*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement and the listing document referred to herein are not intended to be and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors:** The Issuer confirms that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and are listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

SAIC-GMAC Automotive Finance Company Limited
（上汽通用汽車金融有限責任公司）
(the "Issuer")

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

SAIC GMAC
上汽通用汽车金融

CNY1,000,000,000 3.20 PER CENT. NOTES DUE 2025
(the "Notes")
(Stock code: 86026)
ISSUE PRICE: 100.00 PER CENT.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **BNP PARIBAS**

Joint Bookrunners and Joint Lead Managers

Bank of China **DBS Bank Ltd.** **Standard Chartered Bank** **CLSA**

Industrial Bank Co., Ltd. Hong Kong Branch **Shenwan Hongyuan (H.K.)**

Joint Green Structuring Banks

HSBC **BNP PARIBAS**

This announcement is made by the Issuer pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Notes on the Hong Kong Stock Exchange dated 17 March 2022 published by the Issuer. The offering circular dated 10 March 2022 referred to therein is appended to this announcement.

Hong Kong, 18 March 2022

As at the date of this announcement, the directors of the Issuer are Wei Yong, Jiang Jiong, Yu Yarui, Wang Hua, Mark Franklin Bole, Enrique Mendoza Figari and Rafael Esteban Amoros.

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 OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to The Hongkong and Shanghai Banking Corporation Limited, BNP Paribas, Bank of China Limited, DBS Bank Ltd., Standard Chartered Bank, CLSA Limited, Industrial Bank Co., Ltd. Hong Kong Branch and Shenwan Hongyuan Securities (H.K.) Limited (each, a "**Joint Lead Manager**" and together, the "**Joint Lead Managers**") that you and any customers you represent are not, and the electronic mail address that you gave the Joint Lead Managers to which this e-mail has been delivered is not, located in the United States and that you consent to delivery of such Offering Circular and any amendments or supplements thereto by electronic transmission.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES 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.

Restrictions: The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

You are reminded that this Offering Circular has been delivered to you 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 you 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.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, 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 licensed broker or dealer and the Joint Lead Managers or any affiliate of them is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Joint Lead Managers, the Trustee, the Agents, nor any person who controls any of them, nor their respective directors, officers, employees, representatives nor agents, nor affiliates of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON, ELECTRONICALLY OR OTHERWISE, AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT 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.

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 responsible for protecting against viruses and other destructive items. Your use of this e-mail 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.

SAIC GMAC

上汽通用汽车金融

SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED
(上汽通用汽車金融有限責任公司)

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

CNY1,000,000,000 3.20 PER CENT. NOTES DUE 2025
ISSUE PRICE: 100.00 PER CENT.

The 3.20 per cent. Notes due 2025 (the "**Notes**") will be issued in the aggregate principal amount of CNY1,000,000,000 by SAIC-GMAC Automotive Finance Company Limited (上汽通用汽車金融有限責任公司) (the "**Issuer**") and are in registered form in the denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Notes will bear interest from 17 March 2022 at the rate of 3.20 per cent. per annum. Interest on the Notes is payable semi-annually in arrear on the Interest Payment Date (as defined in "*Terms and Conditions of the Notes*") falling on, or nearest to, 17 March and 17 September in each year, commencing on 17 September 2022.

The Notes will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

All payments of principal, premium (if any) and interest 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 imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, all to the extent described in "*Terms and Conditions of the Notes — Taxation*".

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 17 March 2025 (the "**Maturity Date**"), subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Notes. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the PRC. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Tax Reasons*". Furthermore, at any time following the occurrence of a Relevant Event (as defined in "*Terms and Conditions of the Notes*"), the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of such Holder's Notes at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control (as defined in "*Terms and Conditions of the Notes*")) or 100 per cent. of their principal amount (in the case of a redemption for a Non-Registration Event (as defined in "*Terms and Conditions of the Notes*")), in each case, together with accrued interest. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for a Relevant Event*".

