

(6) Offsetting financial assets and financial liabilities

The amount of financial assets and financial liabilities offset against each other shall be itemized and shown in the balance sheet when the Group has the legal right to offset the recognized financial assets and financial liabilities and are permitted to use the right for now, in the meantime, the Group plans to make a net settlement of or concurrently realize the financial assets and clear off the financial liabilities. Otherwise, financial assets and financial liabilities are to be itemized and shown in the balance sheet separately, not to be offset against each other.

(7) Hedging accounting

In order to avoid certain risks, the Group hedges certain financial instruments as hedging instruments. Satisfying hedging condition, the Group adopts the hedging accounting method to deal with issues. The hedging of the Group includes the hedging of cash flow and the hedging of net investment in overseas operations. The Group treats the hedging of confirmed commitment of foreign exchange risk as cash flow hedging.

At the beginning of the hedging, the Group shall record the relationship between the hedging instruments and the hedged items, as well as the objectives of risk management and the strategies of different hedging transactions. In addition, the Group will continuously evaluate the effectiveness of the hedge at the beginning of hedging, and check whether the hedge is highly effective during the designated accounting period of the hedge relationship.

When the maturity period is longer than 12 months, the fair value of the hedging instruments will be defined as non-current assets or liabilities. When the maturity period is within 12 months, the fair value of the hedging instruments is defined as current assets or liabilities.

① A cash flow hedging

If a derivative instrument is designated as a cash flow hedge, the change of fair value belongs to the effective hedging part is included in other comprehensive income, while the invalid hedging part is included in the current profits and losses.

If the hedging of the expected transaction causes the Group to subsequently recognize a financial asset or financial liability, the amount originally included in other comprehensive income will be transferred out during the same period when the asset or liability affects the profit and loss of the enterprise and will be recorded in the current profits and losses; If the Group expects that all or part of the net loss directly recognized in other comprehensive income cannot be covered in the future accounting period, the part that cannot be covered will be transferred out and recorded into the current profits and losses.

If the hedging of the expected transaction causes the group to subsequently recognize a non-financial asset or non-financial liability, the gains or losses already included in other comprehensive income will be transferred out and recorded in the initial cost of the non-financial asset or non-financial liability. If all or part of the net loss directly recognized in other comprehensive income cannot be offset in the future accounting period, the part that cannot be offset shall be transferred out and recorded into the current profits and losses.

In addition to the above circumstances, the amount originally included in other comprehensive income shall be transferred out during the same period when the expected hedged transaction affects the profit and loss, and shall be recorded in the current profits and losses.

When the Group cancels the designation of the hedging relationship, the expiration or sold of hedging instrument, the termination of contract, the hedge accounting conditions have been exercised or no longer meet, the Group shall terminate use of the hedge accounting. When the hedge accounting terminates, the accumulated gains or losses that have been recorded in other comprehensive income will be recorded in the profits and losses when the expected transaction occurs, and the losses and gains will be recorded in the profits and losses after the transfer out from other comprehensive income.

If the transaction is not expected to occur, the accumulated gains or losses recorded in other comprehensive income will be immediately transferred out and recorded in the current profits and losses.

② Net investment hedging of overseas operation

The hedging method of net investment in overseas operation is similar to that of cash flow hedging. Among the gains or losses of the hedging instrument, the part belonging to the effective hedging is recorded in other comprehensive gains, while the gains or losses of the ineffective hedging part are recorded in the current profits and losses.

Gains and losses that have been recorded in other comprehensive income shall be transferred out of other comprehensive income and recorded in current profits and losses in the disposal of overseas operations.

11. Inventory

(1) Classification of inventory

Inventory mainly includes raw material, materials in transit, self-made semi-finished goods and goods in process, commodity stocks, goods in transit, rotation materials (including low-priced and perishable articles, packages), processed goods, developers, and others.

(2) Inventory valuation method of obtaining and delivering

Inventory obtained shall be valuated at actual cost. Inventory cost includes purchasing cost, processed cost and other costs. Evaluation shall be under the moving weighted average method when using or delivering inventories.

(3) Recognition of net realizable value of and inventory devaluation provision

Net realizable value refers to, in daily business, the amount left after estimated costs to be incurred upon completion, estimated selling expenses and related taxes are subtracted from estimated selling price of inventory. When confirming the net realizable value of inventory, the proof obtained as the basis, the purpose of obtaining inventory and the impact on the events after the balance sheet date shall be taken into consideration.

Inventory shall be valued based on the lower of cost and net realizable value at the balance sheet date. Inventory devaluation provision is to be made when its net realizable value is lower than cost. Inventory devaluation provision is normally to be made based on the difference between the cost of single inventory item and its net realizable value. For the inventory with large quantity and low unit price, depreciation provision is to be reversed according to inventory type; the inventory, which is related to the products made and sold in the same region, has the same or similar final use or purpose, and is hard to be valued separately from other items, can be combined and calculated into inventory devaluation provision.

After the reverse of inventory devaluation provision, if the factor that influences written-down inventory value is gone, the difference between inventory net realizable value and its book value within the amount of calculated inventory depreciation provision can be reversed and recorded into current profits and losses.

(4) Perpetual inventory system is adopted.

(5) Amortization method of low-priced and perishable articles and packages

Low-priced and perishable articles and packages are amortized by one-time write-off method. The packaging used for turnover shall be recorded into the cost according to the estimated times of use.

12. Long-term equity investment

(1) The basis of recognition of right to control and significant influence on Investees

Joint control refers to the Group jointly controls an arrangement according to relevant agreement and relevant activities of the arrangement shall be decided after all parties sharing controlling right enter an agreement. Significant influence refers to the right of participating in decision-making on the financial and operating policies of the Investees, but not the control or joint control with other parties over the formulation of those policies. In determining whether it is possible to exercise control over or exert significant influence on the Investees unit, it has taken into account the potential voting rights factors such as the current convertible corporate bonds of the Investees unit and the current executable warrants held by the investor and other parties.

(2) Recognition of investment cost

For the long-term equity investment obtained from enterprise consolidation under common control, the share of book value on the final controller's consolidated financial statements of shareholders' equity of the combined party on the combination date shall be regarded as initial investment cost of long-term equity investment. The difference among initial investment cost of long-term equity investment, paid cash, transferred non-cash-producing assets and the book value of debts shall be used to adjust capital reserve; if the capital reserve is not enough to be written off, it shall be used to adjust retained earnings. For the consolidation price is the issue of equity securities, the share of book value on the final controller's consolidated financial statements of shareholders' equity of the combined party on the business combination date shall be regarded as initial investment cost of long-term equity investment, and the face value sum of the shares issued. The difference between initial investment cost of long-term equity investment and face value sum of shares issued shall be used to adjust capital reserve; if the capital reserve is not enough to be written off, it shall be used to adjust retained earnings.

For the long-term equity investment obtained from enterprise consolidation not under the same control. The equity obtained from the merged party not under the same control through several transactions and eventually formed enterprise consolidation under the same control shall be responded as follows: if it's a "package transaction," each and every transaction shall be accounted as a trade of obtaining controlling right. If it's not a "package transaction," the sum of book value of initial equity investment of purchased party and new investment cost shall be regarded as initial investment of long-term equity investment based on cost method. The initial equity calculated based on equity method, other relevant comprehensive incomes is not to be accounted temporarily. For the initial equity investment that can be available-for-sale financial assets, the difference between the initial equity investment's fair value and its book value, and the accumulative fair value of other initial comprehensive income shall be recorded as current profits and losses.

Expenses for enterprise consolidation of the combining party or the purchaser, including auditing charge, law services fee, evaluation and consultation charge and other relevant management expenses, shall be recorded into current profits and losses when occurs.

Other equity investments except the long-term equity investment formed by enterprise consolidation shall be initially measured according to cost. For the additional investments that can have significant influence on or implement control but not yet to constitute control the Investees, long-term equity investment cost shall be the sum of the fair value of initial equity investment and new investment cost that confirmed according to "Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instrument."

(3) Follow-up measurement and recognition method of profits and losses

① The long-term equity investment accounted based on cost method

The Company's financial statements adopt the cost method to calculate the long-term equity investment in subsidiaries. A subsidiary is an Investees that the Company can control.

When accounting based on cost method, long-term equity investment shall be valued according to initial investment cost, and the cost of investing on the adjustment of long-term equity investment shall be added or taken back. Current profits are to be recognized according to the cash dividends or profits announced and delivered by the authorized Investees.

② The long-term equity investment accounted based on equity method

The Group adopts the equity method to calculate the investment of joint ventures and joint ventures. A joint venture is an investment entity to which the Group has a significant influence on it, and an equity joint venture is an equity joint venture in which the Group has rights only to the net assets of the arrangement.

When accounting based on equity method, initial investment cost of long-term equity investment shall not be adjusted when it is more than the share of fair value of the authorized Investees' net identifiable assets in investing; if initial investment cost is less than the share of fair value of the authorized Investees' net identifiable assets in investing, the difference shall be recorded into current profits and losses, and in the meantime, the cost of long-term equity investment shall be adjusted.

When calculating based on equity method, investment profit and other comprehensive income shall be recognized respectively according and the book value of long-term equity investment shall be adjusted at the same time according to the share realized by the entitled or shared Investees; the book value of long-term equity investment shall be relatively increased according to the entitled part of the announced and delivered profit or cash dividends of the Investees; for the other changes of shareholders' equity of the Investees except net profit and loss, other comprehensive income and dividends, the book value of long-term equity investment shall be adjusted and recorded into capital surplus. When recognizing the share of net profit and loss entitled to the Investees, based on fair value of various identifiable assets when obtaining investment, the net profit of the Investees shall be recognized after being adjusted. If accounting policy and accounting period adopted by the Investees is different with that of the Group, the Investees' financial statements shall be adjusted according to the Group's accounting policy and accounting period so as to recognize the profit of investment and other comprehensive income. For the transaction occurred between the Group, associated enterprises and joint ventures, if the invested or sold assets are not a business, the unrealized profit and loss of internal trading shall be offset according the part belonging to the Group based on the calculation according the entitled ratio, and investment profit and loss shall be recognized after the above practice. However, if the unrealized internal trading loss occurred between the Group and the Investees belongs to impairment loss of the transferred assets, it shall not be offset.

When recognizing net loss shared to the Investees, the book value of long-term equity investment and other net-investment long-term equity over the Investees, if exists, shall be reduced to zero. Besides, if the Group shall undertake the extra losses of the Investees, the expected liabilities shall be recognized based on the expected undertaken obligation and recorded into current investment loss. If the Investees has net profit in the future, the Group shall recover and recognize earnings-sharing amount after which makes up the unconfirmed losses-undertaking amount.

(4) Dealing with long-term equity investment

When disposing the long-term equity investment, the difference between the book value of the equity disposed of and actual disposal amount shall be recorded into current profits and losses.

13. Held for sale，and termination of the business

And satisfy the following conditions of non-current assets (including financial assets and deferred income tax assets) or to the disposition of the group shall be recognized as held for sale: the non-current assets or to the disposition of the group must be under the current conditions only according to the sale of such non-current assets or to the disposition of the group's usual terms can be immediately sold; The company and its subsidiaries have disposed of the non-current assets or to the disposition of the group to make a decision, such as shareholder approval is required, shall have obtained a shareholders' meeting or relevant authority approval; The company and its subsidiaries have signed an irrevocable transfer agreement with the assignee; The transfer will be completed within a year.

Assets held for sale include single item assets and group disposal. In certain cases, the group disposal includes obtaining from the merger of enterprises such as goodwill.

Hold non-current assets for sale and held for sale in the disposal of group assets depreciation or amortization, according to the book value and the net amount after the fair value minus the disposal expenses to measure what is low, and presenting as "divided into assets held for sale".

A non-current asset or to the disposition of the group was classified as held for sale, but later no longer meet the recognition criteria of assets held for sale, the enterprise should stop will be classified as held for sale, and in accordance with the following two amounts which is lower in the measurement:

(1) The book value of asset or disposition group before classified as held for sale, according to the assumption that in the absence of classified as held for sale due to confirmed adjusted amount of the depreciation, amortization and impairment ;

(2) Decided not to sell the day of the recycle amount.

Termination of business is to meet one of the following conditions which have been dealing with or be classified as held for sale, in operating and preparing its financial statements to distinguish separate components:

(1) Represent the part of an independent main business or a main business area;

(2) This is part of the disposal plan of an independent business or a main business area;

(3) The part is only the subsidiary which is obtained for resale.

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets of the Company refer to tangible assets held for the purposes of production of goods, service provision, rental or operation and management with a service life of over one accounting year. Fixed assets can only be recognized when its relevant economic profit is likely to enter into the Group and its cost can be measured reliably. Considering the influence of expected retirement expenses, fixed assets shall be initially measured based on cost.

(2) Various depreciation methods of fixed assets

Depreciation withdrawal of fixed assets shall be taken within useful life based on straight-line method from the second month of reaching the working condition. The depreciation period, expected net salvage value, and annual depreciation rate are as follows:

Category	Depreciation period (year)	Salvage value rate (%)	Annual depreciation rate (%)
Houses and buildings	14.5-50	0-10	1.80-6.90
Machinery equipments	3-30	0-10	3.00-33.33
Transport equipments	4-10	0-10	9.00-25.00
Moulds and gauges	3-7	0-10	12.86-33.33
Electronic and office equipments	3-10	0-10	9.00-33.33
Other equipments	3-5	0-10	18.00-33.33

Expected net salvage value refers to the amount that the Group obtained by deducting expected disposal expenses from the disposal of the following asset with supposing that the expected service life of fixed asset is due and is in the expected condition of ending its service life.

The depreciation of the leased assets shall be calculated in accordance with the policy of its own fixed assets. Where the ownership of the leased asset can be reasonably determined upon the expiration of the lease term, the depreciation shall be calculated and carried out within the service life of the leased asset; where the ownership of the leased asset cannot be reasonably determined upon the expiration of the lease term, the depreciation shall be calculated and carried out within the shorter period between the lease term and the service life of the leased asset.

(3) Impairment test and impairment provision of fixed assets

See Note VI, 20 “Long-Term Asset Impairment” for details of impairment test and impairment provision of fixed assets.

(4) Other instruction

The follow-up expenditure related to fixed assets, if its economic profit related to the fixed assets is likely to enter into the Group and measured reliably based on its cost, shall be recorded into fixed assets cost and the book value of the part replaced shall be terminated to be recognized. Besides, the other follow-up expenditure shall be recorded into current profits and losses when occurs.

The fixed asset shall be terminated to be recognized if it is in the disposal condition or can’t produce economic profit when used or disposed of in advance. The amount of the incomes of selling, transferring, scraping or damaging the fixed asset deducted from its book value and relevant taxes shall be recorded into current profits and losses.

The Group rechecks the fixed assets’ useful life, expected net salvage value and depreciation method before the end of the year, and any changes, if exists, is to be disposed of as changes of accounting estimate.

15. Construction in progress

Construction in progress cost is confirmed based on actual construction expenditure, including the expenditure during construction, capitalized loans cost before reaching the working condition, and other relevant expenses. Construction in progress shall be carried forward as fixed asset after reaching the working condition.

See details of impairment test and impairment provision of construction in progress in Note IV, 20“Long-term asset impairment.”

16. Loans cost

Loans cost includes loan interest, amortization of depreciation or premium, auxiliary expenses and exchange differences caused by foreign currency loans etc. For loans cost of purchase, building or production of assets that can directly belong to those assets meeting capitalization condition, it’s capitalized after the asset expenses have occurred, loans cost has occurred, and the purchase and building or production activities to make the assets reach working or selling conditions have begun; when the assets purchased and built meeting capitalization condition have reached working or selling conditions, capitalization ends. Other loans cost is recognized as expenses when occurs.

The actual current interest expenses incurred by proper loan, is capitalized by deducting unused interests income of loan funds deposited into the bank, or the amount of returns on investment obtained from temporary investment; ordinary loans is determined for capitalization amount by multiplying weighted mean of asset expenses exceeding special loans part among accumulated asset expenses by capitalization rate of ordinary loans occupied. The capitalization rate is calculated and decided according to weighted average interest rate of ordinary loans.

During capitalization period, all exchange differences of professional foreign currency loans shall be capitalized; exchange differences of common foreign currency loans shall be recorded into current profits and losses.

Assets meeting capitalization conditions, refer to assets like the fixed assets, investment real estate and inventory etc. that reach the estimated working or selling conditions through a considerable long period of purchase and building or production activities.

If the assets meeting capitalization conditions in the process of purchase and building or production have been informally interrupted, and the interruption interval is more than 3 months, the capitalization of the loans cost is suspended until purchase and building or production activities of the assets restart.

17. Intangible assets

Intangible assets refer to the identifiable non-monetary assets without physical substance owned or controlled by the Group. Including software system, proprietary technology, land use right, non-patented technology, patent right, trademark right, dealer network and others.

Intangible assets are to be initially measured based on cost. The expenditure related to intangible assets, if relative economic profit is likely to enter into the Group and can be measured based on its cost reliably, shall be recorded into intangible assets cost. Besides, the expenditure of other items shall be accounted as current profits and losses when occur.

The land-use right obtained is normally accounted as intangible assets. The expenditure of land-use right and construction cost of buildings related to factory buildings and other buildings developed and constructed voluntarily shall be accounted as intangible assets and fixed assets separately. For purchased houses and buildings, relevant prices shall be allocated between land-use right and buildings, if it is hard to be allocated reasonably, all of them shall be regarded as fixed assets.

When intangible assets with limited service life reaches the working condition, the amount that expected net salvage value and accumulated amount of withdrew impairment provision deducted from its original value shall be averagely amortized based on straight-line method within its expected service life. The intangible assets with uncertain service life shall be not amortized.

At the end of the period, service life of intangible assets with limited service life and amortization method shall be rechecked, and any changes, if exists, shall be accounted as changes of accounting estimate. Besides, useful life of intangible assets with uncertainty shall also be rechecked, if any proof shows that the intangible assets can bring foreseen economic profit to the enterprise, its useful life shall be estimated and it shall be amortized according to amortization method of intangible assets with limited service life.

See Note IV, 20 “Long-term asset impairment” for details of impairment test and provision of intangible assets recognition.

18. Research and development expenditure

Expenditure of the Group’s research and development items is divided into expenditure in research period and expenditure in development period.

The expenditure in research period shall be recorded into current profits and losses when occur.

The expenditure in development period shall be recognized as intangible assets if meets all following terms, and shall be recorded as current profits and losses otherwise:

A. Complete the intangible assets to make it usable or tradable and available technically;

B. Possess the intention of completing and using or selling the intangible assets;

C. The method that intangible assets produce economic profit includes it can be proved that the products produced from intangible assets have market or intangible assets have its own market, if intangible assets are used in the interior, it can be proved its usefulness;

D. Have enough technical, financial resources and other resources support, to finish the development of the intangible assets, and have the ability to use or sell the intangible assets;

E. Expenses belonging to expenses of the intangible assets in development period can be measured reliably.

The expenditure that cannot be distinguished as the one in research period or development period, if the situation exists, shall be recorded into current profits and losses.

Expenditures at the capitalized stage of development are shown on the balance sheet as development expenditures, which are converted into intangible assets from the date the project reaches its intended purpose.

19. Long-term deferred expenses

Long-term deferred and prepaid refers to all actual expenses with apportionment period of more than one year apportioned by reporting period and later periods. Long-term deferred and prepaid expenses shall be apportioned on straight-line basis in expected benefit period.

20. Long-term assets impairment

At the balance sheet date, the Group determines whether there is any sign of impairment of fixed assets, construction in process, intangible assets with limited service life, long-term equity investment to subsidiaries, joint ventures, associated enterprises, goodwill and other non-current non-financial assets. If any, their recoverable amount shall be estimated and undergo impairment tests. Goodwill, intangible assets with uncertain service life and intangible assets have not been put into use shall undergo impairment tests each year whether there is any sign of impairment or not.

In the event that the impairment test results show that the recoverable amount of assets is lower than their book value, impairment provision shall be withdrawn according to the difference and recorded into impairment loss. The recoverable amount refers to the higher one of the net amount of the fair value of the assets subtracted from the disposal expenses and the present value of expected future cash flow of the assets. The fair value of the assets is determined according to the price in the sales agreement in even bargain; assets which exist in the sales agreement but do not exist in active asset market, the fair value shall be determined according to price offered by the buyer of the assets; assets which do not exist in sales agreement but exist in active asset market, their fair value shall be estimated according to the best information available. The disposal expenses include legal expenses relevant to asset disposal, relevant taxes and fees, cartage and direct expenses that enable the asset to be sold. The present value of expected future cash flow of assets shall be determined according to the amount of expected future cash flow of assets incurred during the continuous use or final disposal of assets after being discounted according to an appropriate discount rate. Impairment provision for assets shall be measured and recognized according to the individual asset. If it is difficult to estimate the recoverable amount of the individual asset, the recoverable amount of the asset group shall be determined according to the asset group that contains such asset. The asset group refers to the smallest asset group that can generate independent cash inflow.

When impairment test is carried out, the book value of goodwill shown separately in the financial statements shall be apportioned to asset groups or combination of asset groups which gain benefit from the synergy effect of enterprise consolidation expectedly. If the test results show that recoverable amount of asset groups or combination of asset groups with apportioned goodwill is lower than the book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall offset the book value of goodwill apportioned to asset groups or combination of asset groups, and offset the book value of other assets according to the proportion of the book value of asset groups or combination of asset groups exclusive of goodwill.

Once the said asset impairment loss is recognized, it shall not be reversed in later period.

21. Employee benefits

Employee benefits of the Group mainly include short-term employee benefits, post-employment welfare, dismiss welfare and other long-term employee welfare. Among them:

The short-term employee benefits include wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing fund, labor union expenditure and employee education expenses, non-monetary welfare and so on. The Group recognizes the actual short-term employee benefits paid to employees during the accounting period when they work for the Group as liabilities and records them into the current profits and losses or related asset costs. The non-monetary welfare shall be measured according to fair value.

Post-employment welfare mainly includes the defined contribution plan which mainly includes the basic endowment insurance, unemployment insurance and annuity and so on. The corresponding payable amount shall be recorded into the relevant asset costs or current profits and losses when incurred.

In case of the termination of the labor relationship with the employee before contract term expires, or proposals to give compensation to encourage employees to accept redundancy voluntarily, when the Group cannot unilaterally withdraw dismiss welfare it offers due to the cancellation of labor relationship or the layoff proposal, and when the Group recognizes the costs related to the restructuring of payment of dismiss welfare, whichever is early, employee salary liabilities arising from dismiss welfare shall be recognized and recorded into the current profits and losses. However, if dismiss welfare cannot be paid in full within twelve months after the annual reporting period as expected, it shall be dealt with as other long-term employee salaries.

The principle to deal with dismiss welfare is also applied to internal retirement plan for employee. The Group records wages and social insurance charges to be paid to the retired employees from the day they stop serving until the normal retirement date into current profits and losses (dismiss welfare), provide that they meet the recognition conditions of estimated liabilities.

Other long-term employee welfare the Group offers to its employees shall be dealt with according to the defined contribution plan if they meet the same, otherwise they shall be dealt with according to the defined benefit plan.

22. Share-based payments

Share payment of the Group is a transaction in which equity instruments are granted or liabilities determined on the basis of equity instruments for the purpose of obtaining services provided by employees. The group's share payment is cash-settled share payment.

Share payments settled in cash shall be measured in accordance with the fair value of the liabilities assumed by the Group on the basis of shares. The fair value of the liabilities shall be re-measured on each balance sheet date and settlement date before the settlement of the relevant liabilities, and the changes shall be recorded in the profits and losses of the current period.

23. Provision

Obligations related to contingencies shall be recognized as provisions when they meet the following conditions simultaneously: (1) the obligation is a current one assumed by the Group; (2) performing the obligation might lead to the outflow of economic benefits; (3) the amount of the obligation can be measured reliably.

At the balance sheet date, considering risks related to contingencies, uncertainties, time value of money and other factors, accrued liabilities shall be measured according to the best estimate of the expenditure necessary to perform relevant current obligations.

Should all or part of the expenditure needed to settle accrued liabilities is expected to be compensated by the third party, the amount of compensation shall be recognized solely as assets provided that the amount of compensation may well be received. In addition, the recognized amount of compensation shall not exceed the book value of estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of which costs are in excess of the expected economic benefits inevitably when contractual obligations are fulfilled. Where an executory contract becomes loss contract, and obligations in such loss contract meet recognition conditions of the said estimated liabilities, the different between contractual estimated loss and the recognized impairment loss (if any) of contractual subject assets shall be recognized as accrued liabilities.

(2) Restructuring obligations

As for a detailed and formal restructuring plan that has been officially announced, if recognition conditions of the said accrued liabilities has been met, the amount of accrued liabilities shall be recognized according to the direct expenditure associated with the restructuring. As for restructuring obligations with part of the business sold, obligations associated with the restructuring shall be reorganized after the Group undertakes to sell part of the business, (namely, to sign a binding sales agreement).

24. Income

The Group's income mainly comes from the following business types:

(1) Income from selling goods

(2) Service income

In fulfilling its performance obligations under the contract, the Group recognizes revenue at the transaction price apportioned to the performance obligation when the customer acquires control over the relevant goods or services. Performance obligations refer to the commitment of the Group to transfer goods or services to customers in the contract, which can clearly distinguish between goods and services. Transaction price refers to the amount of consideration that the Group expects to be entitled to collect as a result of the transfer of goods or services to its customers, but does not include the amount collected on behalf of third parties and the amount that the Group expects to refund to its customers.

When the Group fulfills its performance obligations under the contract, that is, when the customer acquires control over the relevant goods or services, recognition of revenue in accordance with the transaction price apportioned to the performance obligation. Performance obligation refers to the Group's promise to transfer a good or service (or a bundle of goods or services) that is distinct.