The Issuer undertakes to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local counterparts ("**SAFE**") the requisite information and documents within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the PBOC and which came into effect on 12 January 2017, and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC or the CBIRC, as the case may be, from time to time (the "**Foreign Debt Registration**"), and to comply with all applicable PRC laws and regulations in relation to the Notes. The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline (as defined in "*Terms and Conditions of the Notes*").

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (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)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC on 16 December 2021 evidencing such registration and which remains in full force and effect. The Issuer intends to provide the requisite information on the issuance of the Notes to the NDRC within the prescribed timeframe after the Issue Date.

Pursuant to the Measures for the Implementation of Administrative Licensing Matters of Non-Bank Financial Institutions (中國銀保監會非銀行金融機構行政許可事項實施辦法) issued by the CBIRC on 23 March 2020 which came into effect on the same day (the "**CBIRC Measures**"), the Issuer obtained an approval document dated 24 January 2022 with the serial number Hu Yin Bao Jian Fu [2022] No 70 (滬銀保監覆[2022]70號) (the "**CBIRC Approval**") from the Shanghai Office of the CBIRC and which remains in full force and effect as at the date of this Offering Circular. The CBIRC Approval requires the Issuer to provide certain information in relation to the issuance of the Notes to the CBIRC within 15 PRC Business Days after the Issue Date (the "**CBIRC Post-issue Filing**"). The Issuer will undertake in the Conditions to file or cause to be filed with the CBIRC Post-issue Filing within the prescribed time period after the Issue Date in accordance with the CBIRC Measures and the CBIRC Approval.

The Notes are being issued under the Issuer's green financing framework. See "*Green Financing Framework*" beginning on page 63.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKSE has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Issuer or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. You are advised to read and understand the contents of this Offering Circular before investing. If in doubt, you should consult your adviser.

Investing in the Notes involves certain risks. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in the Offering Circular and the merits and risks of investing in the Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. See "*Risk Factors*" beginning on page 13 for a description of certain factors to be considered in connection with an investment in the Notes.

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

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

The Notes will be represented by beneficial interests in a global note certificate (the "**Global Note Certificate**") in registered form, which will be deposited with a sub-custodian for the Hong Kong Monetary Authority ("**HKMA**") as operator of the Central Moneymarkets Unit Service (the "**CMU**"), the book-entry clearing system operated by the HKMA, on or about 17 March 2022 (the "**Issue Date**"). For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**", together with Euroclear and CMU, the "**Clearing Systems**", each a "**Clearing System**"), such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **BNP PARIBAS**

Joint Bookrunners and Joint Lead Managers

Bank of China **DBS Bank Ltd.** **Standard Chartered Bank** **CLSA**

Industrial Bank Co., Ltd. Hong Kong Branch **Shenwan Hongyuan (H.K.)**

Joint Green Structuring Banks

HSBC **BNP PARIBAS**

Offering Circular dated 10 March 2022

IMPORTANT NOTICE

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

The Issuer, having made all reasonable enquiries, accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms that to the best of its knowledge and belief that (i) this Offering Circular contains all information with respect to the Issuer and the Notes which is material in the context of the issue, offering, sale, marketing or distribution of the Notes (including all information which is required by all applicable laws, rules and regulations or information which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and of the rights attaching to the Notes), (ii) the statements of fact contained in this Offering Circular are in every material respect true and accurate and not misleading and there are no other facts in relation to the Issuer and the Notes the omission of which would, in the context of the issue, offering, sale, marketing or distribution of the Notes, make any statement in this Offering Circular misleading, (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances and based on reasonable assumptions, (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements, and (v) all statistical, industry and market-related data included in this Offering Circular are derived from sources which the Issuer believes to be accurate and reliable in all material respects.