Transaction price refers to the amount of consideration that the Group expects to be entitled to collect as a result of the transfer of goods or services to its customers, but does not include the amount collected on behalf of third parties and the amount that the Group expects to refund to its customers.

If one of the following criteria is met:, it belongs to the performance obligation fulfilled within a certain period of time, and the Group recognizes revenue within a period of time in accordance with the progress of performance: (1) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs; (2) the customer is able to control the good which is made in progress of the period of Group’s performance. (3) The commodities produced in the course of the Group's performance are irreplaceable and the Group has the right to collect payments for the part of performance that has been completed so far during the entire contract period. Otherwise, the Group recognizes revenue at the point when the customer obtains control of the relevant goods or services.

Contract assets refer to the Group's right to receive consideration for the transfer of goods or services to the customers, which depends on factors other than the passage of time. The Group's unconditional (i.e., depending only on the passage of time) right to collect consideration from customers is presented separately as receivables.

Contract liabilities refer to the obligations of the Group to transfer goods or services to the customers when the Group has received or receivable consideration from the customers.

Contract assets and contract liabilities of the related contracts are presented on a net basis.

Cost of contract acquisition:

The incremental costs incurred for the acquisition of the contract (i.e. costs that will not occur without the acquisition of the contract) are expect to be recovery, the Group recognizes them as an asset and amortizes them on the same basis as the recognition of revenue from goods or services related to the asset, and are recorded in current profit and loss. Other expenditures incurred by the Group in order to obtain the contract shall be recorded into the current profits and losses at the time of occurrence, except those clearly borne by the customers.

Cost of performance of the contract:

The cost incurred by the Group for the performance of the contract could be recognized as an asset when it does not fall within the scope of other enterprise accounting standards except revenue standards and meets the following conditions at the same time: (1) the cost is directly related to a current or expected contract; (2) the cost increases the Group's future resources for fulfilling performance obligations; (3) the cost is expected to be recovered. The above-mentioned assets shall be amortized on the same basis as the revenue of goods or services related to the assets, and shall be recorded in current profit and loss.

25. Government grants

(1) Government grants refer to monetary or non-monetary assets the Group receives from the government for free. Government grants include government grants related to assets and government grants related to income.

1) The judgments and accounting methods of government grants related to assets

The government grants pertinent to assets mean the government assets that are obtained by enterprises used for purchase, construction or forming the long-term assets by other ways.

Government grants related to assets shall be offset to the book value of the assets concerned or recognized as deferred income. Government grants which are related to assets and recognized as deferred income shall be distributed and included in profits and losses according to rational and systematic methods within the useful lives of the relevant assets. Government grants measured based on the nominal amounts and shall be recorded into the current profits and losses directly.

Relevant assets are sold, transferred, abandoned or damaged before their expected useful life, the relevant undistributed balance of deferred income is transferred into the current profit and losses of disposal of assets.

2) The judgments and accounting methods of government grants related to income

If the government grants related to income are used as compensation for relevant future expenses or losses of later periods, they shall be recognized as deferred income and be recorded into the current profits and losses when recognizing relevant expenses or losses.

If the government grants are used as compensation for related costs or losses having occurred, they shall be directly recorded into current profits and losses.

When the government grants include the related parts of the assets and income simultaneously, then it is necessary to distinguish the different parts of the government grants and apply accounting methods respectively; when it is difficult to distinguish them, then the whole is classified as the government subsidy related to the income.

According to the essence of economic activities, government grants related to the daily activities of the Group are supposed to be recorded into other income or offset the cost concerned. Government grants not related to the daily activities of the Group are recorded in non-operating income.

(2) The accounting methods of policy-related preferential loan discount

The Government appropriates the discount interest funds to the lending banks, and the lending banks provide loans to the Group at preferential policy interest rates, and the entry value of the loans is based on the actual amount of received loans, and the related loans costs are calculated according to the principal of the loans and the preferential policy interest rates.

The Government appropriates the discount interest funds to the Group directly, and the corresponding discounts will be used to offset the related loans costs.

Government grants are recognized and measured in accordance with the actual amount of funds received. Only when there is conclusive evidence that the subsidy is appropriated according to a fixed quota standard and there is conclusive evidence that it meets the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, it can be recognized and measured according to the amount receivable.

If the recognized government subsidy needs to be returned, the Group shall conduct accounting treatment at the time when it needs to be returned, that is, to adjust the related assets' book value respectively, which was offset at the time of initial confirmation.

26. Deferred income tax assets/ deferred income tax liabilities

(1) The current income tax expenses

Current income tax liabilities (or assets) formed currently or before shall be calculated in accordance with the tax law which specifies the amount of income tax expected to be paid (or returned) at the balance sheet date. The amount of taxable income used to calculate current income tax expenses shall be calculated after the pre-tax accounting profit of current year is adjusted according to the relevant provisions of the tax law.

(2) Deferred income tax assets and deferred income tax liabilities

As for the difference between the book value and its tax basis of assets and liabilities of certain projects, and the temporary differences arising from the difference between the book value of the project which hasn't been recognized as an asset or liability but its tax basis can be determined in accordance with the provisions of the tax law, the liability method of balance statement is adopted to recognize deferred income tax assets and deferred income tax liabilities.

As for taxable temporary differences related to initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are not related to enterprise consolidation and do not affect the accounting profit and taxable income (or deductible losses), related deferred tax liabilities shall not be recognized. In addition, as for the temporary differences of the investment of subsidiaries, associated enterprises and joint ventures, if the Group is able to control the reversal time of the temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future, related deferred tax liabilities shall not be recognized as well. In addition to the above exceptions, the Group recognizes all other deferred income tax liabilities arising from taxable temporary differences.

As for taxable temporary differences related to the initial recognition of assets or liabilities arising from transactions that are not related to enterprise consolidation and do not affect the accounting profit and taxable income (or deductible losses), related deferred tax assets shall not be recognized. In addition, as for deductible temporary differences of the investment of subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future or it is not likely to get taxable income to offset the deductible temporary differences in the future, related deferred tax assets shall not be recognized. In addition to the above exceptions, the Group recognizes deferred income tax assets arising from other deductible temporary differences according to taxable income which can offset deductible temporary differences, and the amount of taxable income shall be likely to be obtained.

As for deductible losses and tax credits which can be transferred to the future years, the corresponding deferred income tax assets shall be recognized according to future taxable income which can be used for deducting deductible losses and tax credits, and the amount of future taxable income shall be likely to be obtained.

According to the tax law, at the balance statement date, deferred income tax assets and deferred income tax liabilities shall be calculated in accordance with the applicable tax rate, which is related to the period that related assets is expected to be recovered and related liabilities is expected to be settled.

The book value of deferred income tax assets shall be rechecked at the balance sheet date. If it is unlikely to obtain sufficient taxable income to offset profits of deferred income tax assets in the future, deferred income tax assets shall be reduced. When sufficient taxable income it is probably to be obtained, the reduced amount shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except the current income tax and deferred income tax, has been recognized as other comprehensive income and been directly recorded into shareholders' equity arising from the transactions and matters, shall be recorded into other comprehensive income and shareholders' equity, and the book value of the adjusted goodwill of deferred income tax resulting from the merger of enterprises, the current income tax and deferred income tax shall be recorded into current profits and losses.

(4) Income tax offset

When the Croup has a statutory right of net settlement and intends to obtain assets and settle liabilities through net settlement at the same time, current income tax assets and current income tax liabilities of the Group shall be presented as net amount after being offset.

When the Group has a statutory right to settle current income tax assets and current income tax liabilities at a net figure, and deferred tax assets and deferred income tax liabilities are tax from the same subject of tax payment and are collected by the same taxation department, or related to different subjects of tax payment, but in every future important reversal period of deferred income tax assets and liabilities, subject of tax payment involved intend to settle current income tax assets and liabilities at a net figure or obtain the assets and settle liabilities at the same time, deferred income tax assets and deferred income tax liabilities of the Croup shall be presented as net amount after being offset.

27. Leases

Financial lease refers to the lease that transfers substantially all the risks and returns of asset ownership. Its ownership may or may not be transferred ultimately. Operating lease refers to the lease except financial lease.

(1) As the lessee, the Group records operating lease business

Rental expenses of operating lease during all the periods of the tenancy shall be included in the relevant asset costs or current profits and losses on straight-line basis. The initial direct expenses shall be recorded into the current profits and losses. Contingent rental should be recorded into the current profits and losses.

(2) As the lessor, the Group records operating lease business

Rental income from operating lease during all the periods of the tenancy is recognized as current profits and losses on straight-line basis. Material amounts of initial direct costs shall be capitalized when used and shall be recorded into the profits and losses according to recognition rental income by stages throughout the tenancy; other immaterial amounts of initial direct costs shall be recorded into the current profits and losses when incurred. Contingent rental shall be recorded into the current profits and losses.

(3) As the lessee, the Group records financial lease business

In the inception of the tenancy, the lower of the fair value of leased assets and the present value of the minimum lease payments on the starting day of the tenancy shall be the entry value of leased assets. The minimum lease payments shall be the entry value of long-term payables and the difference between the present value of the minimum lease payments and fair value of leased assets shall be unrecognized financial charges. In addition, costs arising from the lease negotiations and the signing of a lease contract shall be recorded into the initial direct costs of the leasing project and included in the leased asset value. The balance of difference of minimum lease payments and unrecognized financial charges shall be presented as long-term liabilities and long-term liabilities due within one year respectively.

During the tenancy, unrecognized financial charges shall be recognized as current financial charges by effective interest rate method. Contingent rental shall be recorded into the current profits and losses.

(4) As the lessor, the Group records financial leases business

In the inception of the tenancy, the sum of the minimum lease payments and the initial direct costs on the inception of the tenancy shall be the entry value of financial lease receivables and the unguaranteed residual value shall be recorded; the difference between the sum of minimum lease payments, the initial direct costs and the unguaranteed residual and the sum of their present value shall be recognized as unrealized financial profits. The balance of difference of financial lease receivables and unrealized financial profits shall be presented as long-term credit and long-term credit due within one year.

During the tenancy, unrealized financial profits shall be recognized as current financial income by effective interest rate method. Contingent rental shall be recorded into current profits and losses.

28. Changes in significant accounting policies and estimates

(1) Changes in significant accounting policies

The Group has implemented the following revisions of the Accounting Standards for Enterprises promulgated by the Ministry of Finance in 2017 and 2018: Accounting Standards for Enterprises No. 14 - Income (Caikuai [2017]No.22) (hereinafter referred to as "New Income Standards"), Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Caikuai [2017]No.7), Accounting Standards for Enterprises No. 37 - Presentation of Financial Instruments (Caikuai [2017]No.14) (hereinafter referred to as "New Financial Instruments Standards"), and the Circular on Issuing the Revised format of Finance Statements for General Company for 2018 (Caikuai [2018]No.15) since January 1, 2018.

1) The impact of implementing the circular on issuing the revised format of finance statements for general company for 2018 (Caikuai [2018]No.15) on the Group

The Group has implemented the Circular on issuing the revised format of Finance Statements for General Company for 2018 promulgated by the Ministry of Finance on June 15, 2018 (Caikuai [2018] No.15, hereinafter referred to as "Accounting Document No.15" for the preparation of financial statements for 2018. The statement items of balance statement and profit statement have been revised in Accounting Document No.15." Bills and accounts receivable", "bills and accounts payable" and "research and development expenses" have been added, and the list of items for "other receivables", "fixed assets", "construction in process or project under construction", "other payables", "long-term payables" and "management expenses" has been revised. The items of "bills receivable", "accounts receivable", "dividends receivable", "interest receivable", "liquidation of fixed assets", "engineering materials", "bills payable", "accounts payable", "interest payable", "dividends payable" and "special accounts payable" have been removed, and the items of "interest expenses" and "interest income" have been added under the item of "financial expenses". The items listed in the profit statement have been adjusted. For the changes of the items presented above, the Group adopts the retrospective adjustment method for accounting treatment, and makes retrospective adjustment on the comparative data of the previous year.

2）New income standards

The Group has implemented Accounting Standards for Enterprises No. 14 - Income, revised by the Ministry of Finance in 2017 since January 1, 2018. New Income Standards introduce a five-step approach for income recognition and measurement, and add more guidelines for specific transactions (or events). For detailed accounting policies for income recognition and measurement, see Bills IV, (24) (Income recognition). New Income Standards require that the cumulative impact of the first implementation of the standard shall be adjusted to the retained earnings and other related items in the financial statements at the beginning of the first implementation year (i.e. January 1, 2018), and the information of the comparable period shall not be adjusted.

In implementing New Income Standards, the Group only adjusts the cumulative impact of contracts which have not been completed on the first execution date.

3) New financial instruments standards

The Group has implemented the revised Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Enterprises No. 24 - Hedging Accounting and Accounting Standards for Enterprises No. 37 - Presentation of Financial Instruments (hereinafter referred to as "New Financial Instruments Standards") since January 1, 2018.

In terms of classification and measurement of financial assets, the new financial instrument standards require financial assets to be classified into three categories, including "financial assets measured at amortized cost", "financial assets measured at fair value with changes recorded into other comprehensive income" and "financial assets measured at fair value with changes recorded into the current profits and losses" based on their contractual cash flow characteristics and business model which the Group adopts to manage such financial assets. The classification of loans and receivables, held-to-maturity investment and available-for-sale financial assets in the original financial instrument standards is abolished.

Equity instrument investment is generally classified as fair value with changes recorded into the current profits and losses, and non-tradable equity instrument investment is also allowed to be designated as financial assets measured at fair value with changes recorded into other comprehensive income. However, the designation is irrevocable, and the accumulated fair value changes originally recorded in other comprehensive income shall not be carried over into current profits and losses at the time of disposal.

In terms of impairment, the requirements of impairment under New Financial Instruments Standards are applicable for financial assets measured at amortized cost, financial assets measured at fair value with changes recorded into other comprehensive income, lease receivables, contract assets, and specific non-withdrawn loan commitments and financial guarantee contracts. New financial instrument standards require that the anticipated credit loss model shall be used to confirm the credit loss reserve in place of the original credit loss model. The new impairment model uses a three-stage model, according to whether the credit risk of the related projects has increased significantly since the initial recognition, the credit loss reserve shall be calculated according to the expected credit loss within 12 months or the expected credit loss for the whole life period. All contract assets and accounts receivable formed by income trading rules recognize loss provisions according to the amount which equivalents to the expected credit loss in the whole duration.

In terms of the inconsistencies between confirmation and measurement of financial instruments before January 1, 2018 with the requirements of the New Financial Instruments Standards, the Group has made retrospective adjustments in accordance with the requirements of the New Financial Instruments Standards. The Group will not make any adjustments in respect of inconsistencies between the previous comparative financial statements data and the requirements of the New Financial Instruments Standards. The difference between the original book value of financial instruments and the new book value on the date of implementation of the New Financial Instrument Standards is recorded in the retained earnings or other comprehensive income of January 1, 2018.

On January 1, 2018, in term of bills receivable, accounts receivable and contract assets, the Group adopts a simplified method to measure expected credit losses in accordance with the requirements of the New Financial Instruments Standards, i.e. loss provision is measured according to the amount equivalent to the anticipated credit loss during the whole life period. In term of other financial assets measured at amortized cost, the Group adopt three-stage model to measure expected credit losses, according to whether the credit risk of the related projects has increased significantly since the initial recognition, the credit loss provision shall be prepared to be calculated according to the expected credit loss within 12 months or the expected credit loss for the whole life period.

The main impacts of the implementation of the new financial standards on the balance -sheet-related items at the beginning of this year are listed below.

Former financial instrument standards		New financial instrument standards	
Item	Book value	Item	Book value
Available-for-sale financial assets	4,515,998,114.10	Financial assets held for trading	255,559,700.00
		Other non-current financial assets	732,165,088.80
		Other equity instruments investment	3,528,273,325.30
Financial assets measured at fair values and changes accounted into current profit or losses	3,166,788,180.62	Financial assets held for trading	2,237,763,267.62
		Derivative financial assets	929,024,913.00
Financial liabilities measured at fair value with changes recorded into the current profits and losses	452,597,735.00	Derivative financial liabilities	452,597,735.00

(2) Changes in significant accounting estimates.

Significant accounting estimates in this accounting period have not changed.

29. Significant accounting judgment and estimates

Due to the inherent uncertainty of business activities, while applying accounting policies, the Group must make judgments, estimates and assumptions over the book value of items in the financial statements that cannot be measured accurately. These judgment, estimates and assumptions are based on the past experience of the management of the Group and other relevant factors. However, the actual results arising from the uncertainty of the estimates might be different from the current estimates of the management of the Group.

The said judgment, estimates and assumptions shall be reviewed regularly by Group on the basis of continuing operations. In the event that the changes in accounting estimates only affect the current period, their influence number shall be recognized in the current period of the changes; in the event that the changes in accounting estimates affect both the current period of the changes and the future, their influence number shall be recognized in the current period of the changes and the future.

At the balance statement date, key assumption and uncertainties which will affect materially the book value of assets or liabilities in accounting estimates are as follows:

(1) The useful life of fixed assets and intangible assets

The Group reviews the service life of fixed assets and intangible assets at least at the end of each year as mentioned in Note IV.14 and Note IV.17.

(2) Residual value risk

The Group faces residual value risk because of the signing of sales contracts with repurchase agreements or residual value guarantee clause. Residual risk will be reflected differently in the consolidated financial statements according to the degree of risk held by the Group. If the major risks in vehicle ownership remain in the Group, the relevant vehicles are recorded on the balance sheet as assets leased from operating leases. The accumulated depreciation of these vehicles will reduce the original value of the vehicle until its residual value, which is the expected recoverable amount of the asset at the end of the lease period. Depreciation shall be calculated and confirmed in accordance with the straight line method during the lease period. If the vehicle sales contract is attached with residual value guarantee clause, and the main risk has been transferred, the recognition of the asset should be terminated, expected recoverable amount of the assets in future period shall be recognized as a provision. The Group will pay constant attention and adjust its forecast of the expected recoverable amount of each such asset when it is recovered in future period, which is based on the latest auction price of used cars and future price fluctuations due to changes in the anticipated market environment, market incentive plans, vehicle quality data and repair costs. The situation of high inventory and low demand in the automotive industry may have a negative impact on the prices of new and used cars.

(3) Deferred income tax assets

The Group and its subsidiaries or other forms of business organizations around the world shall, according to the differences between the accounting and tax bases, calculate deferred income tax assets to the limit of taxable income that may be available in the future to offset deductible losses and deductible temporary differences. The confirmation of deferred income tax assets is based on the prediction of future taxable income and the period during which deferred income tax assets will be returned. These assumptions have taken into account future business results and the impact of reversal of temporary differences in taxable income. The measurement of deferred income tax assets is uncertain, as it may be affected by some factors, such as the change of future business environment and tax law. The Group evaluates the situation of reversal of deferred income tax assets on each balance statement date. If necessary, the amount of deferred income tax assets will be revised and this situation will affect the profits and losses.

(4) Product warranty

Based on the historical experience and quality assurance period, the Group estimates the cost of product quality assurance for the sold vehicles and draws a product warranty. Product warranty includes contractual guarantees, warranty activities (recall and repurchase) and goodwill guarantees (the guarantees are provided to consumers according to the policies of the Group and industry practices, which are other than contractual guarantees and maintenance activities, in order to maintain

a good relationship with consumers)
The improvement of product quality shown by historical data has been reflected in the forecasting process of the above three product warranty as a forecasting parameter.

When the compensation obtained from the supplier can be basically determined, the product warranty shall be offset accordingly.

(5) Provision for decline in value of inventories

The net realizable value of a single inventory item is estimated as the result that estimated selling price subtracts the estimated cost, the distribution cost and the related tax fees until the time of completion,. The difference between the cost of inventory and its net realizable value is calculated as a provision for decline in value of inventories, as mentioned in Note IV.11.

(6) Legal proceedings

The legal proceedings faced by subsidiaries of the Group involve different legal cases in multiple jurisdictions, including but not limited to contract disputes, insufficient supply of goods or services, product liability, patents or other infringements. Due to the complexity of the case and legal provisions involved, it is difficult for the Group to infer the final results. The Group maintains the close cooperation with professional legal advisers and relevant experts. Once the loss is likely to occur and the amount can be measured reliably, the Group will provision liabilities accordingly. If these conditions are not met at the same time, the Group will disclose as contingent liabilities.

(7) Tax treatment

According to accounting standards, the Group regularly evaluates tax risks. If such losses are likely to occur and the amount of losses can be reliably measured, the Group will provision corresponding liabilities. If these conditions are not met at the same time, the Group will disclose as contingent liabilities.

V. Taxes

1. Item and rate of taxation

Item of taxation	The specific tax rates
Value added tax	The output tax should be calculated according to 3%, 5%, 6%, 11%, 13%, 17%, or 22% of the tax rate as taxable income before 1 May, 2018. The output tax should be calculated according to 3%, 5%, 6%, 10%, 16%, or 22% of the tax rate as taxable income after 1 May, 2018.The value added tax should be calculated according to the sum after deducting the current deductible input tax. The export tax rebate rates are 15%, 16% and 17%.
Consumption tax	Product sales revenue should be calculated according to 1%, 3% , 5% , 9% or 10% of the tax rate.
City maintenance and construction tax	According to 1% , 5% or 7% of the turnover tax.
Enterprise income tax	According to 15%, 18%, 20%, 22%, 25% or 33% of the taxable income.
Education surtax	The education surtax and the local education surtax should be calculated according to 3%, 2% or 1% of the taxable turnover tax.
Land value increment tax	The four level super rate progressive tax rates are applied. The appreciation value is not more than 50% of the deducted item amount, the tax rate is 30%; the appreciation value exceeds the deducted item amount 50% not more than 100% part, the tax rate is

Item of taxation	The specific tax rates
	40%; the appreciation value exceeds the deducted item amount 100% not more than 200% part, the tax rate is 50%; the appreciation value amount exceeds the deducted item amount 200% part, the tax rate is 60%.
Housing property tax	Price-based taxation is calculated according to 1.2% of the 70% to 90% of the original value; rent-based taxation is calculated according to 12% of the rent.

Note: VAT and income tax of overseas subsidiaries shall be paid according to local tax law.

2. Tax benefits

(1) According to the General Office of Zhejiang Provincial People's Government "Some Opinions on Further Reducing the Burden of Enterprises and Enhancing the Competitiveness of Enterprises" (Zhezhengbanfa [2018] No.99), the company enjoy 100% reduction of land use tax in 2018.

(2) Hunan Geely Automobile Parts Co.,Ltd. acquired the certification of high-tech enterprises on September 5, 2017. The certificate number is GR201743000521, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(3)Hunan Luoyou Engine Parts Co.,Ltd. (a subsidiary of Hunan Geely Automobile Parts Co.,Ltd.) acquired the certification of high-tech enterprises on October 28, 2015. The certificate number is GF201643000140, and the qualification validity period is 3-years. After review in 2018, it acquired the certification of high-tech enterprises and the certificate number is GR201843000945 with 3-years validity. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(4) Zhejiang Ruhoo Automobile Co.,Ltd. acquired the certification of high-tech enterprises on November 21, 2016. The certificate number is GR201633000066, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(5) Zhejiang Geely Automobile Research Institute Co.,Ltd. (a subsidiary of Zhejiang Ruhoo Automobile Co.,Ltd.) acquired the certification of high-tech enterprises on October 27, 2014. The certificate number is GR201433001192, and the qualification validity period is 3-years. After review in 2017, it acquired the certification of high-tech enterprises and the certificate number is GR201733001587 with 3-years validity. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(6) Ningbo Geely Luoyou Engine Parts and Component and Co.,Ltd. acquired the certification of high-tech enterprises on November 29, 2017. The certificate number is GR201733100656, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(7) Zhejiang Fulin Guorun Automobile Parts and Components Co.,Ltd. acquired the certification of high-tech enterprises on November 13, 2017. The certificate number is GR201733001100, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(8) Zhejiang Qianjiang Lithium Technology Co.,Ltd. (a subsidiary of Zhejiang Qianjiang Motorcycle Co.,Ltd.) acquired the certification of high-tech enterprises on November 21, 2016. The certificate number is GR201633001844, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(9) Zhejiang E-zone Intelligent Electric Co.,Ltd. (a subsidiary of Zhejiang Qianjiang Motorcycle Co.,Ltd.) acquired the certification of high-tech enterprises on November 13, 2017. The certificate number is GR201733003284, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(10)Hangzhou Geely Evun Technology Co.,Ltd. acquired the certification of high-tech enterprises on November 13, 2017. The certificate number is GR2017330021974, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(11) Ningbo Geely Automobile Reserch & Development Co.,Ltd. acquired the certification of high-tech enterprises on November 29, 2017. The certificate number is GR201733100522, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(12) Zhejiang Fengrui Engine Co.,Ltd. acquired the certification of high-tech enterprises on November 13, 2017. The certificate number is GR201733003469 and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(13) Zhejiang Jirun Automobile Co.,Ltd. was recognized as high-tech enterprise in 2011. After review in 2014, it acquired the the certification of high-tech enterprises and the certificate number is GR201533100424 with 3-years validity on September 25, 2014. After review in 2017, it acquired the the certification of high-tech enterprises and the certificate number is GR201733100278 with 3-years validity on November 29, 2017. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(14) Jinan Geely Automobile Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) acquired the certification of high-tech enterprises on October 30, 2014. The certificate number is GF201437000001, and the qualification validity period is 3-years. After review in 2017, it acquired the the certification of high-tech enterprises and the certificate number is GR201737001630 with 3-years validity on December 28, 2017. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(15) Zhejiang Jirun Chunxiao Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) acquired the certification of high-tech enterprises on December 1, 2016. The certificate number is GR201633100405, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(16) Shanxi Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) acquired the certification of high-tech enterprises on November 21, 2018. The certificate number is GR201814000116, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(17) Ningbo Vision Automobile Parts & Components Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) acquired the certification of high-tech enterprises on November 27, 2018. The certificate number is GR201833100311, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(18) Jinan Geely Automobile Parts Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) acquired the certification of high-tech enterprises in 2013. The certificate number is GR201337000338, and the qualification validity period is 3-years. After review in 2016, it acquired the the certification of high-tech enterprises and the certificate number is GR201637000933 with 3-years validity on December 28, 2017. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(19) Ningbo Shangzhongxia Automatic Transmission Co.,Ltd. (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) acquired the certification of high-tech enterprises on November 27, 2018. The certificate number is GR201833100149, and the qualification validity period is 3-years. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.
(20) According to the “Confirmation of Encouraging Industrial Projects in Western China” (Chengfagaiwushenpihan [2016] No.125) issued by Sichuan Development and Reform Commission

on April 11, 2016, Chengdu Gaoyuan Automobile Industrial Co.,Ltd.（a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.）conforms to the requirement of the document of Guofa [2014] No.15, becoming an encouraging industry projects company in western region. Accordingly, the enterprise income tax is levied at a reduced rate of 15% in 2018.

(21) According to the “Notice on Tax Policy Issues Concerning Deeply Implementing the Strategy of Western Development” (Caishui[2011]No.58), in order to implement the spirit of the Central Committee of the Party and the State Council on the in-depth implementation of the Western Development Strategy and to further support the Western Development, enterprise income tax is levied at a reduced rate of 15% for enterprises in encouragement industries located in the western region from January 1, 2011 to December 31, 2020,. Accordingly, Geely Sichuan Commercial Vehicle Co.,Ltd.'s enterprise income tax is levied at a reduced rate of 15% in 2018.

(22) Baoji Geely Automobile Parts Co.,Ltd. (a subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) is recoginized by State Tax Administration of Baoji High-tech Industrial Development Zone as an encouraging industry projects company in western region. According to “Notice on Tax Policy Issues Concerning Deeply Implementing the Strategy of Western Development” (Caishui[2011]No.58), Baoji Geely Automobile Parts Co.,Ltd. 's enterprise income tax is levied at a reduced rate of 15% in 2018.

(23) Geely Motors LLC and Geely Ukraine LLC (a sub-subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) can adopt 20% as enterprise income tax rate in accordance with local relevant laws and regulations.

(24) Borisov Engine Plant Geely Limited Liability Company (the subsidiary of Zhejiang Jirun Automobile Co.,Ltd.) can adopt 18% as enterprise income tax rate in accordance with local relevant laws and regulations. According to local preferential policies for free trade zones, income tax exemption for 10 years from the company's earnings date.

(25) In 2018, the taxable income of Wenling Hannuo Mechanical and Electrical Technology Co.,Ltd. (the subsidiary of Zhejiang Qianjiang Motorcycle Co.,Ltd.) is less than 500,000 yuan, which meets the requirements of small and micro-profit enterprises. Accordingly, enterprise income tax is recorded 50% into taxable income, and the enterprise income tax rate is levied at a reduced rate of 20% in 2018.

(26) According to “Notice on Issue of Policies to Further Encourage the Development of Software Industry and Integrated Circuit Industry” (Guofa[2011] No.4), issued by the State Council, and “Notice on Value Added Tax Policy for Software Products” (Caishui[2011]No.100) issued by the Ministry of Finance and State Administration of Taxation, Hangzhou Geely Evun Technology Co.,Ltd. can enjoy the tax preferential policy if the actual VAT tax burden for sale of self-developed, self-manufactured and self-sold software products exceeds 3%, and the excess part of VAT shall be refunded.

VI. Notes to items of consolidated financial statements

Unless otherwise especially specified, all amounts below should be RMB/yuan. No indication of Opening balance, all should be closing balance.

1. Cash at bank and on hand

Item	Closing balance	Opening balance
Cash	2,013,560.12	1,619,716.07
Bank deposit	63,081,881,168.29	52,769,928,126.56
Other cash at bank and on hand	4,256,249,230.61	1,497,115,024.43
Total	67,340,143,959.02	54,268,662,867.06

Note: Limited Closing Balance is RMB 3,247,187,518.45 yuan.

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets measured at fair values and changes accounted into current profit or losses		
Including: investment of debt instruments	7,748,246.91	
Equity instrument investment	216,555,950.00	
Commercial paper (Note1)	1,653,850,800.00	
Others	3,490,007.58	
Total	1,881,645,004.49	

Note: see details of the opening balance in Note VI.4 "Financial Assets Measured at Fair Values and Changes Accounted into Current Profit or Losses".

Note 1: The Group subsidiaries of Shanghai Geely Zhaoyuan International Investment Co.,Ltd. (hereinafter referred to as: Geely Zhaoyuan) hold Commercial Papers RMB 1,653,850,800.00 yuan (Year 2017: RMB 2,196,944,800.00 yuan, see Note VI.4) at the year end of 2018. The commercial paper amounting to RMB 836,102,957.00 yuan (Year 2017: RMB 1,580,564,189.00 yuan) will mature within 3 months, and commercial paper amounting to RMB 817,747,843.00 yuan (Year 2017: RMB 616,380,611.00 yuan) will mature over 3 months.

3. Derivative financial assets

Item	Closing balance	Opening balance
Hedging instrument	640,804,009.00	
Including: cash flows hedging instrument (Note 1)	593,764,231.00	
Hedging instruments for net assets from net foreign investments(Note 2)	47,039,778.00	
Interest swap instrument	77,733,038.00	
Electricity futures (Note 3)	55,184,339.00	
Total	773,721,386.00	

Note: see details of the opening balance in Note VI.4 "Financial assets measured at fair values and changes accounted into current profit or losses".

Note 1: At the balance sheet date, Geely Zhaoyuan owns the foreign exchange forward contract and options with positive fair values (foreign exchange forward contract and options with negative fair values, see Note VI.27 "Derivative Financial liabilities"), which was designated to be the highly effective hedging instruments to manage the exposure to the exchange rate risk related to the expected foreign currency sales and purchases in 2018.

As of the balance sheet date, the loss arising from the changes of cash flows hedging instrument fair value recorded in other comprehensive income (after tax) is 2,300,537,397.00 yuan (Year 2017, after tax gain is RMB 2,747,565,214.00 yuan), which is expected to be transferred gradually to the income statement within 48 months (Year 2017, 48 months) after the balance sheet date.

The articles in the foreign exchange forward contract and options signed by Geely Zhaoyuan are consistent with the articles of predicted transaction. The concrete information is as follows:

Foreign exchange forward contract:

Nominal amount (Note①)	Maturity date	Fair value
RMB		RMB
2,351,156,017.00	Within 1 month	101,024,316.00
3,518,020,741.00	1 to 3 months	122,910,713.00
10,675,613,532.00	3 to 12 months	366,421,826.00
7,969,178,811.00	1 to 5 years	188,873,938.00

Foreign exchange options contact:

Nominal amount (Note①)	Maturity date	Fair value
RMB		RMB
512,103,677.00	Within 1 month	1,019,941.00
763,252,219.00	1 to 3 months	2,387,435.00

Note①: Nominal amount is currency amount of the subject in the contract, and it is presented in RMB converted according to the spot exchange rate with RMB on December 31,2018. For those foreign exchange forward and option contracts, whose maturity dates are 1-5 years, the fair value see Note VI.24 "Other Non-current Assets".

Note 2: Geely Zhaoyuan uses the exchange rate swap contract to reduce the exposure to the exchange rate risk of net investment in overseas operations. The concrete information is listed as follows:

Exchange rate swap contract:

Nominal amount (Note①)	Maturity date	Fair value
RMB		RMB
6,858,193,239.00	Within 1 month	30,529,253.00
1,769,872,265.00	1 to 3 months	15,990,990.00
34,498,232.00	1 to 5 years	6,505,577.00

Exchange rate option contract：

Nominal amount (Note①)	Maturity date	Fair value
RMB		RMB
132,554,657.00	1 to 3 months	92,754.00
132,954,520.00	3 to 12 months	426,781.00

Note①: Nominal amount is currency amount of the subject in the contract, and it is presented in RMB converted according to the spot exchange rate with RMB on December 31,2018.For those exchange rate swap contract and option contract, whose maturity dates are 1 to 5 years, the fair value see Note VI.24 "Other Non-current Assets".

Note 3: At the balance sheet date, Geely Zhaoyuan owns the following electricity forward contract with a positive fair value.

Nominal amount (Note①)	Maturity date	Fair value
RMB		RMB
310,991.00	1 to 3 months	663,209.00
23,869,196.00	3 to 12 months	54,521,130.00
11,985,155.00	1 to 5 years	30,058,677.00

Note①: For those electricity forward contracts whose maturity dates are 1-5 years, the fair value see Note VI.24"Other non-current assets".

4. Financial assets measured at fair values and changes accounted into current profit or losses

Item	Closing balance	Opening balance
1. Financial assets held for trading		7,679,000.00
Including: investment of debt instruments		7,679,000.00
2. Financial assets measured at fair values and changes accounted into current profit or losses		33,139,467.62
Including: investment of debt instruments		33,139,467.62
3. Commercial paper		2,196,944,800.00
4. Hedging instrument		915,309,739.00
Including: cash flows hedging instrument		862,719,995.00
Hedging instruments for net assets from net foreign investments		52,589,744.00
5. Electricity futures		13,715,174.00
Total		3,166,788,180.62

5. Bills and accounts receivable

（1）Total item list

Item	Closing balance	Opening balance
Bills receivable	22,614,809,596.99	24,709,770,776.91
Accounts receivable	6,876,698,281.28	6,866,284,908.11
Total	29,491,507,878.27	31,576,055,685.02

（2）Bills receivable

① Bills receivable classification

Item	Closing balance	Opening balance

Bank's acceptance bills	22,403,773,116.99	24,709,770,776.91
Trade acceptance	211,036,480.00	
Total	22,614,809,596.99	24,709,770,776.91

② Pledged bills receivable at the year end.

The amount of pledged bills receivable is 7,500,000.00 yuan at the end of current year.

③ Endorsed or discounted are not due on the balance sheet date

The amount of bills receivable which have been endorsed or discounted at the end of the period and have not yet expired on the balance sheet date is 262,586,019.86 yuan.

（3）Accounts receivable

① The aging analysis of accounts receivable is as follows:

Account age	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	6,167,089,666.61	80.74	81,799,764.88	6,013,742,675.20	79.69	81,321,719.93
1 to 2 years	395,033,250.21	5.17	21,009,204.57	399,221,851.67	5.29	15,965,468.53
2 to 3 years	254,215,301.95	3.33	12,653,322.55	278,105,111.31	3.69	7,393,516.17
More than 3 years	821,657,961.46	10.76	645,835,606.95	855,478,093.43	11.33	575,582,118.87
Total	7,637,996,180.23	100.00	761,297,898.95	7,546,547,731.61	100.00	680,262,823.50

②Changes in provision for bad debt of accounts receivable

Closing balance for last year	Adjustment amount for the first implementation of the New Financial Instruments Standards	Opening balance	Amount increased in current period		Amount decreased in current period		Closing balance
			Recognition	Others	Reversal	Write-off	
680,262,823.50	13,041,461.14	693,304,284.64	91,598,655.37		13,132,020.96	10,473,020.10	761,297,898.95

6. Prepayment

(1) The aging analysis of prepayment is as follows:

Account age	Closing balance			Opening balance		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	2,028,970,672.80	77.51	12,366.75	1,416,254,850.10	64.50	2,941.22
1 to 2 years	571,366,018.60	21.83	3,862.02	678,085,074.35	30.88	3,740.85
2 to 3 years	7,000,864.24	0.27	9,133.39	91,379,597.79	4.16	73,396.51
More than 3 years	10,264,860.55	0.39	149,005.10	10,146,125.72	0.46	552,554.83
Total	2,617,602,416.19	100.00	174,367.26	2,195,865,647.96	100.00	632,633.41

（2）Changes in provision for bad debt of prepayment

Opening balance	Current year recognition	Current year de-recognition		Closing balance
		Reversal	Write-off	
632,633.41	5,645.88	463,912.03		174,367.26

7. Other receivables

（1）Total item list

Item	Closing balance	Opening balance
Interest receivable	43,987,872.65	73,258,331.05
Dividend receivable		
Other receivables	2,756,233,744.39	2,948,418,596.37
Total	2,800,221,617.04	3,021,676,927.42

（2）Interest receivable

① Classification of interest receivable

Item	Closing balance	Opening balance
Deposit and loans interest	43,987,872.65	73,258,331.05
Total	43,987,872.65	73,258,331.05

② Important overdue interest

The Group has no significant overdue interest at the end of period

（3）Other receivables

① Other receivables disclosed by account age

Account age	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	1,696,486,924.14	57.34	524,607.62	1,943,579,899.41	64.74	443,065.44
1 to 2 years	918,788,135.12	31.05	149,208,187.95	635,875,419.65	21.18	27,920,730.00
2 to 3 years	249,031,586.48	8.42	9,360,249.55	319,289,030.28	10.63	2,750,293.38
More than 3 years	94,521,704.80	3.19	43,501,561.03	103,715,220.33	3.45	22,926,884.48
Total	2,958,828,350.54	100.00	202,594,606.15	3,002,459,569.67	100.00	54,040,973.30

② Changes in provision for bad debt of other receivables

Opening balance	Amount increased in current period		Amount decreased in current period		Closing balance
	Recognition	Others	Reversal	Write-off	
54,040,973.30	149,873,158.76		1,278,240.00	41,285.91	202,594,606.15

8. Inventories

(1) Classification of Inventory

Item	Closing balance		
	Book balance	Devaluation provision	Book value
Raw material	2,674,125,865.11	36,896,741.60	2,637,229,123.51
Work-in-progress	4,165,343,177.57	893,750.06	4,164,449,427.51
Commodity stocks	20,424,005,252.60	511,283,871.38	19,912,721,381.22
Revolving material	5,429,943.74	2,636,699.63	2,793,244.11
Consigned processing material	31,015,869.09	806,567.01	30,209,302.08
Research and development project	2,656,099,134.84	2,659,902.82	2,653,439,232.02
Material in transit	7,373,012,860.54		7,373,012,860.54
Goods in transit	410,377,391.16	2,663,460.56	407,713,930.60
Total	37,739,409,494.65	557,840,993.06	37,181,568,501.59

(Continue)

Item	Opening balance		
	Book balance	Depreciation provision	Book value
Raw materials	1,871,153,814.47	21,251,585.93	1,849,902,228.54
Work-in-progress	3,923,558,527.66	2,609,476.17	3,920,949,051.49
Commodity stocks	18,470,489,557.30	347,091,675.70	18,123,397,881.60

Revolving materials	6,600,655.46	2,636,699.63	3,963,955.83
Consigned processing materials	28,159,570.75	1,422,030.17	26,737,540.58
Research and development project	3,449,274,074.34	2,783,401.89	3,446,490,672.45
Materials in transit	6,054,912,580.51	6,025,343.00	6,048,887,237.51
Goods in transit	137,732,279.13	1,795,061.27	135,937,217.86
Total	33,941,881,059.62	385,615,273.76	33,556,265,785.86

Note: The amount of inventory, which is used for financing mortgage is RMB 239,233,005.00 yuan (Year 2017: RMB 247,334,178.00 yuan) at the end of 2018.

(2) Provision for decline in value of inventories

Item	Opening balance	Amount increased in current period		Amount decreased in current period		Closing balance
		Recognition	Others	Reverse	Resell	
Raw materials	21,251,585.93	17,458,618.34		1,296,495.05	516,967.62	36,896,741.60
Work-in-progress	2,609,476.17			954,899.33	760,826.78	893,750.06
Commodity stocks	347,091,675.70	197,631,415.44		18,665,508.97	14,773,710.79	511,283,871.38
Revolving materials	2,636,699.63					2,636,699.63
Consigned processing material	1,422,030.17				615,463.16	806,567.01
Research and development project	2,783,401.89	415,363.16			538,862.23	2,659,902.82
Materials in transit	6,025,343.00			6,025,343.00		
Goods in transit	1,795,061.27	868,399.29				2,663,460.56
Total	385,615,273.76	216,373,796.23		26,942,246.35	17,205,830.58	557,840,993.06

9. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within 1 year	12,728,068.48	90,100,476.93
Unrealized financing income	-219,530.62	-3,185,424.95
Total	12,508,537.86	86,915,051.98

10. Other current assets

Item	Closing balance	Opening balance
Value added tax retained and input VAT for deduction	3,548,805,434.19	4,135,219,182.95
Withholding personal income tax	2,411,929.44	2,407,802.28
Withholding corporate income tax	90,109,273.55	60,868,896.27

Amortization cost	1,647,579,840.86	1,359,144,196.09
Bank financing products	205,179,828.85	
Others	56,414,269.80	87,470,087.27
Total	5,550,500,576.69	5,645,110,164.86

11. Debt investment

Item	Closing balance			Opening balance		
	Book balance	Devaluation provision	Book value	Book balance	Devaluation provision	Book value
Long-term loans	30,000,000.00		30,000,000.00			
Total	30,000,000.00		30,000,000.00			

12. Available-for-sale financial assets

Items	Closing balance of fair vale	Opening balance of fair vale
Available-for-sale equity instruments		4,543,050,394.31
Including: measured according to cost method		1,681,425,436.31
measured according to fair value		2,861,624,958.00
Less: provision of bad debt of financial assets held for sale		27,052,280.21
Total		4,515,998,114.10

13. Long-term receivables

(1) Long-term receivables situation

Item	Closing balance			Opening balance		
	Book value	Provision for bad debt	Net book value	Book value	Provision for bad debt	Net book value
Financing lease receivables	3,157,817,462.46	12,822,719.69	3,144,994,742.77	3,563,597,108.92		3,563,597,108.92
Instalment payment for providing labor services	105,280,638.00		105,280,638.00	94,519,566.00		94,519,566.00
Other long-term receivables	138,399,883.97		138,399,883.97	211,726,556.87	18,525,938.90	193,200,617.97
Instalment payment for offering goods				70,601,665.39	17,489,498.98	53,112,166.41
Retention Money				2,398,261.93		2,398,261.93
Total	3,401,497,984.43	12,822,719.69	3,388,675,264.74	3,942,843,159.11	36,015,437.88	3,906,827,721.23

(2) Changes in provision for bad debt of long-term receivables

Opening balance	Current year recognition	Current year de-recognition		Closing balance
		Reversal	Write-off	
36,015,437.88	12,822,719.69	17,489,498.98	18,525,938.90	12,822,719.69

14. Long-term equity investment

Investees	Opening balance	Opening balance of provision for impairment	Movement during the year			
			Increase	Decrease	Profit and loss recognized under equity method	Other comprehensive income changes
I. Joint venture						
V2 Plug-In Hybrid Vehicle Partnership HB	205,629,815.00				313,724,859.00	
Volvofinans Bank AB	1,839,027,287.00				121,197,354.00	
Obrist Technologies GmbH (Note)	42,094,764.00				-1,037,016.18	
Genius Auto Finance Co.,Ltd.	735,649,493.59		880,000,000.00		173,322,085.76	
Wenling Jirui Automobile Manufacture Co.,Ltd.	819,489.26				-1,476.55	
Wenling Xinhe Guaranty Co.,Ltd. Associated company	30,732,109.49				1,444,129.76	
Beijing Feiyue Liangjing Culture Communication Co.,Ltd.	500,000.00	500,000.00				
Geely Financials Denmark A/S			5,185,793,311.00		377,501,003.00	
Others	28,886,575.00		407,800,476.65		-399,872,985.65	
Subtotal	2,883,339,533.34	500,000.00	6,473,593,787.65		586,277,953.14	
II. Associates						
Mando (Ningbo) Automotive Components R&D Center Parts Co.,Ltd.	261,869,447.18				11,366,080.08	
Closed Joint Stock Company BELGEE	113,184,790.84		95,257,372.78		-71,314,663.50	

Zhejiang Geely Aixin Automatic Transmission Co.,Ltd.			97,521,840.00		-2,561,402.22	
Proton Holdings Berhad	961,455,758.56				-663,156,359.00	
Lotus Finance Limited	363,168.00					
Drb-Hicom Geely Sd.Bfd.			2,461.00			
Shandong Hengyuan New Energy Technology Co.,Ltd.	24,342,446.81				-7,333,365.72	
Hunan Jiangnan Automobile Manufacturing Co.,Ltd.	12,500,000.00					
Shanghai Jijin Electrical and Mechanical Equipment Co.,Ltd.			10,000,000.00		8,333,794.20	
Corun Hybrid Technology Co.,Ltd.	819,706,733.29				712,289.35	
Zhejiang Hengyuan new energy technology Co.,Ltd	82,467,521.05				-35,326,953.12	
Geely YinJian investment Co.,Ltd.	307,835.69			308,517.80	682.11	
Zhejiang Yinji Auto Spare Parts Co.,Ltd.	23,860,422.02				-383,361.01	
China Railway Gecent Technology Co.,Ltd.			3,513,964,575.33		-10,279,794.87	
Hangzhou Lianchuangyongyuan Equity Investment Partnership Enterprise (LP)	99,882,495.90				1,346,704.39	
Zhejiang Oulian Venture Capital Co.,Ltd.	117,613,386.61				-21,841,002.03	
Zhejiang Qianjiang Robot Co.,Ltd.	65,975,324.54				-12,575,833.93	
Global Intelligent Power Technologies Co.,Ltd.	113,881,679.60				-12,140,432.62	
Foshan Corun Intelligent Manufacturing Co.,Ltd.	800,145.14		12,000,000.00		-3,346,935.57	

Others	29,072,773.00			1,127,823.00	1,536,925.00	
Subtotal	2,727,283,928.23		3,728,746,249.11	1,436,340.80	-816,963,628.46	
Total	5,610,623,461.57	500,000.00	10,202,340,036.76	1,436,340.80	-230,685,675.32	

(Continued)

Investees	Increase and decrease the year				Closing balance	Closing balance of Depreciation reserves impairment provision at the end of year
	Other equities changes	Cash, dividends or profits issued	Provision for impairment	Others		
I. Joint venture						
V2 Plug-In Hybrid Vehicle Partnership HB	-11,909,961.00	356,566,510.00			150,878,203.00	
Volvofinans Bank AB	-36,249,787.00	182,169,881.00			1,741,804,973.00	
Obrist Technologies GmbH (Note)			6,926,147.82		41,057,747.82	6,926,147.82
Genius Auto Finance Co.,Ltd.					1,788,971,579.35	
Wenling Jirui Automobile Manufacture Co.,Ltd.					818,012.71	
Wenling Xinhe Guaranty Co.,Ltd.				-914,924.22	31,261,315.03	
Beijing Feiyue Liangjing Culture Communication Co.,Ltd.					500,000.00	500,000.00
Geely Financials Denmark A/S					5,563,294,314.00	
Others					36,814,066.00	
Subtotal	-48,159,748.00	538,736,391.00	6,926,147.82	-914,924.22	9,355,400,210.91	7,426,147.82

II. Associates						
Mando (Ningbo) Automotive Components R&D Center Parts Co.,Ltd.					273,235,527.26	
Closed Joint Stock Company BELGEE					137,127,500.12	
Zhejiang Geely Aixin Automatic Transmission Co.,Ltd.					94,960,437.78	
Proton Holdings Berhad					298,299,399.56	
Lotus Finance Limited					363,168.00	
Drb-Hicom Geely Sd.Bfd.					2,461.00	
Shandong Hengyuan New Energy Technology Co.,Ltd.					17,009,081.09	
Hunan Jiangnan Automobile Manufacturing Co.,Ltd.					12,500,000.00	
Shanghai Jijin Electrical and Mechanical Equipment Co.,Ltd.					18,333,794.20	
Corun Hybrid Technology Co.,Ltd.	158,878.90				820,577,901.54	
Zhejiang Hengyuan new energy technology Co.,Ltd					47,140,567.93	
Geely YinJian investment Co.,Ltd.						
Zhejiang Yinji Auto Spare Parts Co.,Ltd.					23,477,061.01	
China Railway Gecent Technology Co.,Ltd.					3,503,684,780.46	
Hangzhou Lianchuangyongyuan Equity Investment Partnership Enterprise (LP)					101,229,200.29	
Zhejiang Oulian Venture Capital Co.,Ltd.					95,772,384.58	
Zhejiang Qianjiang Robot Co.,Ltd.					53,399,490.61	

Global Intelligent Power Technologies Co.,Ltd.	-4,387,752.65				97,353,494.33	
Foshan Corun Intelligent Manufacturing Co.,Ltd.					9,453,209.57	
Others					29,481,875.00	
Subtotal	-4,228,873.75				5,633,401,334.33	
Total	-52,388,621.75	538,736,391.00	6,926,147.82	-914,924.22	14,988,801,545.24	7,426,147.82

Note: The subsidiary Weirui Electric Vehicle Technology (Suzhou) Co.,Ltd. has obtained the approval of the Suzhou Industrial Zone administrative examination and approval bureau for the confirmation letter of cancellation of overseas investment in Obrist Technologies GmbH on August 13, 2018, and conducted cancellation procedures in accordance with the confirmation letter.

According to the Share Transfer Agreement which was officially announced on February 18, 2019，50% of shares of Obrist Technologies GmbH held by Weirui Electric Vehicle Technology (Suzhou) Co.,Ltd. was transferred to Obrist&CoOG with 4.50 million Euro transfer consideration, which was converted to RMB 34,131,600.00 at the exchange rate of the transaction cash date. The investment cost for Obrist Technologies GmbH of Weirui Electric Vehicle Technology (Suzhou) Co.,Ltd. is 40,149,391.84 yuan, book balance is 41,057,747.82yaun, and the amount of provision for impairment of the difference between book balance and disposal price in this year is 6,926,147.82 yuan.

15. Other equity instruments investment

Item	Closing balance	Opening balance
Financial assets measured at fair values and changes accounted into other comprehensive income	17,510,791,549.30	
Total	17,510,791,549.30	

16. Other non-current financial assets

Item	Closing balance	Opening balance
Shanxi Automobile Development Research Center Co.,Ltd.	500,000.00	
Zhejiang Automobile Vocational and Technical College	30,875,000.00	
Chengdu Xindadi Automobile Co.,Ltd.	44,980,000.00	
Taizhou Geely Automobile Industry Co.,Ltd.	2,000,000.00	
Ningbo Fuli Battery Material Technology Co.,Ltd.	8,000,000.00	
Jinan Jidao Automobile Parts Co.,Ltd.	2,160,000.00	
Zhejiang Limin Industrial Co.,Ltd.	4,832,850.00	
Zhejiang Yinzhili Automobile Heat Exchange System Co.,Ltd.	4,050,000.00	
Zhejiang Jijitai Automobile Interior Co.,Ltd.	3,420,000.00	
Guoqi (Beijing) Automotive Lightweight Technology Research Institute Co.,Ltd.	3,000,000.00	
Zhongfalian Investment Co.,Ltd.	10,500,000.00	
Zhejiang Modern Capital and Industry Institute	30,000.00	
Zhejiang Faurecia limin Automobile Interior and Exterior Decoration System Co.,Ltd.	6,120,000.00	
Carbon Recycling Int'l Ehf.	90,930,766.38	
Wuhan Digital Design and Manufacturing Innovation Center Co.,Ltd.	10,009,433.96	
Shanghai Xiaoi Robot Technology Co.,Ltd	180,492,867.36	
Shandong Jingu Auto Parts Co.,Ltd.	35,000,000.00	
Others	141,928,500.00	
Faurecia Emissions Control Technologies (Ningbo) Co.,Ltd.	896,954.94	
Nanchong Chuanhua Green Huilian Logistics Co.,Ltd.	1,500,000.00	
Total	581,226,372.64	

17. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	70,580,157,364.71	55,730,662,088.70
Disposal of fixed assets	6,610,503.42	11,731,936.98
Total	70,586,767,868.13	55,742,394,025.68

Fixed assets situation

Item	Houses and Buildings	Machinery equipments	Transport equipments	Moulds and Gauges	Electronic and Office equipments	Other equipments	Total
1. Acquisition cost							
1) Opening balance	24,653,105,199.99	83,386,104,151.33	2,397,712,067.16	1,982,643,409.92	1,256,391,611.98	104,026,520.95	113,779,982,961.33
2) Increased	7,095,398,146.84	17,504,763,646.75	1,828,609,409.79	868,914,773.28	526,172,511.30	58,829,971.75	27,882,688,459.71
① New purchase	2,311,304,095.44	11,124,763,393.63	1,887,881,816.34	510,809,187.41	422,387,929.39	58,829,971.75	16,315,976,393.96
② Transfer from construction-in-process	4,957,026,669.40	8,058,143,180.80	12,803,565.21	358,105,585.87	104,007,786.91		13,490,086,788.19
③Translation reserve	-172,932,618.00	-1,678,142,927.68	-72,075,971.76		-223,205.00		-1,923,374,722.44
3) Decreased	718,631,691.50	9,073,659,866.30	1,627,875,810.03	50,094,592.59	48,319,853.52	6,407,617.81	11,524,989,431.75
Disposal or retirement	718,631,691.50	9,073,659,866.30	1,627,875,810.03	50,094,592.59	48,319,853.52	6,407,617.81	11,524,989,431.75
4) Closing balance	31,029,871,655.33	91,817,207,931.78	2,598,445,666.92	2,801,463,590.61	1,734,244,269.76	156,448,874.89	130,137,681,989.29
2.Accumulated depreciation							
1) Opening balance	8,315,431,198.63	48,220,571,788.06	67,511,720.22	873,115,528.66	420,041,403.45	45,456,527.62	57,942,128,166.64

Item	Houses and Buildings	Machinery equipments	Transport equipments	Moulds and Gauges	Electronic and Office equipments	Other equipments	Total
2) Increased	802,993,301.09	5,220,615,440.98	549,332,239.04	269,750,393.29	125,140,591.87	11,289,926.05	6,979,121,892.32
① Depreciation	901,133,986.09	6,255,484,293.12	559,571,442.32	269,750,393.29	125,140,591.87	11,289,926.05	8,122,370,632.74
② Translation reserve	-98,140,685.00	-1,034,868,852.14	-10,239,203.28				-1,143,248,740.42
3) Decreased	264,970,005.00	4,821,510,397.95	302,368,956.78	32,756,235.21	23,336,082.00	1,027,861.85	5,445,969,538.79
Disposal or retirement	264,970,005.00	4,821,510,397.95	302,368,956.78	32,756,235.21	23,336,082.00	1,027,861.85	5,445,969,538.79
4) Closing balance	8,853,454,494.72	48,619,676,831.09	314,475,002.48	1,110,109,686.74	521,845,913.32	55,718,591.82	59,475,280,520.17
3. Provision for impairment loss							
1) Opening balance		98,034,062.18	109,042.97	8,630,552.95	197,374.36	221,673.53	107,192,705.99
2) Increased	402,715.31	40,422,815.62	475,529.10	5,855,273.98	396,686.38		47,553,020.39
Depreciation	402,715.31	40,422,815.62	475,529.10	5,855,273.98	396,686.38		47,553,020.39
3) Decreased	230,734.82	71,958,970.62	191,783.28	97,039.80	23,093.45		72,501,621.97
Disposal or retirement	230,734.82	71,958,970.62	191,783.28	97,039.80	23,093.45		72,501,621.97
4) Closing balance	171,980.49	66,497,907.18	392,788.79	14,388,787.13	570,967.29	221,673.53	82,244,104.41
4. Residual book value							
1) Closing balance of book value	16,337,674,001.36	35,067,498,301.09	2,330,091,303.97	1,100,897,328.31	836,152,834.17	58,348,319.80	55,730,662,088.70
2) Opening balance of book value	22,176,245,180.12	43,131,033,193.51	2,283,577,875.65	1,676,965,116.74	1,211,827,389.15	100,508,609.54	70,580,157,364.71

18. Construction-in-progress

Items	Closing balance	Opening balance
Construction-in-process	8,789,454,677.61	14,691,151,929.93
Construction materials		
Total	8,789,454,677.61	14,691,151,929.93

Construction-in-process situation

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Building and structures	294,700,670.30		294,700,670.30	847,454,973.68		847,454,973.68
Constructions	1,867,592,097.48		1,867,592,097.48	2,630,591,122.41		2,630,591,122.41
Equipments	2,033,902,738.98		2,033,902,738.98	4,333,732,654.42		4,333,732,654.42
Moulds and measuring tools	2,540,255.67		2,540,255.67	32,222,801.88		32,222,801.88
Domestic and overseas projects of Geely Zhaoyuan	4,587,139,055.00		4,587,139,055.00	6,835,327,736.00		6,835,327,736.00
Stay installed softwares	3,579,860.18		3,579,860.18	11,822,641.54		11,822,641.54
Total	8,789,454,677.61		8,789,454,677.61	14,691,151,929.93		14,691,151,929.93

19. Intangible assets

Item	Opening balance	Increased	Decreased	Translation reserve	Closing balance
1. Acquisition cost	55,586,466,393.78	12,137,958,331.07	3,229,476,701.49	-1,065,859,382.09	63,429,088,641.27
Software systems	3,020,454,521.97	766,644,469.64	67,670,263.54	-79,265,089.00	3,640,163,639.07

Item	Opening balance	Increased	Decreased	Translation reserve	Closing balance
Proprietary technology	4,235,131,261.08	3,181,457,780.04	62,620,890.32		7,353,968,150.80
Land use rights	4,843,793,974.01	2,713,490,167.22	1,400,415,761.24		6,156,868,379.99
Non-Patents technology	27,936,963,201.01	5,149,486,796.56	1,590,324,703.01	-645,913,769.09	30,850,211,525.47
Patent rights	2,349,684,617.01		42,450,000.00		2,307,234,617.01
Trademark rights	3,096,791,645.79		21,094,523.38	-88,691,403.00	2,987,005,719.41
Dealer network	632,106,393.00			-10,217,076.00	621,889,317.00
Others	9,471,540,779.91	326,879,117.61	44,900,560.00	-241,772,045.00	9,511,747,292.52
2. Accumulated amortization	22,298,476,280.33	7,446,735,125.33	300,858,448.57	-523,651,126.00	28,920,701,831.09
Software systems	1,676,436,873.91	247,604,329.97	22,834,903.47	-44,439,275.00	1,856,767,025.41
Proprietary technology	750,084,964.11	1,271,115,358.18	51,624,763.60		1,969,575,558.69
Land use rights	352,690,011.92	176,680,943.79	55,368,528.47		474,002,427.24
Non-Patents technology	12,014,551,927.73	5,366,559,712.51	123,692,117.34	-280,966,539.00	16,976,452,983.90
Patent rights	90,080,449.03	1,016,000.04	40,195,416.69		50,901,032.38
Trademark rights	93,464,159.44	257,475.80		121,500.00	93,843,135.24
Dealer network	156,267,132.00	20,671,751.00		-2,463,593.00	174,475,290.00
Others	7,164,900,762.19	362,829,554.04	7,142,719.00	-195,903,219.00	7,324,684,378.23
3. Total provision for impairment loss	175,331,895.53		17,203,849.91		158,128,045.62

Item	Opening balance	Increased	Decreased	Translation reserve	Closing balance
Software systems					
Proprietary technology	158,128,045.62				158,128,045.62
Land use rights					
Non-Patents technology	17,203,849.91		17,203,849.91		
Patent rights					
Trademark rights					
Dealer network					
Others					
4. Total net book value	33,112,658,217.92				34,350,258,764.56
Software systems	1,344,017,648.06				1,783,396,613.66
Proprietary technology	3,326,918,251.35				5,226,264,546.49
Land use rights	4,491,103,962.09				5,682,865,952.75
Non-Patents technology	15,905,207,423.37				13,873,758,541.57
Patent rights	2,259,604,167.98				2,256,333,584.63
Trademark rights	3,003,327,486.35				2,893,162,584.17
Dealer network	475,839,261.00				447,414,027.00
Others	2,306,640,017.72				2,187,062,914.29

20. Development expenditure

Item	Opening balance	Increase during the year	Decrease during the year		Translation reserve	Closing balance
			Transferred into current profit and loss	Recognized as Intangible assets		
Research costs	1,657,451.06	4,350,344,148.70	4,352,001,599.76			
Development costs	18,364,654,809.00	16,682,698,329.83	4,976,488,037.64	3,011,544,096.62	-123,144,289.00	26,936,176,715.57
Total	18,366,312,260.06	21,033,042,478.53	9,328,489,637.40	3,011,544,096.62	-123,144,289.00	26,936,176,715.57

21. Goodwill

Item	Closing balance	Opening balance
Opening balance	657,704,584.65	399,898,449.19
Increased value through business combination	76,602,697.00	257,806,135.46
Others	-11,329,474.88	
Closing balance	722,977,806.77	657,704,584.65

22. Long-term deferred expenses

Item	Opening balance	Increase during the year	Amortization during the year	Other decrease	Closing balance
Fix and repair costs	40,245,883.98	31,826,093.41	16,154,382.21	248,717.95	55,668,877.23
Outsouring fee	16,648,109.55		16,648,109.55		
Land leasing payable in advance	23,941,610.00		114,186.00	13,465,868.00	10,361,556.00
Service fee	11,172,900.35	128,214,741.18	55,362,110.31		84,025,531.22
Others	31,654,753.38	24,398,483.40	30,884,125.01	2,179,478.88	22,989,632.89
Total	123,663,257.26	184,439,317.99	119,162,913.08	15,894,064.83	173,045,597.34

23. Deferred income tax assets/deferred income tax liabilities

(1) Listed deferred income tax assets without offset

Item	Closing balance		Opening balance	
	Deductible temporary difference	deferred income tax assets	Deductible temporary difference	deferred income tax assets
Loss on accrued assets devaluation	527,112,610.72	119,208,112.65	387,180,944.84	49,791,298.97
Deductible losses	11,268,691,564.22	3,028,078,430.72	5,475,145,509.65	1,395,962,477.00
Defined-benefit pension plan liability	1,049,208,241.34	313,976,883.21	1,209,740,511.27	335,176,843.67
Accrued expenses	9,231,988,027.24	2,311,113,115.54	9,459,564,392.77	2,421,352,213.54
Product quality guarantee	3,641,531,610.07	948,101,635.32	2,417,080,941.35	631,211,100.85
Government grants	1,416,355,501.15	212,453,325.18	1,418,738,625.48	213,694,575.18
The accumulated amortization difference between accounting and tax of intangible assets	2,184,600,001.35	340,076,395.69	739,688,076.72	113,581,545.31
The difference between accounting and tax of employee benefit payable	6,688,068.42	2,056,801.98	6,311,438.46	1,504,382.33
Inventory	81,820,867.04	22,751,922.28	138,510,787.94	36,096,900.19

Item	Closing balance		Opening balance	
	Deductible temporary difference	deferred income tax assets	Deductible temporary difference	deferred income tax assets
Fixed assets	-345,386,621.29	-75,564,591.25	-7,213,143.31	-5,458,115.48
Unrealized financing income	296,222,772.40	74,055,693.10	219,340,824.04	54,835,206.01
Unrealized profits in internal transactions	145,333,059.75	34,701,562.02	9,057,714.44	2,264,428.62
Others	-2,313,832,149.94	-807,831,286.04	-3,396,810,348.17	-927,681,873.97
Total	27,190,333,552.47	6,523,178,000.40	18,076,336,275.48	4,322,330,982.22

(2) Listed deferred income tax liabilities without offset

Item	Closing balance		Opening balance	
	Deductible temporary difference	deferred income tax liabilities	Deductible temporary difference	deferred income tax liabilities
Depreciation of fixed assets and amortization of intangible assets	24,124,615,478.15	5,208,000,794.35	24,209,902,056.00	5,379,988,701.00
Deductible losses	-15,463,095,315.71	-3,185,401,819.99	-16,479,016,028.00	-3,625,965,955.00
Pension plan liabilities	-4,871,672,812.76	-1,003,678,302.20	-3,645,060,617.00	-801,912,400.00
Losses and gains of fair value variance of available-for-sale financial assets	104,465,947.12	26,116,486.78	138,137,500.00	34,534,375.00
Others	1,402,496,488.03	354,605,342.53	3,020,798,172.76	624,498,664.94
Total	5,296,809,784.83	1,399,642,501.47	7,244,761,083.76	1,611,143,385.94

(3) List of deferred income tax assets without recognition

Item	Closing balance	Opening balance
Deductible temporary differences	939,109,244.16	410,193,069.98
Deductible losses	630,132,508.05	1,547,639,673.06
Total	1,569,241,752.21	1,957,832,743.04

24. Other non-current assets

Item	Closing balance	Opening balance
Prepayment for construction, equipment and land	591,514,078.29	536,335,802.67
Pension plan assets	258,955,323.00	218,638,174.00
Long-term lease deposit	17,534,259.00	5,534,984.00
Development expenses in advance		37,424,844.08
Refund of tax and levies	99,049,732.00	51,069,425.00

Long-term financial instrument	241,082,183.00	978,388,043.00
In which: exchange rate hedging instruments (Note VI.3)	198,609,678.00	966,642,412.00
Interest rate swap instruments (1)	12,413,828.00	2,673,207.00
Electricity futures (Note VI.3)	30,058,677.00	9,072,424.00
Total	1,208,135,575.29	1,827,391,272.75

(1) At the balance sheet date, Geely Zhaoyuan owns the interest rate swap contract with a positive fair value. The Group thinks that the hedging is highly effective.

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
4,515,588,955.00	1 to 5 years	12,413,828.00

Note①: Nominal amount is currency amount of the subject in the contract, and it is presented in RMB converted according to the spot exchange rate with RMB on December 31, 2018.

25. Short-term loans

(1) Classification of short-term loans

Item	Closing balance	Opening balance
Pledged loans (Note)	2,633,724,775.43	
Mortgage loans	311,131,485.00	241,853,453.00
Guarantee loans	11,795,256,938.30	6,200,927,820.56
Credit loans	20,352,978,690.00	7,315,280,541.00
Total	35,093,091,888.73	13,758,061,814.56

Note: Pledged loans

The bank loans are made by Beichen Automobile (Shanghai) Co.,Ltd. with its own certificates of deposit as pledged.

(2) The Group has not any overdue short-term loans without payable at the end of current year.

26. Financial liabilities held for trading

Item	Closing balance	Opening balance
Forward foreign exchange	6,604,733.21	
Total	6,604,733.21	

27. Derivative financial liabilities

Item	Closing balance	Opening balance
Hedging instruments	1,412,955,811.00	
Including: cash flows hedging instruments (Note 1)	1,317,611,569.00	
Hedging instruments for net assets from net foreign investments (Note 2)	95,344,242.00	
Interest rate swap instruments	44,446.00	
Electricity futures (Note 3)	1,362,799.00	
Total	1,414,363,056.00	

Note: see details of the opening balance in Note VI.28 “Financial Liabilities Measured at Fair Values and Changes Accounted into Current Profit or Losses”.

Note 1: At the balance sheet date, Geely Zhaoyuan owns the foreign exchange forward contract and option contract with negative fair values (foreign exchange forward contract and option contract with positive values, see Note VI, 3), which was designated to be the highly effective hedging instruments to manage the exposure to the foreign exchange rate risk related to the expected foreign currency sales and purchases in 2018. The Group thinks that the hedging is highly effective. The Group buys foreign exchange forward contract and option contract to avoid the foreign exchange risk. The articles in the foreign exchange forward contract and the option contract signed by the Group are consistent with the articles of predicted transaction. The main contents are as follows:

Foreign exchange forward contract

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
2,757,371,206.00	Within 1 month	-139,277,546.00
5,040,778,024.00	1 to 3 months	-285,872,651.00
14,853,187,677.00	3 to 12 months	-886,420,835.00
24,800,301,897.00	1 to 5 years	-1,237,140,890.00

Foreign exchange option contract

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
741,349,250.00	Within 1 month	-598,846.00
760,882,261.00	1 to 3 months	-5,441,691.00

Note①: Nominal amount is currency amount of the subject in the contract, and it is presented in RMB converted according to the spot exchange rate with RMB on December 31, 2018. For those foreign exchange forward and option contracts, whose maturity dates are 1-5 years, the fair value see Note VI, 42 “Other Non-current Assets”.

Note 2: Geely Zhaoyuan uses the exchange rate swap contract and exchange rate option contract to reduce exposure to the exchange rate risk of net investment in overseas operations. The concrete information is listed as follows:

Exchange rate swap contract

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
6,016,826,785.00	Within 1 month	-67,482,287.00
4,685,993,582.00	1 to 3 months	-26,415,940.00

Exchange rate swap contract

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
644,528,200.00	Within 1 month	-869,811.00
137,549,968.00	1 to 3 months	-197,637.00
137,549,968.00	3 to 12 months	-378,567.00

Note①: Nominal amount is currency amount of the subject in the contract, and it is presented in RMB converted according to the spot exchange rate with RMB on December 31, 2018.

Note 3: At the balance sheet date, Geely Zhaoyuan owns the following electricity forward contract with negative fair values.

Nominal amount (Note①) RMB	Maturity date	Fair value RMB
1,048,436.00	3 to 12 months	-1,362,799.00
1,337,892.00	1 to 5 years	-238,105.00

Note①: The positive amounts represent buying hedges. To hedge against the electricity price fluctuation, Geely Zhaoyuan buys and sells hedges in the open market. The positive nominal amount means the net long position of the contracts and the negative nominal amounts represent the net short position of the contracts. For those electricity forward contracts, whose maturity dates are 1 to 5 years, the fair value, see Note VI.42 "Other Non-current Assets".

28. Financial liabilities measured at fair values and changes accounted into current profit or losses

Item	Closing balance	Opening balance
Hedging instruments		449,478,447.00
Including: cash flow hedging instruments (Note 1)		387,831,952.00
Fair value hedging instruments (Note 2)		61,646,495.00
Electricity forwards contract (Note 3)		3,119,288.00
Total		452,597,735.00

29. Bills and accounts payable

（1）Total item list

Item	Closing balance	Opening balance
Bills payable	13,408,629,748.98	9,709,904,853.31
Accounts payable	42,129,995,945.41	41,860,453,107.69
Total	55,538,625,694.39	51,570,357,961.00

（2）Bills payable

Item	Closing balance	Opening balance
Bank's acceptance bill	13,408,629,748.98	9,709,904,853.31
Total	13,408,629,748.98	9,709,904,853.31

Note: No unpayable bills payable due in at the end of current year.

（3）Accounts payable

① Book account age list

Aging	Closing balance	Opening balance
Within 1 year	41,366,721,892.31	40,938,068,485.29
1 to 2 years	447,039,120.02	283,563,359.93
2 to 3 years	6,034,190.53	344,023,308.71
More than 3 years	310,200,742.55	294,797,953.76
Total	42,129,995,945.41	41,860,453,107.69

Note: The closing balance of accounts payable shall not be accounted in amount of shareholders with 5% (including 5%) shares of our Group; The unpaid amount of other related parties shall be accounted in the closing balance of accounts payable in attachment Note IX.6 (2).

② Item list

Item	Closing balance	Opening balance
Payment of material	42,129,995,945.41	41,860,453,107.69
Total	42,129,995,945.41	41,860,453,107.69

30. Advances from customers

(1) Account age list

Book account age	Closing balance	Opening balance
Within 1 year	5,778,641,778.99	8,851,063,028.56
1 to 2 years	2,612,782.51	54,601,654.12
2 to 3 years	430,017.60	4,842,668.27
More than 3 years	462,539.93	621,914.53
Total	5,782,147,119.03	8,911,129,265.48

(2) Item list

Item	Closing balance	Opening balance
Products transaction payment	5,771,741,877.41	8,909,722,966.41
Others	10,405,241.62	1,406,299.07
Total	5,782,147,119.03	8,911,129,265.48

31. Contract liabilities

Item	Closing balance	Opening balance
Accessory obligation of sales	8,563,604,912.74	
Optional value-added service plan	2,735,842,980.93	
Contractual deferred earnings with contractual obligations	188,365,004.33	
Advances on sales	3,062,861,793.13	
Less: contract liabilities included in other non-current liabilities	3,625,675,767.91	
Total	10,924,998,923.22	

32. Employee benefits payable

(1) Employee benefits payable shown as follows:

Item	Closing balance	Opening balance
I. Short-term employee benefits payable	5,088,806,244.59	5,171,425,492.54
II. Post-employment welfare – defined contribution plan	1,238,225,348.24	1,276,556,587.53
III. Termination Benefit	3,606,636.38	1,719,274.41
Total	6,330,638,229.21	6,449,701,354.48

(2) Short-term employee benefits payable shown as follows:

Item	Closing balance	Opening balance
1. Salaries, wages, allowance and bonus	4,799,698,063.80	4,837,792,379.19
2. Employee Benefits	36,162,648.77	91,246,410.78
3. Insurance premium	162,691,746.14	161,851,778.49
Including: medical insurance	26,219,098.53	26,083,730.91
Work-Related Injury Insurances	40,470,498.78	40,261,552.04
Maternity insurance	96,002,148.83	95,506,495.54
4. Housing fund	40,453,242.99	37,008,385.45
5. Labor union expenditure and personnel education	27,002,210.91	31,589,793.64
6. Short-term compensated absences		
7. Short-term profit share plan		
8. Staff incentive and welfare fund	22,798,331.98	11,936,744.99
Total	5,088,806,244.59	5,171,425,492.54

(3) Defined contribution plan shown as follows:

Item	Closing balance	Opening balance
1. Endowment insurance	846,211,905.99	862,649,868.84
2. Unempolyment insurance	392,013,442.25	413,906,718.69
Total	1,238,225,348.24	1,276,556,587.53

(4) Termination benefit

Item	Closing balance	Opening balance
Compensation for the lifting of labor relations	3,606,636.38	1,719,274.41
Total	3,606,636.38	1,719,274.41

33. Taxes payable

Item	Closing balance	Opening balance
VAT	953,082,833.21	1,780,704,114.57
Consumption tax	1,269,889,165.11	1,330,223,904.30
Corporate income tax	2,821,811,427.16	1,791,057,720.13
Personal income tax	51,538,012.54	91,760,040.90
City maintenance and construction tax	59,407,824.32	106,746,976.72
Educational surtax	42,391,274.16	79,032,277.88
Land value increment tax	7,766,017.69	5,826,526.31
Housing property tax	42,127,520.83	32,372,617.26
Tenure tax	49,831,378.01	37,419,007.49
Stamp duty	22,620,435.32	34,272,764.31

Other tax	137,911,782.13	74,203,109.17
Total	5,458,377,670.48	5,363,619,059.04

34. Other payables

（1）Total item list

Item	Closing balance	Opening balance
Interest payable	534,368,045.37	344,887,184.46
Dividends payable	7,168,767.12	7,168,767.12
Other payables	5,081,459,045.89	12,709,521,107.89
Total	5,622,995,858.38	13,061,577,059.47

（2）Interest payable

Item	Closing balance	Opening balance
Loan interest	392,256,915.57	166,135,078.70
Corporate bond interest	142,111,129.80	178,752,105.76
Total	534,368,045.37	344,887,184.46

（3）Dividends payable

Item	Closing balance	Opening balance
Perpetual capital securities which are equity instruments	7,168,767.12	7,168,767.12
Total	7,168,767.12	7,168,767.12

（4）Other payables

① Account age list

Account age	Closing balance	Opening balance
Within 1 year	3,708,095,651.64	9,723,062,328.61
1 to 2 years	713,791,687.40	1,195,971,893.78
2 to 3 years	201,402,424.73	139,621,007.91
More than 3 years	458,169,282.12	1,650,865,877.59
Total	5,081,459,045.89	12,709,521,107.89

Note: Other payables to shareholders owning more than 5% (including 5%) of the Group's shares are not included in the Closing balance of other payables; for details of arrears of other related parties in the closing balance among other payables, please see Note IX.6 (2).

② Items listed

Item	Closing balance	Opening balance
Current account and Temporary loans	4,092,551,190.63	10,573,803,064.83
Deposits, etc	896,220,688.04	1,088,022,971.38

Item	Closing balance	Opening balance
Others	92,687,167.22	1,047,695,071.68
Total	5,081,459,045.89	12,709,521,107.89

35. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	2,322,928,188.26	3,523,531,813.14
Bonds payable due within one year	1,499,822,465.76	2,996,875,799.10
Long-term accounts payable due within one year	12,264,445.00	23,745,190.00
Provisions due within one year	5,049,881,151.00	4,428,904,906.29
Total	8,884,896,250.02	10,973,057,708.53

36. Other current liabilities

Item	Closing balance	Opening balance
Withheld expenses	9,333,297,345.34	16,558,223,531.77
After-sales repurchase obligations	2,822,930,188.96	5,017,418,034.00
Total	12,156,227,534.30	21,575,641,565.77

37. Long-term loans

Item	Closing balance	Opening balance
Mortgaged loans	3,449,336.11	44,152,059.02
Guaranteed loans	4,662,367,348.14	3,251,536,717.00
Credit loans	28,776,097,675.00	13,646,127,256.00
Less: long-term loans due within one year	2,322,928,188.26	3,523,531,813.14
Total	31,118,986,170.99	13,418,284,218.88

38. Bonds payable

Item	Closing balance	Opening balance
13 Geely Corporate Bond	1,200,000,000.00	1,200,000,000.00
15 Geely Corporate Bond 01	41,000,000.00	
16 Geely MTN001		1,498,922,465.76
18 Geely MTN002	1,995,047,169.82	
500 MEUR fixed rate exchangeable bond matured in 5 years (Note1)	3,922,714,687.00	3,848,144,722.00
3 billion Swedish Krona fixed rate with floating rate layers exchangeable bond matured in 5.25 years (Note 2)	2,295,535,200.00	2,365,010,345.00

Item	Closing balance	Opening balance
500 MEUR exchangeable bond matured in 7.2 years (Note 3)	3,924,820,552.00	3,882,772,495.00
Green Bond	2,693,166,759.00	2,568,774,153.00
250 MUSD exchangeable bond matured in 3 years (Note 4)	1,710,307,290.00	
300 MUSD fixed rate senior bond matured in 5 years (Note 5)	2,047,822,296.29	
Total	19,830,413,954.11	15,363,624,180.76

Note 1: Geely Zhaoyuan issued 500 million Euro (equivalent to about RMB 3.6 billion yuan) fixed rate exchangeable bond matured in 5 years in May 2016. This exchangeable e bond is listed under Euro MTF list on the Luxembourg Stock Exchange.

Note 2: Geely Zhaoyuan issued 3 billion Swedish Krona (equivalent to about RMB 2.3 billion yuan) fixed rate with floating rate layers exchangeable bond matured in 5.25 years in November 2016. This convertible bond is listed under Euro MTF list on the Luxembourg Stock Exchange.

Note 3: Geely Zhaoyuan issued 500 million Euro (equivalent to about RMB 3.9 billion yuan) fixed rate exchangeable bond matured in 7.2 years in November 2017.

Note 4: Geely Zhaoyuan issued US$250 million (equivalent to about RMB 17 billion yuan) fixed rate exchangeable bond matured in 3 years in November 2018.

Note 5: In January 2018, Geely Automobile Holdings Co.,Ltd. (0175, HK) issued US$300 million bonds， raising the net proceeds of around US$297,296,000. It matures in 2023. Interest has been paid semi-annually since July 23, 2018.

39. Long-term accounts payable

Item	Closing balance	Opening balance
Account payable for financing lease (Note 1)	47,568,085.00	41,101,826.00
Loans for long-term projects	300,000,000.00	250,000,000.00
Excess loss of long-term equity investment(Note 2)	79,151,618.00	128,425,574.00
Sales with buyback obligation (Note 3)	764,538,414.20	908,219,316.00
Others	79,151,618.00	697,291,104.00
Less: payable due within one year (See Note VII.35)	12,264,445.00	23,745,190.00
Total	1,258,145,290.20	2,001,292,630.00

Note 1: Account payable for financing lease is as follows:

Period	Closing balance	Opening balance
The 1st year subsequent to the balance sheet	8,312,234.00	6,982,429.00
The 2nd to 5th year subsequent to the balance sheet	33,248,937.00	27,929,717.00
The 6th year subsequent to the balance sheet date	8,312,234.00	6,982,430.00
Total minimum payment for lease	49,873,405.00	41,894,576.00
Less: financing charges unrecognized	2,305,320.00	792,750.00
Accounts payable for financing lease	47,568,085.00	41,101,826.00

Note 2: The excessive loss of long-term equity investment attributes to the equity-holding of Zenuity

AB of Geely Zhaoyuan , and the sustained loss of Zenutiy AB.

Note 3: Part of the sales of the Geely Zhaoyuan has a repurchase agreement:1) the difference between sales price and present value of agreed repurchase price is recognized as deferred income. It is recognized as income in each period based on effective interest method before buyback.2) The present value of promised buyback price is recognized as liability.

40. Provisions

Item	Closing balance	Opening balance
Produce warranty and estimated service cost (Note)	4,808,952,386.48	7,853,214,749.00
Others	5,343,724.80	26,116,406.61
Total	4,814,296,111.28	7,879,331,155.61

Note: product warranty and estimated service cost have been deducted from the provisions due within 1 year (see Note VI.35).

41. Deferred income

Item	Closing balance	Opening balance
Governmental compensation for relocation and Research and development subsidies	13,208,921,723.93	7,776,774,480.08
Others	2,674,992.72	5,737,630.42
Total	13,211,596,716.65	7,782,512,110.50

42. Other non-current liabilities

Item	Closing balance	Opening balance
Long-term derivative financial liabilities	1,259,213,929.00	176,727,066.00
In which: other financial instruments except interest rate swap instruments (see Note VI.27)	238,105.00	162,759,384.00
Interest rate swap instruments		13,967,682.00
Exchange rate hedging instruments (see Note VI.27)	1,258,975,824.00	
Pension liabilities and corresponding social insurance premiums	6,480,128,777.34	5,172,704,834.00
Single performance obligations recognized by contract for over one year	3,625,675,767.91	
Others	466,464,975.63	425,368,570.00
Total	11,831,483,449.88	5,774,800,470.00

43. Share capital

Shareholder's name	Opening balance		Increase during the year	Decrease during the year	Closing balance	
	Amount of equity	Percentage %			Amount of equity	Percentage %
Li Shufu	847,000,000.00	91.08			847,000,000.00	91.08
Li Xingxing	83,000,000.00	8.92			83,000,000.00	8.92
Total	930,000,000.00	100.00			930,000,000.00	100.00

44. Other equity instruments

Item	Closing balance	Opening balance
Perpetual capital securities	2,000,000,000.00	2,000,000,000.00
Total	2,000,000,000.00	2,000,000,000.00

45. Capital reserve

Item	Opening balance	Increased	Decreased	Closing balance
Capital premium	8,345,635,987.32			8,345,635,987.32
Other capital reserve	10,662,187,008.30	67,933,343.53	31,625,535.79	10,698,494,816.04
Total	19,007,822,995.62	67,933,343.53	31,625,535.79	19,044,130,803.36

46. Other comprehensive income

Item	Opening balance	Amount accruing in current the year					Closing balance
		Amount incurred before income tax in current year	Less: current loss and income transferred from other comprehensive income in previous period	Less: income tax expenses	After-tax amount attributable to the parent company	After-tax amount attributable to minor shareholders	
I. Other comprehensive income which will not be re-classified into the profits and losses	-158,384,559.47	-10,709,114,027.00		-306,696,932.00	-10,394,592,249.00	-7,824,846.00	-10,552,976,808.47
Including: share under the equity method enjoyed in other comprehensive income not classified into the profits and losses of the invested entity	29,323,333.53	-9,230,625,710.00			-9,230,625,710.00		-9,201,302,376.47
Actuarial gains and losses reclassification (pensions)	-187,707,893.00	-1,478,488,317.00		-306,696,932.00	-1,163,966,539.00	-7,824,846.00	-1,351,674,432.00
II. Other comprehensive income that will be re-classified into profits and losses.	3,423,497,158.00	-4,115,286,079.94		-619,950,573.00	-3,528,875,431.53	33,539,924.59	-105,378,273.53
Including: share under the equity method enjoyed in other comprehensive income not classified into the profits and losses of the invested entity	-12,900,359.01	158,878.90			158,878.90		-12,741,480.11
Amount of financial assets re-classified into other comprehensive income	1,735,958,255.05	-629,858,509.16			-629,858,509.16		1,106,099,745.89
Changes in cash flow hedge recognized in other comprehensive income	585,780,992.00	-2,919,995,156.00		-619,457,759.00	-2,300,537,397.00		-1,714,756,405.00
Translation differences of financial statements of foreign currency	1,114,658,269.96	-565,591,293.68		-492,814.00	-598,638,404.27	33,539,924.59	516,019,865.69
Other comprehensive income in total	3,265,112,598.53	-14,824,400,106.94		-926,647,505.00	-13,923,467,680.53	25,715,078.59	-10,658,355,082.00

47. Surplus reserve

Item	Opening balance	Increased	Decreased	Closing balance
Statutory surplus reserve	38,589,968.34	2,144,774.55		40,734,742.89
Total	38,589,968.34	2,144,774.55		40,734,742.89

48. Undistributed profits

Item	Closing balance	Opening balance
Undistributed profits at the beginning of current year	33,685,219,032.19	21,491,603,658.73
Add: the modification of accounting policies	-22,188,180.20	
Undistributed profits at the beginning of the period after retrospective adjustment	33,663,030,851.99	21,491,603,658.73
Add: current net profit attributable to the parent company's shareholders in this period	13,026,069,988.53	12,302,370,655.82
Less: dividend of perpetual capital securities	81,900,000.00	81,900,000.00
Less: dividend preferred of subsidiaries (Note 1)	47,691,026.00	52,544,358.00
Less: drawing surplus reserve (Note 2)	2,144,774.55	
Less: staff and worker' bonus and welfare funds (Note 3)	14,666,528.78	
Less: others (Note 4)	102,499,082.91	-25,689,075.64
Undistributed profits at the end of the year	46,440,199,428.28	33,685,219,032.19

Note 1: Volvo Car AB (subsidiary of Geely Zhaoyuan) allocated 63 million kronor (equivalent 47,691,026.00yuan) dividend to its preferred shareholders (Year 2017: 65 million kronor (equivalent 52,544,358.00yuan));

Note 2: The Group subsidiary of Zhejiang Qianjiang Motorcycle Co.,Ltd. drew surplus reserve 2,144,774.55yuan;

Note 3: Sub-subsidiaries drew staff and worker' bonus and welfare funds 14,666,528.78yuan in accordance with the resolution of the board of directors;

Note 4: The not-exercised stock option of Geely Automobile Holdings Ltd. (0175.HK) increased undistributed profits by1,123,972.68yuan (Year 2017: 3,365,767.13 yuan);

Volvo Car AB (subsidiary of Geely Zhaoyuan) recognized the part of the change of undistributed profits for its minority shareholders, which holds 1% of its shares in the current year, and related amount is 33,610,890.00 yuan; the disposal of 5% shares of Denmark AS by Volvo Car AB (subsidiary of Geely Zhaoyuan) reduced undistributed profits by 29,108,058.00 yuan; other events reduced undistributed profits by 40,904,107.59 yuan.

49. Operating income and operating costs

(1) Operating income and operating costs

Item	Amount incurred in current year	
	Operating income	Operating costs
Main operations	321,950,461,932.71	250,567,484,914.66
Other operations	6,570,417,590.46	3,486,298,486.19

Total	328,520,879,523.17	254,053,783,400.85

(Continued)

Item	Amount incurred in previous year	
	Operating income	Operating costs
Main operations	273,346,970,562.74	212,731,887,514.91
Other operations	4,917,623,144.24	2,601,593,994.25
Total	278,264,593,706.98	215,333,481,509.16

(2) The main operating income is classified based on items

Item	Amount incurred in current year	Amount incurred in previous year
Main operating income	321,950,461,932.71	273,346,970,562.74
Including: vehicle sales	293,704,109,274.17	249,428,527,148.68
Parts and materials sales	25,040,193,233.98	21,159,600,485.08
Others	3,206,159,424.56	2,758,842,928.98
Main operating costs	250,567,484,914.66	212,731,887,514.91
Including: vehicle sales	224,893,171,991.19	190,939,945,789.83
Parts and materials sales	22,861,446,606.37	19,370,692,418.15
Others	2,812,866,317.10	2,421,249,306.93

50. Financial expenses

Item	Amount incurred in current year	Amount incurred in previous year
Interest expenses	2,152,653,292.25	1,621,283,471.71
Less: Interest income	889,113,505.32	660,820,215.36
Bank charge and others	658,085,546.92	181,482,264.17
Gain or loss on foreign exchange	-107,777,473.94	302,322,589.93
Total	1,813,847,859.91	1,444,268,110.45

51. Asset impairment losses

Item	Amount incurred in current year	Amount incurred in previous year
Losses of bad debts	212,437,511.62	-94,140,355.65
Losses of Inventory depreciation	189,431,549.88	79,964,593.75
Impairment loss of long-term equity investment	6,926,147.82	500,000.00
Impairment loss of fixed assets	20,082,496.59	36,836,679.87

Impairment loss of intangible assets		172,636,365.91
Others		161,728.93
Total	428,877,705.91	195,959,012.81

52. Credit impairment losses

Item	Amount incurred in current year	Amount incurred in previous year
Losses of bills and accounts receivable	26,539,867.88	
Losses of other receivables	442,981.33	
Losses of prepayment	5,645.88	
Losses of long-term receivable	-17,489,498.98	
Total	9,498,996.11	

53. Other income

Item	Amount incurred in current year	Amount incurred in previous year
Government grants	2,891,997,779.97	2,489,180,524.97
Total	2,891,997,779.97	2,489,180,524.97

54. Investment income

Item	Amount incurred in current year	Amount incurred in previous year
Long-term equity investment Income (losses) under equity method	-225,961,818.08	-282,937,264.98
The profits declared to distribute by Investees entities accounted by cost method	394,339.00	1,171,853.07
Returns from disposal of other equity instruments	20,142,102.81	
Returns from disposal of other non-current financial assets	166,090,561.93	
Returns from disposal of available-for-sale financial instruments		253,573,024.63
Returns from holding financial assets measured at fair values and changes accounted into current profit or losses	-4,037,500.00	
Returns from holding bank financial products	6,094,213.98	580,920.55
Returns from holding financial assets held for trading	1,322,778.70	
Returns from disposals of long-term equity investments	2,146,090.59	38,638,262.51
Others	-8,335,203.94	
Total	-42,144,435.01	11,026,795.78

55. Net exposure hedging benefits

Item	Amount incurred in current year	Amount incurred in previous year
Net exposure hedging benefits	-586,503,751.00	
Total	-586,503,751.00	

56. Gains from the changes of the fair value

Source of gains from the changes of the fair value	Amount incurred in current year	Amount incurred in previous year
Financial assets measured at fair values and changes accounted into current profit or losses		276,479,600.08
Benefit from fair value changes of derivative financial instruments	12,677,337.47	
Benefit from fair value changes of financial assets held for trading	-34,824,470.00	
Benefit from fair value changes of financial liabilities held for trading	-6,564,422.66	
Fair value changes of electricity futures contract	-1,578,814.00	-3,908,180.00
Fair value changes of commercial papers	-512,358.00	39,707,443.00
Interest swap instruments		3,688,752.00
Total	-30,802,727.19	315,967,615.08

57. Income from disposals of assets

Item	Amount incurred in current year	Amount incurred in previous year
The gains or losses from disposals of fixed assets, construction-in-process, productive biological assets and intangible assets which are not classified as held-for-sale assets		
In which: income from fixed assets disposals	-2,900,129,441.53	-365,651,096.67
Income from construction-in-process disposals		105,223,405.24
Total	-2,900,129,441.53	-260,427,691.43

58. Non-operating income

Item	Amount incurred in current year	Amount incurred in previous year
Total gain from non-current assets disposals	288,084.60	1,203,894.91
Incomes from penalty, fines, indemnity	46,829,111.62	12,208,603.79
Government grants	3,361,201.10	442,595,182.61
The gain from wastage disposals	1,039,450.40	
Not required payments	8,313,225.20	9,718,101.79

Others	168,501,046.48	152,864,407.88
Total	228,332,119.40	618,590,190.98

59. Non-operating expenses

Item	Amount incurred in current year	Amount incurred in previous year
Losses from non-current assets disposal	157,918,080.11	79,729,442.72
Abnormal losses	4,090,067.78	570,991.15
Donation expenditures	228,171,021.16	19,442,584.55
Expenditures from overdue fines, compensation, penalty and fines	96,198,075.26	3,926,753.79
Others	14,063,087.61	73,233,439.30
Total	500,440,331.92	176,903,211.51

60. Income tax expenses

Item	Amount incurred in current year	Amount incurred in previous year
Current income tax expenses	7,001,135,264.79	5,685,620,295.79
Deferred income tax expenses	-1,498,783,598.05	-1,163,413,682.82
Total	5,502,351,666.74	4,522,206,612.97

61. Other comprehensive income

For details, see Note VI.46.

62. Supplementary information of cash flows statement

(1) Supplementary information of cash flows statement

Supplementary materials	Amount of current year	Amount of previous year
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	20,267,640,387.75	18,824,234,856.78
Add: provision for impairment of assets	438,376,702.02	195,959,012.81
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	8,122,370,632.74	7,237,380,100.22
Amortization of intangible assets	7,446,735,125.33	5,218,933,730.05
Amortization of long-term deferred expenses	119,162,913.08	50,867,744.07
Losses from the disposals of fixed assets, intangible assets and other long-term assets ("-" for income)	2,900,129,441.53	260,427,691.43
Losses from the scrapping of fixed assets ("-" for income)	157,629,995.51	78,525,547.81
Losses from the fair value change ("-" for income)	30,802,727.19	-315,967,615.08
Financial expenses ("-" for income)	2,081,061,017.02	1,554,468,110.45
Losses from investment ("-" for income)	42,144,435.01	-11,026,795.78
Decrease of deferred income tax assets ("-" for increase)	-2,200,847,018.18	-1,001,603,220.13
Increase of deferred income tax liabilities ("-" for decrease)	-211,500,884.47	683,186,916.34

Supplementary materials	Amount of current year	Amount of previous year
Decrease in inventories (“-” for increase)	-3,625,302,715.73	-11,929,637,676.01
Decrease of business item receivable (“-” for increase)	3,372,690,080.84	-1,398,703,055.06
Increase of business item payable (“-” for decrease)	4,205,260,575.02	23,592,240,558.25
Others		
Net cash flows from operating activities	43,146,353,414.66	43,039,285,906.15
2. Major investment and financing activities that do not involve cash receipts and payments:		
Amount of endorsement transfer received from sales and services		
Debts transferred into capital		
Convertible bonds due within one year		
Fixed assets acquired under financial leases		
3. Net increase in cash and cash equivalents:		
Year-end cash balance	64,092,956,440.57	53,767,180,335.01
Less: Opening cash balance	53,767,180,335.01	47,588,591,611.73
Add: Ending balance of cash equivalents	22,614,809,596.99	21,755,997,758.05
Less: Opening balance of cash equivalents	21,755,997,758.05	8,692,396,176.90
Net increase amount of cash & cash equivalents	11,184,587,944.50	19,242,190,304.42

(2) Composition of cash and cash equivalents

Item	Amount of current year	Amount of previous year
I. Cash	64,092,956,440.57	53,767,180,335.01
Including: cash on hand	2,013,560.12	1,619,716.07
Deposits in bank that can be used for payment at any time	63,081,881,168.29	52,268,445,594.51
Other cash at bank and on hand that can be used for payment at any time	1,009,061,712.16	1,497,115,024.43
Deposits in central bank that can be used for payment		
Deposits in other banks		
Loans in the other banks		
II. Cash equivalents	22,614,809,596.99	21,755,997,758.05
Including: bond investment due within three months		
III. Closing balance of cash & cash equivalents	86,707,766,037.56	75,523,178,093.06

VII. Changes of consolidation scope

1. Disposal of subsidiaries

Once subsidiaries disposition of losing control

Subsidiaries Name	Equity disposal price	Equity disposal ratio (%)	Equity disposal manner	Time of losing control	The determination of losing control	The residual equity ratio of losing control (%)	The book value of residual equity of losing control	Fair value of residual equity of losing control	The gain or loss of residual equity based on fair value measurement	The determination of fair value and the main assumptions of residual equity of losing control
Beijing Yihang Wanyuan International Investment Co.,Ltd.			Cancellation							

2. Other reasons result in changes of consolidation scope

Entities within the scope of consolidated financial statements during reporting period

Company type	Company name	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Reasons for changes
Subsidiary	Geely Changxing New Energy Automobile Co.,Ltd.	30,000.00	90.00	Newly established
Subsidiary	Zhejiang Zhongjian Investment Co.,Ltd.	30,000.00	100.00	Newly established
Subsidiary	Zhejiang Geely Automobile Industry Co.,Ltd.	50,000.00	100.00	Newly established

VIII. Interest in other entities

1. Interest in subsidiaries

(1) The Group structure

① Holding subsidiaries in the scope of consolidation

Subsidiary name	Main business area	Domicile	Nature of business	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Beijing Geely Kaisheng International Investment Co.,Ltd.	Beijing	Beijing	Investment	100.00		Found
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	Taizhou	Taizhou	Manufacture	98.50		Found
Zhejiang Geely Automobile Co.,Ltd.	Ningbo	Ningbo	Manufacture	71.05		Found
Shanghai Maple Automobile Co.,Ltd.	Shanghai	Shanghai	Manufacture	90.00		Found
Jining Fulin Auto Parts Co.,Ltd. (Note1)	Jining	Jining	Manufacture	90.00	7.11	Found
Geely International (US) Co.,Ltd.	USA	USA	R&D	100.00		Found
Hangzhou Geely Evun Technology Co.,Ltd.	Hangzhou	Hangzhou	R&D	100.00		Found
Zhejiang Geely Business Service Co.,Ltd.	Hangzhou	Hangzhou	Service	100.00		Found
Proper Glory Holding Inc (Note 2)	BVI	BVI	Investment	100.00		Found
Shanghai Meihuan Trading Co.,Ltd. (Note 3)	Shanghai	Shanghai	Marketing	90.00	9.85	Found
Geely International (Hong Kong) Co.,Ltd.	HongKong	HongKong	Investment	100.00		Found
Weirui Electric Vehicle Technology (Suzhou) Co.,Ltd.	Suzhou	Suzhou	Manufacture	100.00		Found

Subsidiary name	Main business area	Domicile	Nature of business	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Zhejiang Geely New Energy Commercial Vehicle Co.,Ltd.	Hangzhou	Hangzhou	R&D	100.00		Found
Easy-insure Insurance Agency Co.,Ltd.	Hangzhou	Hangzhou	Insurance	100.00		Found
Ningbo Yijie Equity Iinvestments and Fund Management Partnership (LP)	Ningbo	Ningbo	Investment	70.00		Found
Zhejiang Qianjiang Motorcycle Co.,Ltd.	Wenling	Wenling	Manufacture	29.77		Enterprise Consolidation not under common control
Geely Changxing New Energy Automobile Co.,Ltd.	Changxing	Changxing	Manufacture	90.00		Found
Zhejiang Zhongjian Investment Co.,Ltd.	Hangzhou	Hangzhou	Investment	100.00		Found
Zhejiang Geely Automobile Industry Co.,Ltd.	Ningbo	Ningbo	Management	100.00		Found
Beichen Automobile (Shanghai) Co.,Ltd. （Note 4）	Shanghai	Shanghai	Manufacture	50.00	50.00	Found

Note 1: The Company holds 90% equity of Jining Fulin Auto Parts Co.,Ltd. The shareholding percentage of the subsidiary, Zhejiang Geely Automobile, is 10%, and the direct and indirect holding as well as the proportion of voting rights of the company is 97.11%.

Note 2: According to the “Shareholding Entrustment Agreement,” the BVI Geely Group Limited will entrust the company with the equity of the Proper Glory Holding Inc.

Note 3: The Company holds 90% of the equity of Shanghai Meihuan Trading Co.,Ltd., and the subsidiary, Zhejiang Haoqing Automobile Manufacture Co.,Ltd., holds 10% of the equity of it, and the direct and indirect holding as well as the proportion of voting rights of the company is 99.85%.

Note 4: The Company holds 50% of the equity of Beichen Automobile (Shanghai) Co.,Ltd., and the subsidiary, Volvo Automobile (China) Investment Co.,Ltd., holds 50% of the equity of it, and the direct and indirect holding as well as the proportion of voting rights of the company is 100.00%.

② The scope of consolidated statements and the shareholding percentage of the main holding subsidiaries

Subsidiary name	Consolidated scope of the subsidiary	Nature of business	Registered place	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Whether control consolidation or not
Geely International (Hong Kong) Co.,Ltd	Dawn Raise International Co.,Ltd.	Investment	BVI	50,000 dollars	100.00	Yes
	Geely UK Limited	Investment	UK	30 million pounds	100.00	Yes
	Geely Research and Development UK	R&D	UK	10 million pounds	100.00	Yes
	Hangzhou Jiqiao Automobile Technology Co.,Ltd.	R&D	Hangzhou	20 million dollars	100.00	Yes
	Lotus Advance Technologies Sdn.Bhd.	Investment	Malaysia	365.580474 million pounds	51.00	Yes
	Size-up Investment Co.,Ltd.	Investment	BVI	100 dollars	100.00	Yes
Zhejiang Geely Automobile Co.,Ltd.	Jinan Ruhoo Automobile Parts Co.,Ltd.	Manufacture	Jinan	1,000	100.00	Yes
	Ningbo Geely Automobile Research & Development Co.,Ltd.	R&D	Ningbo	3,000	100.00	Yes
	Ningbo Economic and Technological Development Zone Jihao Property services Co.,Ltd.	Real Estate Service	Ningbo	20	100.00	Yes
	Ningbo Huali Real Estate Co.,Ltd.	Real Estate Development	Ningbo	2,100	100.00	Yes
	CHINA-EURO VEHICLE TECHNOLOGY AB	R&D	Sweden	85 million dollars	100.00	Yes
	Ningbo Lijing Real Estate Co.,Ltd.	Real Estate Development	Ningbo	2,100	100.00	Yes

Subsidiary name	Consolidated scope of the subsidiary	Nature of business	Registered place	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Whether control consolidation or not
	Guizhou Geely New Energy Automobile Co.,Ltd.	Manufacture	Guiyang	80,000	100.00	Yes
	Shenzhen Geely Automobile Sale Co.,Ltd.	Marketing	Shenzheng	5,000	100.00	Yes
	Xiamen Geely Automobile Sale Co.,Ltd.	Marketing	Xiamen	1,000	100.00	Yes
	Hangzhou Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Hangzhou	1,000	100.00	Yes
	Hangzhou Geely Auto Parts Co.,Ltd	Manufacture	Hangzhou	20,000	100.00	Yes
	Taizhou Geely Luoyou Engine Co.,Ltd.	Marketing	Taizhou	5,000	100.00	Yes
	Yuyao Jirun Auto Parts Co.,Ltd	Manufacture	Yuyao	20,000	100.00	Yes
	Guiyang Geely Engine Co.,Ltd.	Manufacture	Guiyang	33,846	100.00	Yes
	Beijing Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Beijing	1,000	100.00	Yes
	Guangzhou Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Guangzhou	1,000	100.00	Yes
	Tianjin Geely Dihao New Energy Automobile Sale Co.,Ltd.	Marketing	Tianjin	1,000	100.00	Yes
	Yiwu Geely Engine Co.,Ltd.	Manufacture	Yiwu	5,000	100.00	Yes
	Zhejiang Jirun Meishan Geely Auto Parts Co.,Ltd	Manufacture	Ningbo	40,000	100.00	Yes
	Zhejiang Geely Automobile Parts purchasing Co.,Ltd	Manufacture	Ningbo	10,000	79.00	Yes
	Fuzhou Geely Dihao New Energy Automobile Sale Co.,Ltd.	Marketing	Fuzhou	1,000	100.00	Yes
	Xian Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Xian	1,000	100.00	Yes

Subsidiary name	Consolidated scope of the subsidiary	Nature of business	Registered place	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Whether control consolidation or not
	Changsha Geely New Energy Automobile Sale Co.,Ltd.	Marketing	Changsha	1,000	100.00	Yes
	Geely Changxing Automatic Transmission Co.,Ltd.	Manufacture	Changxing	15,000	90.00	Yes
	Ningbo Hangzhou Bay Auto Parts Co.,Ltd.	Manufacture	Ningbo	40,000	100.00	Yes
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	Taizhou Luqiao Area King Kong Real Estate Management Co.,Ltd.	Real Estate	Taizhou	50	100.00	Yes
	Taizhou Haoqing Automobile Sales Service Co.,Ltd.	Marketing	Taizhou	13,680	100.00	Yes
	Zhejiang Geely Automobile Technology Co.,Ltd.	R&D	Hangzhou	10,000	90.00	Yes
	Linhai Haoqing Real Estate Development Co.,Ltd.	Real Estate Development	Taizhou	3,100	100.00	Yes
	Baoji Geely Automobile Co.,Ltd.	Manufacture	Baoji	15,000	100.00	Yes
	Shanxi New Energy Automotive Industry Co.,Ltd.	Manufacture	Jinzhong	15,000	100.00	Yes
	Asia-Europe Auto. Manufacturing (Taizhou) Co.,Ltd.	Manufacture	Taizhou	5,000	100.00	Yes
	Chengdu Zhaoyuan New Energy Automobile Investment Co.,Ltd.	Investment	Chengdu	80,500	100.00	Yes
	Sichuan Geely Auto Parts Co.,Ltd	R&D and Manufacture	Chengdu	20,000	100.00	Yes
	Xian Geely Automobile Co.,Ltd.	Marketing	Xian	15,000	100.00	Yes
	Zhejiang Kingkong Automobile Co.,Ltd.	Manufacture	Luqiao	41,300	100.00	Yes

Subsidiary name	Consolidated scope of the subsidiary	Nature of business	Registered place	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Whether control consolidation or not
Proper Glory Holding Inc	Geely Automobile Holdings Ltd.	Investment	CAYMAN ISLANDS	240 million Hong Kong dollars	29.39	Yes
Shanghai Maple Automobile Co.,Ltd.	Shanghai LTI Automobile Parts Co.,Ltd.	Manufacture	Shanghai	54. 29715 million dollars	52.00	Yes
	Ningbo Jihong Alcohol Hydrogen Technology Co.,Ltd.	R&D	Ningbo	3,508	57.01	Yes
	Shanghai Mudi Automobile Moulds Co.,Ltd.	Manufacture	Shanghai	4,000	100.00	Yes
Beijing Geely Kaisheng International Investment Co.,Ltd.	Beijing Geely Wanyuan International Investment Co.,Ltd.	Investment	Beijing	710,000	100.00	Yes
Zhejiang Geely New Energy Commercial Vehicle Co.,Ltd.td	Zhejiang Yinglun Automobile Co.,Ltd.td.	Production	Yiwu	12,000	100.00	Yes
	Zhejiang Geely New Energy Commercial Vehicle Co.,Ltd.	R&D	Shangrao	10,000	100.00	Yes
	Nanchong Geely Commercial Vehicle Research Institute Co.,Ltd.	R&D	Nanchong	73,000	100.00	Yes
Shanghai Meihuan Trading Co.,Ltd.	Hubei Jiyun Changjiang Investment Management Co.,Ltd.	Investment	Hubei	500	60.00	Yes
Zhejiang Geely Business Service Co.,Ltd.	Hangzhou Xuanyu Human Resource Co.,Ltd.	Service	Hangzhou	200	100.00	Yes
Zhejiang Qianjiang Motorcycle Co.,Ltd	BENELLI Q.J.SRL	R&D and Manufacture	Italy		70.00	Yes

Subsidiary name	Consolidated scope of the subsidiary	Nature of business	Registered place	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Whether control consolidation or not
	Zhejiang Qianjiang Motorcycle Research & Development Co.,Ltd.	R&D and Manufacture	Wenling	1,000	100.00	Yes
	Zhejiang Manbo Investment Management Co.,Ltd.	Investment Management	Wenling	22,000	80.00	Yes
	Chongqi Qianjiang Motorcycle Manufacturing Co.,Ltd.	Manufacture	Chongqi	8,000	100.00	Yes
	Wuxi Weisai Semiconductor Co.,Ltd.	R&D	Wuxi	6,000	65.00	Yes
	Zhejiang Qianjiang Motorcycle Import and Export Co.,Ltd.	Import and Export Business	Wenling	5,000	100.00	Yes
	Zhejiang Qianjiang Integrated Circuit Technology Co.,Ltd.	R&D and Marketing	Wenling	1,000	64.00	Yes
	Taizhou Qianjiang Motorcycle Sale Co.,Ltd.	Marketing	Wenling	100	51.00	Yes
	Hunan Jiehong Qianjiang Trading Co.,Ltd.	Marketing	Changsha	200	51.00	Yes
	Sichuan Xin Qianjiang Motorcycle Sale Co.,Ltd.	Marketing	Chengdu	200	51.00	Yes
	Chongqing Haoye Qianjiang Trading Co.,Ltd.	Marketing	Chongqing	520	51.00	Yes
	Wuhan Qianjiang Trading Co.,Ltd.	Marketing	Marketing	180	51.00	Yes
	Zhejiang Qianjiang New Energy Technology Co.,Ltd.	R&D Manufacture and Marketing	Wenling	15,750	66.67	Yes

Subsidiary name	Consolidated scope of the subsidiary	Nature of business	Registered place	Registered capital (ten thousand yuan)	Shareholding percentage (%)	Whether control consolidation or not
	Hefei Qianjiang Motorcycle Sale Co.,Ltd.	Marketing	Hefei	200	51.00	Yes
	Zhejiang Meikeda Motorcycle Co.,Ltd.	Manufacture	Wenling	2,300	100.00	Yes
	Zhejiang Yipeng Engine Parts Co.,Ltd.	Manufacture	Wenling	23,452	100.00	Yes
	Quanzhou Qianlong Trading Co.,Ltd.	Marketing	Jingjiang	200	51.00	Yes
	Jiangxi Beinali Trading Co.,Ltd.	Marketing	Nanchang	200	51.00	Yes
	Nanning Junhongxuan Trading Co.,Ltd.	Marketing	Nanning	130	51.00	Yes
	Foshan Qianrong Trading Co.,Ltd.	Marketing	Foshan	50	51.00	Yes
	Xian Qianjiang Motorcycle Sale Co.,Ltd.	Marketing	Xian	80	51.00	Yes
	Gansu Qianjiang Beinali Trading Co.,Ltd.	Marketing	Lanzhou	100	51.00	Yes
	Shanghai Dongdong Electric Vehicle Co.,Ltd.	Marketing	Shanghai	1,000	51.00	Yes
	Wenling Hannuo Mechanical and Electrical Technology Co.,Ltd.	R&D	Wenling	300	80.00	Yes
Zhejiang Zhongjian Investment Co.,Ltd.	Zhejiang Zhihui Puhua Finance lease Co.,Ltd.	Rental Service	Ningbo	105 million dollors	52.00	Yes
Zhejiang Geely Automobile Industry Co.,Ltd.	Zhejiang Jichuang Auto Parts Co.,Ltd	Manufacture	Ningbo	30,000	100.00	Yes
	Wuhan Geely Auto Parts Co.,Ltd	Manufacture	Wuhan	10,000	100.00	Yes

③ The scope of consolidated statements and the shareholding percentage of the main sub-subsidiaries

Sub-subsidiary name	Consolidated scope of sub-subsidiary	Nature of business	Registerd place	Registered capital (ten thousand yuan)	Shareholding Percentage (10%)	Whether control consolidation or not
Geely Automobile Holdings Ltd. (stock code: 0175.HK)	Zhejiang Jirun Automobile Co.,Ltd.	Manufacture	Ningbo	476.6366 million dollars	99.00	Yes
	Shanghai Maple Guorun Automobile Co.,Ltd.	Manufacture	Shanghai	121.3636 million dollars	99.00	Yes
	Hunan Geely Automobile Parts Co.,Ltd.	Manufacture	Xiangtan	88.50 million dollars	99.00	Yes
	Zhejiang Ruhoo Automobile Co.,Ltd.	Manufacture	Taizhou	52,167.70	99.00	Yes
	Zhejiang Kingkong Automobile Parts Research and Development Co.,Ltd.	R&D	Taizhou	14.90 million dollars	100.00	Yes
	Zhejiang Fulin Guorun Automobile Parts Co.,Ltd.	Manufacture	Taizhou	15.9592 million dollars	100.00	Yes
	Ningbo Geely Luoyou Engine Parts Co.,Ltd.	Manufacture	Ningbo	28,280	99.68	Yes
	Value Century Group Limited	Investment	BVI	1 dollar	100.00	Yes
	Centurion Industries Limited	Investment	BVI	1 dollar	100.00	Yes
	Geely International Ltd	Investment	Hong Kong	2 Hong Kong Dollars	100.00	Yes
	Luckview Group limited	Investment	BVI	1 dollar	100.00	Yes
	Linkstate Overseas	Investment	BVI	1 dollar	100.00	Yes
Beijing Geely Wanyuan International Investment Co.,Ltd.	Shanghai Geely Zhaoyuan International Investment Co.,Ltd.	Investment	Shanghai	1,328,657	100.00	Yes

(2) Companies with more than 50% of shareholding percentage that haven't been included in the scope of the consolidation and the reasons

Subsidiary name	Shareholding percentage (%)	Whether control or not	Reason of not being consolidated
Zhejiang Automobile Vocational and Technical College	100.00	No	Note 1
Genius Auto Finance Co.,Ltd.	80.00	No	Note 2

Note 1: The business scope of Zhejiang Automobile Vocational and Technical College includes full-time higher education, adult higher vocational education and short-term professional training. The company's financial and operating policies will be managed by Mitime Investment and Development Group Co.,Ltd. which is out of the consolidated scope and the company has no control right over it.

Note 2: Geely Automobile Holdings Co.,Ltd. (0175, HK) and the third party BNP Paribas, enter into a joint venture of personal finance , established a joint venture company, Genius Auto Finance Co.,Ltd., to engage in auto finance business in China. The company's registered capital is 2 billion yuan, of which the Geely Automobile Holdings Co.,Ltd. (0175, HK) contribution totals 1.6 billion yuan, owns 80% stock, but according to the joint venture agreement, the joint venture company is controlled by both investors and the company has no control right over it.

2. Equities of joint venture and associated enterprise

(1) Major joint ventures and associated enterprises

Joint venture or associated enterprise name	Major business place	Registered place	Nature of business	Shareholding percentage (%)		Accounting resolutions of the investment of the joint venture and associated enterprise
				Direct	Indirect	
Volvofinans Bank AB	Sweden	Sweden	Finance		50.00	Equity method
V2 Plug-In Hybrid Vehicle Partnership HB	Sweden	Sweden	Services		50.00	Equity method
Genius Auto Finance Co.,Ltd	Shanghai	Shanghai	Finance		80.00	Equity method
Closed Joint Stock Company BELGEE	Belarus	Belarus	Manufacturing		36.09	Equity method
Mando (Ningbo) Automotive Parts Co.,Ltd.	Ningbo	Ningbo	Manufacturing		35.00	Equity method

(2) Main financial information of major joint ventures

Unit: ten thousand yuan

Item	Closing balance/Amount incurred in current year			Opening balance/Amount incurred in previous year		
	Volvofinans Bank AB.	V2 Plug-In Hybrid Vehicle Partnership HB	Genius Auto Finance Co.,Ltd	Volvofinans Bank AB.	V2 Plug-In Hybrid Vehicle Partnership HB	Genius Auto Finance Co.,Ltd
Current assets	454,807.73	27,625.80	2,123,784.15	430,701.33	37,655.65	1,005,306.60
Including: cash and cash equivalents	91,035.29	15,367.18	20,658.00	145,390.43	15,141.53	51,463.50
Non-current assets	2,873,427.20	10,213.87	61,461.37	2,693,369.67	16,251.38	34,716.20
Total assets	3,328,234.93	37,839.67	2,185,245.52	3,124,071.00	53,907.03	1,040,022.80
Current liabilities	188,497.29	1,334.16	448,147.78	177,496.83	2,378.25	948,066.60
Non-current liabilities	2,849,151.20	2,185.77	1,513,474.12	2,638,352.79	3,567.38	
Total liabilities	3,037,648.49	3,519.93	1,961,621.90	2,815,849.62	5,945.63	948,066.60
Net assets	290,586.44	34,319.74	223,623.62	308,221.38	47,961.40	91,956.20
Net assets counted according to the shareholding percentage	145,293.22	17,159.87	178,898.90	154,110.69	20,562.98	73,564.96
Adjusting events						
- Goodwill	28,887.28			29,792.04		
- Unrealized profits of internal trading						
- Other		-2,072.05				
Book value invested in the joint venture's equity	174,180.50	15,087.82	178,897.16	183,902.73	20,562.98	73,564.96
Fair value invested in the joint venture's equity in public markets						
Operating income	335,781.26	62,777.04	71,900.27	305,768.90	61,979.11	46,987.80
Net profit and total comprehensive income	24,239.47	62,744.97	21,665.26	20,712.61	55,471.70	4,790.00
Dividends from joint venture in the current year	18,216.99	35,656.65		2,933.18		

(3) Main financial information of the major associated enterprises

Item	Closing balance/Amount incurred in current year		Opening balance/Amount incurred in previous year	
	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.
Current assets	56,341.06	238,234.55	41,854.09	302,425.94
Non-current assets	188,560.82	32,707.35	182,339.07	28,975.24
Total assets	244,901.88	270,941.90	224,193.16	331,401.18
Current liabilities	41,960.71	191,484.58	27,660.94	255,131.25
Non-current liabilities	170,802.45	1,093.96	164,990.27	1167.62
Total liabilities	212,763.16	192,578.54	192,651.21	256,298.87
Net assets	32,138.72	78,363.36	31,541.95	75,102.31
Net assets counted according to the shareholding percentage	11,598.86	27,427.18	10,000.13	26,285.81
Adjusting events				
- Goodwill				
- Unrealized profits of internal trading				
- Others				
Book value invested in the associated enterprise's equity	13,712.75	27,323.55	11,318.48	26,186.94
Fair value invested in the joint venture's equity in public markets				
Operating income	85,113.69	314,144.17	7,125.17	334,657.65
Net profit	20,839.97	3,247.45	612.02	11,782.98
Discontinued operating profit and loss				
Other comprehensive income				

Item	Closing balance/Amount incurred in current year		Opening balance/Amount incurred in previous year	
	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.	Closed Joint Stock Company BELGEE	Mando (Ningbo) Automotive Parts Co.,Ltd.
Total comprehensive income	20,839.97	3,247.45	612.02	11,782.98
Dividends from associated enterprises in the current year				

IX. Related parties and transactions

1. Major shareholders of the Group

Name of shareholder	Types of relationship	Equity ratio %	Proportion of votes %
Li Shufu	Investor	91.08	91.08

2. Subsidiaries of the Company

For details, see Note VIII.1.

3. Joint ventures and associated enterprises of the Company

For details, see Note VIII.2.

Other joint ventures and associated enterprises that conducted related-party transactions with the Company in current year or that conducted related-party transactions, which led to balance, with the Company at the period-beginning are as follows:

Name of joint ventures or associated enterprises	Relationship with the Company
V2 Plug-in Hybrid Vehicle Partnership HB	Joint venture
VCFS Germany GmbH	Joint venture
Volvo Trademark Holding AB	Joint venture
Volvofinans Bank AB	Joint venture
VH Systems AB	Joint venture
Zenuity AB	Joint venture
Wenling Jirui Automobile Manufacture Co.,Ltd.	Joint venture
Closed Joint Stock Company BELGEE	Associated company
Göteborgs Tekniska College AB	Associated company
Perusahaan Otomobil Nasional Sdn Bhd	Associated company
Proton Parts Centre Sdn	Associated company
Proton Holdings Berhad	Associated company
Global Intelligent Power Technologies Co.,Ltd.	Associated company
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd.	Associated company
Genius Auto Finance Co.,Ltd	Associated company
Corun Hybrid Technology Co.,Ltd.	Associated company
Shanghai Sanyou Technology Development Co.,Ltd.	Associated company
Mando (Ningbo) Automotive Parts Co.,Ltd.	Associated company
Wenling Xinhe Guaranty Co.,Ltd.	Associated company
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Associated company
Shandong Hengyuan New Energy Technology Co.,Ltd.	Associated company
Zhejiang Oulian Venture Capital Co.,Ltd.	Associated company

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
Beijing Fuzhaolangfeng Technology Co.,Ltd.	The same ultimate controller
Geely Design Barcelona	The same ultimate controller
Geely Gothenburg Investment AB	The same ultimate controller
Geely Group Alliance AB	The same ultimate controller
PT Geely Mobil Indonesia	The same ultimate controller
ViridiE-Mobility Co.,LTD	The same ultimate controller
Beijing Mitime Medical Investment Management Co.,Ltd.	The same ultimate controller
Hangzhou Dilan Technology Co.,Ltd.	The same ultimate controller
Hangzhou Jixing Technology Co.,Ltd.	The same ultimate controller
Hangzhou Jihekang Electric Vehicle Service Co.,Ltd.	The same ultimate controller
Hangzhou Puzhao Technology Co.,Ltd.	The same ultimate controller
Hangzhou Xinfuqianwanjia Health Service Management Co.,Ltd.	The same ultimate controller
Hangzhou Yichi New Energy Technology Co.,Ltd.	The same ultimate controller
Hangzhou Yibao Technology Co.,Ltd.	The same ultimate controller
Hangzhou Youxing Technology Co.,Ltd.	The same ultimate controller
Joma Co.,Ltd.	The same ultimate controller
Hubei Geely Terrafugia Co.,Ltd.	The same ultimate controller
Hubei Yikatong Techonology Co.,Ltd.	The same ultimate controller
Geely Group (Ningbo) Co.,Ltd.	The same ultimate controller
Geely Techonology Group Co.,Ltd.	The same ultimate controller
Kandi Electric Vehicles (Jiangsu) Co.,Ltd.	The same ultimate controller
Kandi Electric Vehicles (Jinhua) Co.,Ltd.	The same ultimate controller
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	The same ultimate controller
Kandi Electric Vehicles Group Co.,Ltd.	The same ultimate controller
Kandi Electric Vehicles Jiangsu Co.,Ltd.	The same ultimate controller
Mitime Motor Racing Cars Sports Co.,Ltd.	The same ultimate controller
Mitime Investment and Development Co.,Ltd.	The same ultimate controller
Ningbo Geely Taxi Co.,Ltd.	The same ultimate controller
Ningbo Geely Youxing Network Technology Co.,Ltd.	The same ultimate controller
Ningbo Mitime Investment Co.,Ltd.	The same ultimate controller
Zhejiang Maple Asset Management Co.,Ltd.	The same ultimate controller
Zhejiang Jihekang Electric Vehicle Sale Co.,Ltd.	The same ultimate controller
Zhejiang Geely Terrafugia Technology Co.,Ltd.	The same ultimate controller
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	The same ultimate controller

Name of other related parties	Relationship between other related parties and the Company
Zhejiang Yikatong Techonology Co.,Ltd.	The same ultimate controller
Zhejiang Yiting Holding Co.,Ltd.	The same ultimate controller
Zhejiang Microcity Electric Vehicle Operation Co.,Ltd.	The same ultimate controller
Chengdu Xindadi Automobile Co.,Ltd.	Actual controller joint stock company
Zhidou Electric Vehicle Co.,Ltd.	Actual controller joint stock company
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Actual controller joint stock company

5. Related-party transaction

(1) Related-party transaction of the purchase and sale of commodities, and services offered and accepted

① Purchase of commodities/services accepted Amount: ten thousand yuan

Related party	Related-party transaction	Actual amount incurred in current year	Actual amount incurred in previous year
Hangzhou Jihekang Electric Vehicle Service Co.,Ltd.	Purchase of commodities	883,427.02	
Mando (Ningbo) Automotive Parts Co.,Ltd.	Purchase of commodities	358,495.25	342,171.72
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Purchase of commodities	166,826.16	128,124.23
V2 Plug-In Hybrid Vehicle Partnership HB	Purchase of commodities	62,777.04	61,421.79
Volvofinans Bank AB	Purchase of commodities	44,800.32	219.53
Zhidou Electric Vehicle Co.,Ltd.	Purchase of commodities	16,383.63	57,105.41
VH Systems AB	Purchase of commodities	13,197.82	15,411.56
Zenuity AB	Purchase of commodities	3,588.05	2,587.72
Volvo Trademark Holding AB	Purchase of commodities	1,100.05	955.95
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Purchase of commodities	669.63	
VCFS Germany GmbH	Purchase of commodities	584.24	
Göteborgs Tekniska College AB	Purchase of commodities	11.70	796.62
Viridi E-Mobility Co.,Ltd.	Purchase of commodities		24.94
London Electric Vehicles Limited	Purchase of commodities		28,859.64
Total		1,551,860.91	637,679.11

② About the sale of commodities/services offered Amount: ten thousand yuan

Related party	Related-party transaction	Actual amount incurred in current year	Actual amount incurred in previous year

Hangzhou Youxing Technology Co.,Ltd.	Sale of commodities	43,728.77	15,177.76
VH Systems AB	Sale of commodities	12,888.03	15,412.82
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	Sale of commodities	8,505.35	3,807.18
Zenuity AB	Sale of commodities	2,556.31	2,236.16
Global Intelligent Power Technologies Co.,Ltd.	Sale of commodities	1,910.61	5,873.11
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd.	Sale of commodities	2,359.99	588.94
Closed Joint Stock Company BELGEE	Sale of commodities	1,090.49	
Lanzhou Zhidou Electric Vehicle Co.,Ltd.	Sale of commodities	944.68	
VCFS Germany GmbH	Sale of commodities	530.42	541.00
Corun Hybrid Technology Co.,Ltd.	Sale of commodities	301.77	
Göteborgs Tekniska College AB	Sale of commodities	273.70	422.44
Geely Design Barcelona	Sale of commodities	56.16	
Proton Parts Centre Sdn	Sale of commodities	11.04	
Geely Group Alliance AB	Sale of commodities	10.56	
Hangzhou Youxing Technology Co.,Ltd.	Sale of commodities	9.96	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Sale of commodities	4.65	
Ningbo Geely Taxi Co.,Ltd.	Sale of commodities	2.57	
London Electric Vehicles Limited	Sale of commodities		13,646.21
Geely Design Barcelona	Sale of commodities		84.47
Kandi Electric Vehicles Group Co.,Ltd.	Sale of commodities		46.93
Total		75,185.06	57,837.02

(2) Other related-party transactions Amount: ten thousand yuan

Related party	Related-party transaction	Actual amount incurred in current year	Actual amount incurred in previous year
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Technology transfer income	5,905.15	
Geely Technology Group Co.,Ltd.	Technology transfer income	1,040.57	
Mando (Ningbo) Automobile Parts Co.,Ltd.	Quality assurance claim income	3,781.94	2,107.76
Perusahaan Otomobil Nasional Sdn Bhd	Quality assurance claim income	9.55	

Proton Parts Centre Sdn	Quality assurance claim income	1.03	
Genius Auto Finance Co.,Ltd	Interest income	6,832.60	1,810.36
Kandi Electric Vehicles Group ~~Co.~~,Ltd.	Interest income	4,058.86	3,165.78
Zhidou Electric Vehicle Co.,Ltd.	Interest income	3,894.23	4,852.51
Geely Group Co.,Ltd.	Interest income	1,509.10	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Interest income	792.14	
Kandi Electric Vehicles Group Co.,Ltd.	Financing guarantee service income	1,157.81	1,409.51
Zhidou Electric Vehicle Co.,Ltd.	Financial fee income	1.01	7.05
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Financial fee income	1.89	
Mando (Ningbo) Automobile Parts Co.,Ltd.	Technical service incomes	713.53	772.81
Hubei Geely Terrafugia Co.,Ltd.	Rental and water & electricity incomes	286.37	
Zhejiang Qianjiang Robot Co.,Ltd.	Rental and water & electricity incomes	267.78	1,430.12
Hangzhou Youxing Technology Co.,Ltd	Rental and water & electricity incomes	125.77	122.14
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	Water & electricity incomes	205.59	178.66
Corun Hybrid Technology Co.,Ltd.	Water & electricity incomes	109.41	127.63
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Water & electricity incomes	42.45	
Hangzhou Dilan Technology Co.,Ltd.	Water & electricity incomes	32.09	17.39
Geely Technology Group Co.,Ltd.	Water & electricity incomes	4.83	
Joma Co.,Ltd.	Water & electricity incomes	9.57	7.39
Hubei Yikatong Techonology Co.,Ltd.	Water & electricity incomes	9.26	
Zhejiang Microcity Electric Vehicle Operation Co.,Ltd.	Water & electricity incomes	4.55	4.45
Hangzhou Yibao Technology Co.,Ltd.	Water & electricity incomes	1.40	
Hangzhou Puzhao Technology Co.,Ltd.	Water & electricity incomes	0.74	

Beijing Fuzhaolangfeng Technology Co.,Ltd.	Water & electricity incomes	0.39	0.15
Joma Co.,Ltd.	Business travel services		149.16
Zhejiang Yikatong Techonology ~~Co.~~,Ltd.	Business travel services		23.26
Zhejiang Jihekang Electric Vehicle Sale Co.,Ltd.	Business travel services		2.53
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	service income		22.85
Beijing Fuzhaolangfeng Technology Co.,Ltd.	service income		0.38
Hangzhou Dilan Technology Co.,Ltd.	service income		4.62
Genius Auto Finance Co.,Ltd	service income	477.50	
Geely Technology Group Co.,Ltd.	service income	113.00	
Hangzhou Youxing Technology Co.,Ltd	service income	282.90	
Corun Hybrid Technology Co.,Ltd.	Other income	112.76	99.34
Hangzhou Jihekang Electric Vehicle Service Co.,Ltd.	Other income	62.65	
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	Other income	45.56	66.37
Kandi Electric Vehicles (Jinhua) Co.,Ltd.	Other income	4.27	0.37
Hangzhou Yichi New Energy Technology Co.,Ltd.	Other income	2.14	
Kandi Electric Vehicles (Jiangsu) Co.,Ltd.	Other income	0.70	
Shandong Hengyuan New Energy Technology Co.,Ltd.	Other income	0.51	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	Transfer Fixed Assets	433.44	
Hangzhou Jixing Technology Co.,Ltd.	Transfer Fixed Assets	104.72	
Zhejiang Geely Terrafugia Technology Co.,Ltd.	Transfer Fixed Assets	0.40	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	Transfer Fixed Assets	0.26	

Geely Technology Group Co.,Ltd.	Transfer Fixed Assets	1.20	
Geely Technology Group Co.,Ltd.	Interest expenditure	0.23	3,186.77
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd.	Purchase of Parts		9.73
Shanghai Sanyou Technology Development Co.,Ltd.	Purchase of equipment and parts		530.13
Chengdu Qianjiang Yintong Property Services Co.,Ltd.	Property fee and service charge		80.45
Kandi Electric Vehicles Jiangsu Co.,Ltd.	Service Fee	114.41	
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	Service Fee	58.01	
Zhejiang Qianjiang Robot Co.,Ltd.	Purchase of equipment	210.30	407.27
Joma Co.,Ltd.	Purchase Labor Protection Supplies	43.57	
Beijing Fuzhaolangfeng Technology Co.,Ltd.	Purchase of fixed assets	2.11	31.31
Ningbo Geely Taxi Co.,Ltd.	Purchase of fixed assets		0.91
Hangzhou Youxing Technology Co.,Ltd.	Other costs	7.32	
Total		32,877.57	20,629.16

6. Receivables and payables from related party

(1) Receivables Amount: yuan

Item	Closing balance		Opening balance	
	Account book balance	Bad debt provision	Book Account balance	Bad debt provision
Bills and accounts receivable:				
Volvofinans Bank AB	270,751,334.00		411,577,011.00	
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	50,946,136.62		42,416,677.61	
PT Geely Mobil Indonesia	42,638,754.74			
VH Systems AB	16,323,968.00		45,109,879.00	
Zenuity AB	10,298,631.00		16,070,637.00	
Global Intelligent Power Technologies Co.,Ltd.	8,431,490.97	421,574.55	25,428,410.36	1,271,420.52
Gezhikong Intelligent Power Technologies (Shanghai) Co.,Ltd.	3,831,903.72	191,595.19	2,210,523.34	110,526.17

Item	Closing balance		Opening balance	
	Account book balance	Bad debt provision	Book Account balance	Bad debt provision
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	3,356,219.00			
Mando (Ningbo) Automobile Parts Co.,Ltd.	3,179,117.97		4,441,791.78	
VCFS Germany GmbH	2,462,549.00		526,211.00	
Ningbo Geely Taxi Co.,Ltd.	2,000,000.00		2,000,000.00	
Corun Hybrid Technology Co.,Ltd.	1,954,112.54	97,705.63		
Hangzhou Youxing Technology Co.,Ltd.	1,859,265.62		1,962,641.62	
Viridi E-Mobility Co.,Ltd.	1,815,000.00		2,510,000.00	
Closed Joint Stock Company BELGEE	957,267.49		170,201.49	
Göteborgs Tekniska College AB	457,990.00		383,691.00	
V2 Plug-In Hybrid Vehicle Partnership HB	192,110.00		237,043,485.00	
Zhejiang Qianjiang Robot Co.,Ltd.	77,748.41	805.58		
Geely Design Barcelona	55,150.00			
Geely Group Alliance AB	38,422.00			
Geely Design Barcelona			171,613.00	
Kandi Electric Vehicles Group Co.,Ltd.			549,031.98	
Wenling Qianjiang Import and Export Co.,Ltd.			6,483.79	324.19
Total	421,627,171.08	711,680.95	792,578,288.97	1,382,270.88
Prepayments:				
Hangzhou Jihekang Electric Vehicle Service Co.,Ltd.	310,387.66			
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	13,214.48			
Hangzhou Youxing Technology Co.,Ltd.	10,000.00			
Volvofinans Bank AB	5,900.16			
Shandong Hengyuan New Energy Technology Co.,Ltd.	2,515.90			
Proton Holdings Berhad			40,203.71	
Total	342,018.20		40,203.71	
Other receivables:				
Geely Group (Ningbo) Co.,Ltd.	969,300,000.00		779,300,000.00	

Item	Closing balance		Opening balance	
	Account book balance	Bad debt provision	Book Account balance	Bad debt provision
Zhejiang Maple Asset Management Co.,Ltd.	800,000,000.00			
Kandi Electric Vehicles Group Co.,Ltd.	468,316,330.15		554,294,700.00	
Geely Technology Group Co.,Ltd.	214,745,182.35		4,520,634.00	
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	200,207,330.70			
Zhidou Electric Vehicle Co.,Ltd.	199,736,329.69		479,652,068.12	
Mitime Investment and Development Group Co.,Ltd.	20,350,000.00		20,350,000.00	
Chengdu Xindadi Automobile Co.,Ltd.	5,129,347.68			
Hubei Geely Terrafugia Co.,Ltd.	3,167,412.92			
Hangzhou Dilan Technology Co.,Ltd.	2,467,258.60		3,915,246.81	
Zhejiang Yiting Holding Co.,Ltd.	1,857,296.05		1,311,304.85	
Zhejiang Geely Terrafugia Co.,Ltd.	1,345,005.04			
Hangzhou Jixing Technology Co.,Ltd.	1,123,700.80			
Hangzhou Youxing Technology Co.,Ltd.	1,054,192.80		2,351,275.34	
Zhejiang Qianjiang Robot Co.,Ltd.	1,034,352.00	51,717.60		
Proton Holdings Berhad	777,091.64		57,065.00	
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	719,797.09		311,821.79	
Zhejiang Jizhi New Energy Automobile Technology Co.,Ltd.	495,537.74			
Mitime Motor Racing Cars Sports Co.,Ltd.	67,979.20			
Ningbo Mitime Investment Co.,Ltd.	66,054.00		12,476.00	
Joma Co.,Ltd.	62,236.34			
Hangzhou Puzhao Technology Co.,Ltd.	61,000.00		132,408.00	
Corun Hybrid Technology Co.,Ltd.	28,651.20		181,167.32	
Beijing Mitime Medical Investment Management Co.,Ltd.	12,000.00		12,000.00	
Hangzhou Jihekang Electric Vehicle Service Co.,Ltd.	10,000.00			

Item	Closing balance		Opening balance	
	Account book balance	Bad debt provision	Book Account balance	Bad debt provision
Kandi Electric Vehicles (Jinhua) Co.,Ltd.	2,917.30			
Shandong Hengyuan New Energy Technology Co.,Ltd.	2,003.40			
Beijing Fuzhaolangfeng Technology Co.,Ltd.	1,787.51			
Hangzhou Xinfuqianwanjia Health Service Management Co.,Ltd.	1,224.30			
Mando (Ningbo) Automotive Parts Co.,Ltd.			62,227.59	
Total	2,892,142,018.50	51,717.60	1,846,464,394.82	

(2) Payables Amount: yuan

Item	Closing balance	Opening balance
Bills and accounts payable:		
Zhidou Electric Vehicle Co.,Ltd.	913,782,251.11	760,677,183.23
Mando (Ningbo) Automotive Parts Co.,Ltd.	730,907,057.54	1,251,187,465.37
V2 Plug-In Hybrid Vehicle Partnership HB	109,518,050.00	201,806,520.00
Volvofinans Bank AB	77,372,673.00	451,075.00
Geely Group Alliance AB	18,658,488.00	
VH Systems AB	13,840,370.00	15,004,388.00
Zhejiang Hengyuan New Energy Technology Co.,Ltd.	8,379,558.99	
Geely Gothenburg Investment AB	7,012,014.00	
Volvo Trademark Holding AB	3,995,887.00	2,671,569.00
Zenuity AB	3,384,209.00	
Shanghai Sanyou Technology Development Co.,Ltd.	2,840,375.00	2,840,375.00
Zhejiang Qianjiang Robot Co.,Ltd.	899,808.00	457,800.00
Göteborgs Tekniska College AB	578,635.00	106,229.00
Ningbo Geely Youxing Network Technology Co.,Ltd.	40,690.00	
Corun Hybrid Technology Co.,Ltd.	4,186.00	
London Electric Vehicies Limited		237,825,137.00

Item	Closing balance	Opening balance
Zenuity AB		15,037,683.00
ViridiE-MobilityCo.,LTD		281,509.00
Geely Technology Group Co.,Ltd.		674,315,870.30
Total	1,891,214,252.64	3,162,662,803.90
Advances from customers:		
Corun Hybrid Technology Co.,Ltd.	3,000,000.00	
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	61,568.99	
Genius Auto Finance Co.,Ltd.		9,294.63
Total	3,061,568.99	9,294.63
Other payables:		
Wenling Xinhe Guaranty Co.,Ltd.	33,074,999.99	33,074,999.99
Zhejiang Oulian Venture Capital Co.,Ltd.	5,782,000.00	
Geely Technology Group Co.,Ltd.	2,002,333.33	
Wenling Jirui Automobile Manufacture Co.,Ltd.	770,000.00	770,000.00
Kandi Electric Vehicles (Shanghai) Co.,Ltd.	176,220.53	
Genius Auto Finance Co.,Ltd.	56,255.95	
Shanghai Sanyou Technology Development Co.,Ltd.	50,000.00	50,000.00
Corun Hybrid Technology Co.,Ltd.	12,245.40	12,055.80
Beijing Mitime Medical Investment Management Co.,Ltd.	200.00	34,043,512.61
Proton Holdings Berhad		791,220.00
Mando (Ningbo) Automotive Parts Co.,Ltd.		129,119.88
Total	41,924,255.20	68,870,908.28
Long-term payables:		
Geely Gothenburg Investment AB	23,917,936.00	
Total	23,917,936.00	
Contact liabilities:		
Closed Joint Stock Company BELGEE	1,024,660.11	
Proton Holdings Berhad	9,903.48	

Item	Closing balance	Opening balance
PT Geely Mobil Indonesia	3,802.14	
Total	1,038,365.73	

7. Related-party guarantee

The Company acts as the guarantor Amount: ten thousand yuan

Secured party	Amount guaranteed	Due date	Whether the guarantee is implemented
Zhejiang Geely Automobile Co.,Ltd.	83,000.00	2019-01-03	NO
Zhejiang Geely Automobile Co.,Ltd.	50,000.00	2019-01-09	NO
Zhejiang Geely Automobile Co.,Ltd.	50,000.00	2019-03-26	NO
Zhejiang Geely Automobile Co.,Ltd.	80,000.00	2019-05-05	NO
Zhejiang Geely Automobile Co.,Ltd.	100,000.00	2019-05-09	NO
Zhejiang Geely Automobile Co.,Ltd.	30,000.00	2019-05-22	NO
Zhejiang Geely Automobile Co.,Ltd.	30,000.00	2019-05-27	NO
Zhejiang Geely Automobile Co.,Ltd.	100,000.00	2019-05-28	NO
Zhejiang Geely Automobile Co.,Ltd.	120,000.00	2019-05-29	NO
Zhejiang Geely Automobile Co.,Ltd.	60,000.00	2019-12-17	NO
Zhejiang Geely Automobile Co.,Ltd.	50,000.00	2019-08-30	NO
Zhejiang Geely Automobile Co.,Ltd.	40,000.00	2021-06-22	NO
Zhejiang Geely Automobile Co.,Ltd.	5,000.00	2019-09-20	NO
Zhejiang Geely Automobile Co.,Ltd.	20,000.00	2019-10-10	NO
Zhejiang Geely Automobile Co.,Ltd.	20,000.00	2019-10-15	NO
Zhejiang Geely Automobile Co.,Ltd.	50,000.00	2019-10-30	NO
Zhejiang Geely Automobile Co.,Ltd.	18,000.00	2019-11-29	NO
Zhejiang Geely Automobile Co.,Ltd.	22,000.00	2020-12-01	NO
Zhejiang Geely Automobile Co.,Ltd.	20,000.00	2020-12-12	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	100,000.00	2019-01-16	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	50,000.00	2019-05-05	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	50,000.00	2019-05-12	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	90,000.00	2019-05-23	NO

Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	50,000.00	2019-05-29	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	20,000.00	2019-05-29	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	90,750.00	2019-06-06	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	50,000.00	2019-06-12	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	39,900.00	2019-06-24	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	19,350.00	2019-06-25	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	210,000.00	2019-06-28	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	47,500.00	2019-08-16	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	70,000.00	2019-11-25	NO
Zhejiang Haoqing Automobile Manufacture Co.,Ltd.	20,000.00	2019-12-28	NO
Shanghai Meihuan Trading Co.,Ltd.	26.04674865million US dollars	2019-05-31	NO
Kandi Electric Vehicles Group Co.,Ltd.	4,050.00	2019-02-24	NO
Kandi Electric Vehicles Group Co.,Ltd.	15,000.00	2019-03-27	NO
Kandi Electric Vehicles Group Co.,Ltd.	7,400.00	2019-09-15	NO
Kandi Electric Vehicles Group Co.,Ltd.	17,600.00	2019-09-15	NO
Kandi Electric Vehicles Group Co.,Ltd.	20,000.00	2019-09-29	NO
Kandi Electric Vehicles Group Co.,Ltd.	5,000.00	2019-09-29	NO
Hangzhou Youxing Technology Co.,Ltd.	14,000.00	2019-10-24	NO

X. Commitments and contingencies

1. Significant commitments

(1) Capital commitments

Capital commitments signed but not confirmed in financial balance	Closing balance	Opening balance
Commitment for buying and building long term asset	4,094,687,529.71	7,775,157,556.24
Project contract	43,066,172.53	115,916,522.35
Overseas investment commitment	493,903,788.16	9,116,652.96
Total	4,631,657,490.40	7,900,190,731.55

(2) Operating lease commitment

Up to the date of balance sheet date, the status of irrevocable operating lease signed by other Group is shown as follows:

Minimum payments of irrevocable lease	Closing balance	Opening balance
The 1st year subsequent to the balance sheet	866,739,610.50	1,234,769,512.00
The 2nd to 5th year subsequent to the balance sheet	2,211,128,990.67	2,681,645,520.60

After 5th year subsequent to the balance sheet	1,420,077,000.00	1,565,682,000.00
Total	4,497,945,601.17	5,482,097,032.60

2. Contingencies

Significant contingencies exist on balance sheet date

(1) Estimated liabilities

Product quality assurance and expected service expenses are accrued expenses of after-sale maintenance and compensation of different types of Volvo Cars sold in different markets. (see Note VI. 37)

(2) Contingent liability

Pending litigation: Geely Zhaoyuan thought that the ongoing litigation exposure is RMB 85,482,788.00 yuan. Management thought that the possibility of losing exists, and disclosed as contingent liabilities.

(3) Other contingencies

① Pension contingent liabilities

In terms of agreement, Volvo Personvagnar AB, Volvo Bili Göteborg AB and Volvo Personbilar Sverige AB shall undertake the contingent liability of 2% pension plan with amount of 115,383,551.00 yuan. Management believes that the risk is negligible.

② Tax risk

Geely Zhaoyuan believes that the potential tax risk exposure in the current tax audit is RMB 136,443,612.00 yuan.

③ Other contingent liabilities

The clause on contingent liabilities of other external contract or agreement is involved with the amount of 652,300,171.00 yuan. Management believes there may be risks.

XI. Events after the balance sheet date

1. 90% of the shares of Shanghai Meihuan Trade Co.,Ltd held by the Company, and the remaining 10% shares held by subsidiary Zhejiang Haoqing Automotive Manufacturing Co.,Ltd. were transferred to Zhejiang Geely Automobile Industry Co.,Ltd.. The industrial and commercial modification procedures were completed on January 14, 2019, and Shanghai Meihuan Trade Co.,Ltd. increased registered capital from 5,000,000.00yuan to 50,000,000.00yuan, the net increase is 45,000,000.00 yuan.

2. Zhejiang Jirun Automobile Co.,Ltd. transferred 100% of the shares of Guiyang Jihongda Logistics Co.,Ltd. to Guizhou Geely Automobile Parts Co.,Ltd. The industrial and commercial modification procedures were completed on January 2, 2019.

3. Zhejiang Geely Automotive Components Parts Purchasing Co.,Ltd. transferred 100% of the shares of Shuciman Seat (Ningbo) Co.,Ltd. to Zhejiang Geely Automobile Industry Co.,Ltd. .The industrial and commercial modification procedures were completed on March 25, 2019.

XII. Other important events

The directors recommend the payment of a final dividend of HK$0.35 per ordinary share to the shareholders on the register of members on June 21, 2019, amounting to approximately RMB 2,767,091,000.00 yuan.

XIII. Notes to main items in finance statements of parent company

1. Other receivables

（1）Total item list

Item	Closing balance	Opening balance
Interest receivable	249,329,018.74	1,231,651,031.12
Dividend receivable		
Other receivables	9,158,505,893.97	14,975,641,478.89
Total	9,407,834,912.71	16,207,292,510.01

（2）Interest receivable

Item	Closing balance	Opening balance
Loans interest	249,329,018.74	1,231,651,031.12
Total	249,329,018.74	1,231,651,031.12

（3）Other receivables

① Other receivables disclosed by classification

Item	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with significant individual amounts and provision for bad debts					
Other receivables for bad debts based on credit risk portfolio	9,160,976,594.58	100.00	2,470,700.61	100.00	9,158,505,893.97
Other receivables for which the provision for bad debts is charged separately although the individual amount is not significant					
Total	9,160,976,594.58	100.00	2,470,700.61	100.00	9,158,505,893.97

(Continued)

Item	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with significant individual amounts and provision for bad debts					
Other receivables for bad debts based on credit risk portfolio	14,978,112,179.50	100.00	2,470,700.61	100.00	14,975,641,478.89
Other receivables for which the provision for bad debts is charged separately although the individual amount is not significant					
Total	14,978,112,179.50	100.00	2,470,700.61	100.00	14,975,641,478.89

② Other receivables disclosed by accounts receivable age

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	7,451,059,913.37	81.33		5,732,110,446.58	38.27	
1 to 2 years	1,219,464,409.29	13.31		5,059,393,677.81	33.78	
2 to 3 years	451,964,553.00	4.94		642,060,299.39	4.29	
More than 3 years	38,487,718.92	0.42	2,470,700.61	3,544,547,755.72	23.66	2,470,700.61
Total	9,160,976,594.58	100.00	2,470,700.61	14,978,112,179.50	100.00	2,470,700.61

③ The closing balance of other receivables accounted in amount of shareholders with 5% (including 5%)

The closing balance of other receivables accounted in amount of shareholders with 5% (including 5%) is zero.

2. Long-term equity investment

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
To invest in subsidiary	26,289,808,013.82	44,789,998.45	26,245,018,015.37	13,513,097,736.66	44,789,998.45	13,468,307,738.21
To invest in associated enterprises and joint ventures	3,739,186,122.37	500,000.00	3,738,686,122.37	235,077,516.29	500,000.00	234,577,516.29
Total	30,028,994,136.19	45,289,998.45	29,983,704,137.74	13,748,175,252.95	45,289,998.45	13,702,885,254.50

(1) Investment in subsidiaries

Investees	Opening balance	Opening balance of impairment provision	Increase during the year	Decrease during the year	Closing balance	Closing balance of impairment provision
Proper Glory Holding Inc.	160,377,380.00				160,377,380.00	
Geely International (Hong Kong) Co.,Ltd.	591,430,882.00				591,430,882.00	
Shanghai Maple Automobile Co.,Ltd.	222,289,236.03	44,789,998.45			222,289,236.03	44,789,998.45
Zhejiang Haoqing Automobile Co.,Ltd	3,305,726,105.26				3,305,726,105.26	
Zhejiang Geely Automobile Co.,Ltd	2,264,794,493.37				2,264,794,493.37	
Jining Fulin Automobile Components Co.,Ltd.	45,000,000.00				45,000,000.00	
Shanghai Meihuan Trading Co.,Ltd.	4,500,000.00				4,500,000.00	
Beijing Yihang Wanyuan International Investment Co.,Ltd. (Note1)	10,200,000.00			10,200,000.00		
Beijing Geely Kaisheng International Investment Co.,Ltd.	4,100,000,000.00		3,142,000,000.00		7,242,000,000.00	

Investees	Opening balance	Opening balance of impairment provision	Increase during the year	Decrease during the year	Closing balance	Closing balance of impairment provision
Hangzhou Geely Evun Technology Co.,Ltd.	30,000,000.00				30,000,000.00	
Zhejiang Geely Business Service Co.,Ltd.	20,000,000.00				20,000,000.00	
Zhejiang Qianjiang Motorcycle Co.,Ltd.	604,975,000.00				604,975,000.00	
Nanchong Geely Commercial Vehicle Research Institute Co.,Ltd.(Note 2)	30,000,000.00			30,000,000.00		
Weirui Electric Vehicles(Suzhou) Co.,Ltd.	26,000,000.00				26,000,000.00	
Daqing Volvo Cars Manufacture Co.,Ltd.	833,260,000.00				833,260,000.00	
Shanghai Volvo Cars R&D Co.,Ltd.	77,342,500.00				77,342,500.00	
Zhejiang Geely New Energy Commercial Vehicle Co.,Ltd.td.	20,000,000.00		280,000,000.00		300,000,000.00	
Easy-insure Insurance Agency Co.,Ltd.	50,000,000.00				50,000,000.00	
Ningbo Yijie Equity Investments and Fund Management Partnership(LP)	2,000,000.00				2,000,000.00	
Zhejiang Qianjiang Motorcycle Co.,Ltd.	1,081,350,000.00				1,081,350,000.00	
Geely International (US) Co.,Ltd.	33,852,140.00				33,852,140.00	
Geely Changxing New Energy Automobile Co.,Ltd.			270,000,000.00		270,000,000.00	
Shanghai Geely Zhaoyuan International Investment Co.,Ltd.			5,186,570,000.00		5,186,570,000.00	
Zhejiang Zhongjian Investment Co.,Ltd.			300,000,000.00		300,000,000.00	
Zhejiang Geely Automobile Industry Co.,Ltd.			500,000,000.00		500,000,000.00	

Investees	Opening balance	Opening balance of impairment provision	Increase during the year	Decrease during the year	Closing balance	Closing balance of impairment provision
Geely Automobile Holdings Ltd.			382,310,347.06		382,310,347.06	
Beichen Automobile (Shanghai) Co.,Ltd.			2,756,029,930.10		2,756,029,930.10	
Total	13,513,097,736.66	44,789,998.45	12,816,910,277.16	40,200,000.00	26,289,808,013.82	44,789,998.45

Note 1: Beijing Yihang Wanyuan International Investment Co.,Ltd. was canceled.

Note 2: The share of Nanchong Geely Commercial Vehicle Research Institute Co.,Ltd. was transferred to Zhejiang Geely New Energy Commercial Vehicle Group Co.,Ltd. in this year.

(2) Investment in associated enterprises and joint venture

Investees	Opening balance	Opening balance of Impairment provision	Increase and decrease during the year								Closing balance	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Profit and loss of investment confirmed under equity method	Other comprehensive income adjusted	Other equity changes	Cash dividends or profit	Accrued impairment provision	Others		
I. Joint venture												
Beijing Feiyueliangjing Culture Communication Co.,Ltd.	500,000.00	500,000.00									500,000.00	500,000.00
Subtotal	500,000.00	500,000.00									500,000.00	500,000.00
II. Associates												
Geely Yinjian Investment Co.,Ltd.	307,835.69			308,517.80	682.11							
Zhejiang Yinji Automotive Components Co.,Ltd.	23,860,422.02				-383,361.01						23,477,061.01	
Corun Hybrid Technology Co.,Ltd.	210,409,258.58				956,143.42	158,878.90					211,524,280.90	

China Railway Gecent Technology Co.,Ltd.			3,513,964,575.33		-10,279,794.87						3,503,684,780.46	
Subtotal	234,577,516.29		3,513,964,575.33	308,517.80	-9,706,330.35	158,878.90					3,738,686,122.37	
Total	235,077,516.29	500,000.00	3,513,964,575.33	308,517.80	-9,706,330.35	158,878.90					3,739,186,122.37	500,000.00

3. Operating income and operating costs

Item	Amount incurred in current year		Amount incurred in previous year	
	Income	Costs	Income	Costs
Other operating income	260,024,972.16	21,917,598.06	475,200,519.27	50,786,374.94
Total	260,024,972.16	21,917,598.06	475,200,519.27	50,786,374.94

4. Investment income

(1) List of investment income

Item	Amount incurred in current year	Amount incurred in previous year
Income of long-term investment on equity investment by equity method	-9,706,330.35	-149,450,571.45
Investment income received form disposals of long-term investment on equity investment	-9,010,057.80	-16,081,762.10
Investment income gained during holding long-term equity investment		513,500,000.00
Returns from disposals of other non-current financial assets	51,189,784.30	
Total	32,473,396.15	347,967,666.45

(2) Income of long-term investment on equity investment by equity method

Item	Amount incurred in current year	Amount incurred in previous year
Zhejiang Yinji Automotive Components Co.,Ltd.	-383,361.01	5,015,083.85
Geely Yinjian Investment Co.,Ltd.	682.11	244.90
Kandi Electric Vehicles Group Co.,Ltd.		-66,919,531.32
Zhidou Electric Vehicle Co.,Ltd.		-92,940,274.51
Corun Hybrid Technology Co.,Ltd.	956,143.42	5,393,905.63
China Railway Gecent Technology Co.,Ltd.	-10,279,794.87	
Total	-9,706,330.35	-149,450,571.45

Zhejiang Geely Holding Group Co.,Ltd.
April 29, 2019

编号: 105285965

营业执照

(副 本) (10-3)

统一社会信用代码 91110102085546327O

名　　称	北京兴华会计师事务所（特殊普通合伙）
类　　型	特殊普通合伙企业
主要经营场所	北京市西城区裕民路18号2206房间
执行事务合伙人	陈胜华
成立日期	2013年11月22日
合伙期限	2013年11月22日 至 2063年11月21日
经营范围	审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

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北京市工商行政管理局西城分局

2019 年 02 月 25 日

提示：每年1月1日至6月30日通过企业信用信息公示系统报送上一年度年度报告并公示。

企业信用信息公示系统网址: qyxy.baic.gov.cn

中华人民共和国国家工商行政管理总局监制

证书序号：000419

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

北京兴华会计师事务所（特殊普通合伙） 执行证券、期货相关业务。

首席合伙人：陈胜华

证书号：10　　　发证时间：二〇一八年七月五日

证书有效期至：二〇二〇年七月五日

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会计师事务所

执业证书

名　　称：北京兴华会计师事务所（特殊普通合伙）

首席合伙人：陈胜华

主任会计师：

经营场所：北京市西城区裕民路18号2206房间

组织形式：特殊普通合伙

执业证书编号：11000010

批准执业文号：京财会许可（2013）0060号

批准执业日期：2013年10月10日

证书序号：0000211

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1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

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4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一八年八月二十日

中华人民共和国财政部制

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THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会
330000240029
浙江省注册会计师协会
1993 年 12 月 09 日
姓名 Full name 陈树华
性别 Sex 男
出生日期 Date of birth 1966-02-22
工作单位 Working unit 杭州会瑞会计师事务所有限公司
身份证号码 Identity card No. 33262226802
年度检验登记
Annual Renewal Registration
本证书经检验合格，继续有效一年。
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注册会计师任职资格检查
2018
检
浙江省注册会计师协会
2019
检
注册会计师工作单位变更事项登记
Registration of the Change of Working Units by a CPA
同意调出
Agree the holder to be transferred from
同意调入
Agree the holder to be transferred to
北京兴华杭州分所
2013年12月26日
转出协会盖章
Stamp of the transfer-out Institute of CPAs
转入协会盖章
Stamp of the transfer-in Institute of CPAs
北京兴华会计师事务所(特殊普通合伙)
110102034941
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注册会计师任职资格检查
（浙注协〔2018〕28号）
2018
检
浙江省注册会计师协会

年 月 日

证书编号：330002770009
No. of Certificate

批准注册协会：浙江省注册会计师协会
Authorized Institute of CPAs

发证日期：2013 年 03 月 28 日
Date of Issuance

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
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事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

年 月 日

同意调入
Agree the holder to be transferred to

北京兴华杭州分公司 事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

2013 年 12 月 26 日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

年 月 日

同意调入
Agree the holder to be transferred to

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

年 月 日

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

姓名 Full name：朱佳鹏
性别 Sex：男
出生日期 Date of birth：1986-10-25
工作单位 Working unit：杭州金瑞会计师事务所有限公司
身份证号码 Identity card No.：330103198610251016

北京兴华会计师事务所(特殊普通合伙)
1101020349414
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注册会计师任职资格检查
（浙注协〔2019〕39号）
2019
检
浙江省注册会计师协会

年 月 日

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浙江省注册会计师协会
年检专用章

2019.07.01
年 月 日

APPENDIX – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT

FROM: BANK OF CHINA LIMITED, SINGAPORE BRANCH (SWIFT: BKCHCNBJXXX)
ADDRESS: 4 BATTERY ROAD, BANK OF CHINA BUILDING, SINGAPORE 049908
ATTN: TRADE OPERATION

OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER]
ISSUING DATE: [DATE]

TO: DB TRUSTEES (HONG KONG) LIMITED
LEVEL 60, INTERNATIONAL COMMERCE CENTRE
1 AUSTIN ROAD WEST
KOWLOON, HONG KONG

RE: DB TRUSTEES (HONG KONG) LIMITED (THE "**TRUSTEE**") IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF ITSELF AND THE HOLDERS (THE "**NOTE HOLDERS**") OF THE U.S.$400,000,000 1.375 PER CENT. CREDIT ENHANCED NOTES DUE 2024 (THE "**NOTES**"), TO BE ISSUED BY LEVC FINANCE LTD WITH REGISTERED OFFICE AT RITTER HOUSE, WICKHAMS CAY II, PO BOX 3170, ROAD TOWN, TORTOLA VG1110, BRITISH VIRGIN ISLANDS (THE "**NOTE ISSUER**") AND TO BE CONSTITUTED BY A TRUST DEED DATED ON 25 MARCH 2021 (THE "**NOTE ISSUE DATE**") AMONG THE NOTE ISSUER, ZHEJIANG GEELY HOLDING GROUP COMPANY LIMITED WITH PRINCIPAL OFFICE AT 1760 JIANGLING RD, BINJIANG DISTRICT, HANGZHOU, ZHEJIANG, THE PEOPLE'S REPUBLIC OF CHINA (THE "**COMPANY**") AND THE TRUSTEE, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME (THE "**TRUST DEED**").

DEAR SIRS,

AT THE REQUEST OF OUR CUSTOMER, THE NOTE ISSUER, WE, BANK OF CHINA LIMITED, SINGAPORE BRANCH (THE "**ISSUING BANK**", "**OUR**", "**US**" OR "**WE**"), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE NOTE ISSUER IN RESPECT OF AND IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE NOTES APPENDED TO THE TRUST DEED (THE "**CONDITIONS**") AND THE TRUST DEED AND SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (A "**DEMAND**") STATING THAT (A) THE NOTE ISSUER HAS FAILED TO COMPLY WITH THE CONDITION IN RELATION TO PRE-FUNDING SPECIFIED IN THE CONDITIONS (THE "**PRE-FUNDING CONDITION**") FOR AN AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS IN ACCORDANCE WITH THE PRE-FUNDING CONDITION OR (B) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE NOTE ISSUER IN ACCORDANCE WITH THE CONDITIONS THAT THE NOTES ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS OR (C) THE NOTE ISSUER HAS FAILED TO PAY THE FEES AND EXPENSES IT IS OBLIGED TO PAY UNDER THE CONDITIONS OR THE TRUST DEED WHEN DUE AND SUCH FAILURE HAS CONTINUED FOR A PERIOD OF SEVEN DAYS FROM THE DATE OF THE TRUSTEE DELIVERING ITS DEMAND THEREFOR TO THE NOTE ISSUER IN ACCORDANCE WITH THE CONDITIONS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON AND AFTER THE NOTE ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND BY 6:00 P.M. (SINGAPORE TIME) PRESENTED BY YOU OR ON YOUR BEHALF IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON A BUSINESS DAY ON OR AFTER THE NOTE ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE (AS DEFINED BELOW), WE SHALL BY 11:00 A.M. (SINGAPORE TIME) ON THE FOURTH BUSINESS DAY, (IF A DEMAND IS RECEIVED, AFTER 6:00 P.M. (SINGAPORE TIME) ON A BUSINESS DAY, THE FIFTH BUSINESS DAY) IMMEDIATELY FOLLOWING RECEIPT OF SUCH DEMAND PAY TO OR TO THE ORDER OF THE TRUSTEE THE AMOUNT IN U.S. DOLLARS SPECIFIED IN THE DEMAND TO THE ACCOUNT SPECIFIED IN THE DEMAND. "BUSINESS DAY" MEANS A DAY (OTHER THAN A SATURDAY OR A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH BANKS AND FOREIGN EXCHANGE MARKETS ARE OPEN FOR BUSINESS IN SINGAPORE, NEW YORK AND HONG KONG.

OUR LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN U.S. DOLLARS AND SHALL NOT EXCEED U.S. DOLLARS 417,500,000 IN AGGREGATE (THE "**MAXIMUM LIMIT**"). NOTWITHSTANDING THE MAXIMUM LIMIT ABOVE, THE MAXIMUM LIMIT SHALL BE IRREVOCABLY REDUCED WITH EFFECT FROM AND INCLUDING THE DAY FALLING SIX MONTHS AFTER EACH INTEREST PAYMENT DATE (AS DEFINED IN THE CONDITIONS) (THE "**REDUCTION EFFECTIVE DATE**") (EXCEPT FOR THE MATURITY DATE) BY THE FULL AMOUNT OF INTEREST DUE PAID BY THE NOTE ISSUER TO THE PRINCIPAL PAYING AGENT (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE CONDITIONS AND THE AGENCY AGREEMENT (THE "**ADJUSTED MAXIMUM LIMIT**"), AS EVIDENCED BY THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) DELIVERED TO US BY FACSIMILE OR EMAIL BY THE NOTE ISSUER BY NO LATER THAN THE BUSINESS DAY FALLING TEN BUSINESS DAYS PRIOR TO THE DUE DATE FOR SUCH PAYMENT IN ACCORDANCE WITH THE CONDITIONS.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE NOTE ISSUE DATE AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 6:00 P.M. (SINGAPORE TIME) ON 24 APRIL 2024 (THE "**EXPIRY DATE**"), AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK, WHEN ALL OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL CEASE WITH NO FURTHER LIABILITY ON OUR PART EXCEPT FOR ANY DEMAND VALIDLY PRESENTED UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT BEFORE THE EXPIRY DATE THAT REMAINS UNPAID. UPON EXPIRY, THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL AUTOMATICALLY BECOME NULL AND VOID WHETHER OR NOT IT IS RETURNED TO US FOR CANCELLATION.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MUST BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF YOU AS TRUSTEE TO US (SWIFT: BKCHCNBJXXX, OR ANY SUCH OTHER AUTHENTICATED SWIFT ADDRESS AS NOTIFIED BY US TO YOU IN WRITING FROM TIME TO TIME) WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER, PROVIDED THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, YOU (THE TRUSTEE) MAY INSTEAD ARRANGE FOR A DEMAND TO BE SENT TO US VIA FACSIMILE TRANSMISSION AT + 65-6438-0718 DURING OUR NORMAL BRANCH OPENING HOURS ON OR AFTER THE NOTE ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE AND SUCH DEMAND SHALL BE SIGNED BY YOU AS TRUSTEE. NEITHER THE ORIGINAL OF THE DEMAND SO PRESENTED NOR OF ANY OTHER DOCUMENTATION SHALL BE REQUIRED TO BE PHYSICALLY PRESENTED. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND UPON RECEIPT OF

THE DEMAND SENT TO US BY WAY OF SWIFT OR FACSIMILE TRANSMISSION, AS THE CASE MAY BE. IN RELATION TO THE DELIVERY OF FACSIMILE DEMANDS AND NOTICES FROM THE BENEFICIARY PURSUANT TO THIS STANDBY LETTER OF CREDIT, WE MAY RELY ON THE LIST OF AUTHORISED SIGNATORIES AND CALL-BACK CONTACTS OF THE BENEFICIARY IN THE FORM SET OUT IN THE SCHEDULE HERETO AND SENT TO US VIA EMAIL TO TRADEOPS_SG@BANK-OF-CHINA.COM (ATTN: TRADE OPERATION DIVISION, BANKER'S GUARANTEE SECTION) BY THE BENEFICIARY AS SOON AS REASONABLY PRACTICABLE AFTER THE ISSUE DATE (WHICH MAY BE AMENDED FROM TIME TO TIME) TO VERIFY THE AUTHENTICITY OF SUCH DEMANDS AND NOTICES.

MULTIPLE AND PARTIAL DRAWINGS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT ARE PERMITTED, AND EACH SUCH DRAWING SHALL AUTOMATICALLY REDUCE THE TOTAL AMOUNT AVAILABLE FOR DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT BY AN AMOUNT EQUAL TO SUCH DRAWING.

ALL CHARGES IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT ARE FOR THE ACCOUNT OF THE NOTE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE TRUSTEE.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN U.S. DOLLARS AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF OR OTHERWISE, UNLESS AND TO THE EXTENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW, IN WHICH CASE, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE TRUSTEE OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN REQUIRED BY LAW.

THE BENEFICIARY'S (OR FUTURE BENEFICIARY'S) RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE APPOINTED IN RESPECT OF THE NOTES IN ACCORDANCE WITH THE TRUST DEED SUBJECT ONLY TO AT LEAST FIVE BUSINESS DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE OF THE NOTES BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON BY VIA FACSIMILE TRANSMISSION TO US AT + 65-6438-0718 STATING THE NAME OF TRANSFEREE. WE MAY NOT TRANSFER OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT WITHOUT YOUR PRIOR WRITTEN CONSENT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, IN THE UNEXPECTED EVENT THAT OUR SINGAPORE BRANCH IS CLOSED WHEN YOU WISH TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS PERMITTED TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT WE WILL AS SOON AS PRACTICABLE NOTIFY YOU VIA EMAIL TO DEBTAGENCY.HKCSG@LIST.DB.COM ON THE DATE OF OUR RESUMPTION OF OUR BUSINESS AND YOU CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR BY PRESENTING THE DEMAND VIA FACSIMILE TRANSMISSION AT + 65-6438-0718 FROM THE DATE OF OUR RESUMPTION OF OUR BUSINESS, PROVIDED THAT IF OUR SINGAPORE BRANCH IS CLOSED ON THE EXPIRY DATE, THE EXPIRY DATE SHALL BE AUTOMATICALLY EXTENDED BY, AND SUCH PRESENTATION SHALL BE MADE WITHIN, THREE BUSINESS DAYS AFTER THE DATE OF OUR RESUMPTION OF OUR BUSINESS, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT THEN AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION (AT THE FACSIMILE NUMBER SET OUT ABOVE) OF OUR RESUMPTION OF OUR BUSINESS.

IF ANY PAYMENT BY THE NOTE ISSUER OR ANY OTHER PERSON ON THE NOTE ISSUER'S BEHALF IS AVOIDED (BY VIRTUE OF ANY LAWS OR REGULATIONS RELATING TO BANKRUPTCY, INSOLVENCY, RECEIVERSHIP, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE), YOU SHALL BE ENTITLED TO RECOVER FROM US THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED. FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS PARAGRAPH SHALL CAUSE OUR LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT TO EXCEED THE ADJUSTED MAXIMUM LIMIT (THEN PREVAILING) OR REQUIRE US TO MAKE PAYMENT OTHER THAN AS A RESULT OF A DEMAND BEING VALIDLY PRESENTED UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT BEFORE THE EXPIRY DATE.

EXCEPT TO THE EXTENT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 ("**UCP600**").

THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION THEREWITH ARE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, ENGLISH LAW. NO RIGHTS ARE CONFERRED ON ANY PERSON UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 TO ENFORCE ANY TERM OF THE NOTE, BUT THIS DOES NOT AFFECT ANY RIGHT OR REMEDY OR ANY PERSON WHICH EXISTS OR IS AVAILABLE APART FROM THAT ACT. EACH OF THE ISSUING BANK AND THE TRUSTEE AGREES (A) THE COURTS OF HONG KONG ARE TO HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTES, CLAIMS, DIFFERENCE OR CONTROVERSY THAT MAY ARISE OUT OF, IN RELATION TO OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, INCLUDING ANY DISPUTE AS TO THEIR EXISTENCE, VALIDITY, INTERPRETATION, PERFORMANCE, BREACH OR TERMINATION OR THE CONSEQUENCES OF THEIR NULLITY AND ANY DISPUTE RELATING TO ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THEM (A "**DISPUTE**") AND ACCORDINGLY ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (THE "**PROCEEDINGS**") MAY BE BROUGHT IN SUCH COURTS, AND (B) IN RELATION TO ANY DISPUTE, TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF HONG KONG AND WAIVE ANY OBJECTION TO PROCEEDINGS IN SUCH COURTS ON THE GROUND OF VENUE OR ON THE GROUND THAT THE PROCEEDINGS HAVE BEEN BROUGHT IN AN INCONVENIENT OR INAPPROPRIATE FORUM TO SETTLE ANY DISPUTE. WE HAVE IRREVOCABLY APPOINTED BANK OF CHINA LIMITED, HONG KONG BRANCH AS OUR PROCESS AGENT IN HONG KONG TO RECEIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT IN HONG KONG. IF FOR ANY REASON WE CEASE TO HAVE SUCH A PROCESS AGENT IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY YOU OF SUCH APPOINTMENT WITHIN 30 DAYS OF CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SCHEDULE

LIST OF AUTHORISED SIGNATORIES AND CALL-BACK CONTACTS OF THE TRUSTEE

AUTHORISED SIGNATORIES

NAME	TITLE	SPECIMEN SIGNATURE

AUTHORISED CONTACTS FOR CALL-BACKS

NAME	EMAIL ADDRESS	PHONE NUMBER

APPENDIX A-1

FORM OF DEMAND

To: Bank of China Limited, Singapore Branch (SWIFT: BKCHCNBJXXX)
Address: 4 Battery Road, Bank of China Building, Singapore, 049908
Attn: Trade Operation

(Date)

Dear sirs

Re: Demand under the Irrevocable Standby Letter of Credit no. [number] in respect of the U.S.$400,000,000 1.375 per cent. credit enhanced notes due 2024 (the "**Notes**") issued by LEVC Finance Ltd (the "**Note Issuer**") where such Notes are constituted by a trust deed dated 25 March 2021 entered into between the Note Issuer, Zhejiang Geely Holding Group Company Limited (with principal office at 1760 Jiangling Rd, Binjiang District, Hangzhou, Zhejiang, the People's Republic of China) and DB Trustees (Hong Kong) Limited as trustee for the Notes (the "**Trustee**") (the "**Trust Deed**").

The undersigned is a duly authorised signatory of DB Trustees (Hong Kong) Limited which is hereby making a Demand on behalf of the Trustee under your irrevocable standby letter of credit no. [number] (the "**Irrevocable Standby Letter of Credit**"). Capitalised terms used herein but not defined shall have the meanings given to them in the Irrevocable Standby Letter of Credit.

1. This Demand is made in connection with the following:[1]

   ☐ the Note Issuer has failed to comply with the condition in relation to pre-funding specified in the Conditions (the "**Pre-funding Condition**") for an amount that is required to be pre-funded under the Conditions and/or failed to provide the required confirmations in accordance with the Pre-funding Condition, or

   ☐ an Event of Default (as defined in the Conditions) has occurred and the Trustee has given notice to the Note Issuer in accordance with the Conditions that the Notes are immediately due and payable in accordance with the Conditions, or

   ☐ the Note Issuer has failed to pay the fees and expenses it is obliged to pay under the Conditions or the Trust Deed when due and such failure has continued for a period of seven days from the date of the Trustee delivering its Demand therefor to the Note Issuer in accordance with the Conditions.

2. We hereby certify that as a result of the relevant event specified in paragraph 1 above the amount specified below is due and payable to us as Trustee and accordingly we hereby demand you to pay to us:

   ☐ U.S.$[amount] of interest due in respect of the outstanding Notes on [date] (the "**Due Date**"), which has not been pre-funded in accordance with the Conditions.

   ☐ U.S.$[amount] of principal (together with accrued but unpaid interest) due in respect of the outstanding Notes on [date] (the "**Due Date**"), which has not been pre-funded in accordance with the Conditions.

1 Trustee to check appropriate box and complete details in brackets.

☐ U.S.$[amount] of principal (together with accrued interest up to [date] (the "**Cut-off Date**")) due in respect of the outstanding Notes, as a result of the Notes having become immediately due and payable in accordance with the Conditions.

☐ U.S.$[amount] of the fees and expenses in connection with the Conditions or the Trust Deed which is due and has not been paid for a period of seven days from the date of the Trustee delivering its demand therefor to the Note Issuer.

3. We hereby request you to pay the above amounts after you receive this Demand in accordance with the terms of the Irrevocable Standby Letter of Credit.

4. The proceeds of the drawing under this Demand are to be credited to the following account: [account details]

DB Trustees (Hong Kong) Limited as beneficiary and Trustee

By:
Name:
Title:

ISSUER

LEVC Finance Ltd
Ritter House, Wickhams Cay II
PO Box 3170, Road Town
Tortola VG1110, British Virgin Islands

COMPANY

Zhejiang Geely Holding Group Company Limited
1760 Jiangling Rd
Binjiang District, Hangzhou, Zhejiang 310051
PRC

TRUSTEE

DB Trustees (Hong Kong) Limited
Level 60, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

LC BANK

Bank of China Limited, Singapore Branch
CBD I, 31st Floor
Bank of China Building, 4 Battery Road
Singapore 049908

LC PROCEEDS ACCOUNT BANK AND PRE-FUNDING ACCOUNT BANK

Deutsche Bank AG, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

PRINCIPAL PAYING AND TRANSFER AGENT AND REGISTRAR

Deutsche Bank AG, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

LEGAL ADVISERS TO THE ISSUER AND THE COMPANY

as to English Law

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central, Hong Kong

as to PRC Law

King & Wood Mallesons
28/F, China Resources Tower
2666 Keyuan South Road
Nanshan District, Shenzhen,
Guangdong, PRC

as to British Virgin Islands law

Ogier
11/F, Central Tower
28 Queen's Road Central
Hong Kong

LEGAL ADVISERS TO THE MANAGERS

as to English Law

Linklaters
11/F, Alexandra House
Chater Road
Hong Kong

as to PRC Law

Zhong Lun Law Firm
36, 37/F, SK Tower
6A Jianguomenwai Avenue
Chaoyang District
Beijing 100022, P.R. China

LEGAL ADVISERS TO THE TRUSTEE AS TO ENGLISH LAW

Linklaters
11/F, Alexandra House
Chater Road
Hong Kong

AUDITORS OF THE COMPANY

Beijing Xinghua Certified Public Accountants (Special General Partnership)
Level 22 North Ring Center,
No. 18 Yumin Road, Xicheng District
Beijing 100029, P.R. China

LISTING AGENT

Linklaters
One George Street, #17-01,
Singapore 049145