This Offering Circular has been prepared by the Issuer 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 Hongkong and Shanghai Banking Corporation Limited, BNP Paribas, Bank of China Limited, DBS Bank Ltd., Standard Chartered Bank, CLSA Limited, Industrial Bank Co., Ltd. Hong Kong Branch and Shenwan Hongyuan Securities (H.K.) Limited (each, a "**Joint Lead Manager**" and together, the "**Joint Lead Managers**"), the Trustee and the Agents (as defined in "*Terms and Conditions of the Notes*") 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 possession or distribution of this Offering Circular or any offering or publicity material relating to the Notes 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 and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Offering Circular, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

No person has been or is authorised in connection with the issue, offer, sale, marketing or distribution of the Notes to give any information or to make any representation concerning the Issuer, the Notes 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 or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, directors, employees, agents or advisers. 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, or any of them since the date hereof or create any implication that the information contained herein is correct as at 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 Joint Lead Managers the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers 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.

This Offering Circular is being furnished by the Issuer 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 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. Each offeree of the Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

No representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers. The Joint Lead Managers, the Trustee and the Agents and their respective affiliates, officers, representatives, directors, employees, agents or advisers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers accepts any responsibility or liability for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, officers, representatives, directors, employees, agents or advisers 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 Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers undertakes to review the results of operation, financial condition or affairs of the Issuer for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers.

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 the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers 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 to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations. Potential purchasers of the Notes are advised to read and understand the contents of this Offering Circular before investing. If in doubt, such potential purchaser should consult his or her adviser.

Any of the Joint Lead Managers and their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). Furthermore, investors in the Notes may include entities affiliated with the Issuer.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) (THE "STABILISATION MANAGER") MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISATION MANAGER TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

Listing of the Notes on the HKSE is not to be taken as an indication of the merits of the Issuer or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering of the Notes, 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. The Issuer, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, officers, representatives, directors, employees, agents or advisers are not making any representation to any purchaser of the Notes regarding the legality of any investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes this information to be reliable, such information has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers, and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to an investment in the Notes. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

The Offering Circular contains the audited financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020, which is extracted from its audited financial statements as at and for the years ended 31 December 2019 and 2020 (the "**Issuer Audited Financial Statements**") included elsewhere in this Offering Circular. The Issuer Audited Financial Statements have been prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") and have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP ("**Deloitte**").

The Offering Circular contains the unaudited interim financial information of the Issuer as at and for the nine months ended 30 September 2020 and 2021, which is extracted from its unaudited but reviewed financial statements as at and for the nine months ended 30 September 2021 (the "**Issuer Reviewed Interim Financial Statements**", together with the Issuer Audited Financial Statements, the "**Financial Statements**") included elsewhere in this Offering Circular, and have been reviewed by Deloitte. Consequently, such financial information should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit. Accordingly, potential investors must exercise caution when using such data to evaluate the Issuer's financial position, results of operations and cash flows. Such unaudited consolidated interim financial information as at and for the nine months ended 30 September 2021 should not be taken as an indication of the expected financial condition, results of operations and cash flows of the Issuer for the full financial year ending 31 December 2021.

The Financial Statements are originally prepared in the Chinese language (collectively, the "**Chinese Financial Statements**") and have been translated into English (the "**Financial Statements Translation**") for the purposes of inclusion in this Offering Circular for reference purposes only. Should there be any inconsistency between the Chinese Financial Statements and the Financial Statements Translation, the Chinese Financial Statements shall prevail. The Financial Statements Translation does not itself constitute audited or reviewed financial statements, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the Chinese Financial Statements. The Issuer Audited Financial Statements are available at the following website: www.chinamoney.com.cn. None of the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, agents, advisers or affiliates have independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Significant Differences between PRC GAAP and IFRS*".

CERTAIN DEFINITIONS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. When using the terms the "**Issuer**", the "**Company**" and words of similar import, SAIC-GMAC Automotive Finance Company Limited (上汽通用汽車金融有限責任公司) is being referring to.

Unless the context otherwise requires, references in this Offering Circular to "**Renminbi**", "**CNY**" and "**RMB**" are to the lawful currency of the PRC, "**U.S. dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America (the "**United States**"), "**PRC**" and "**China**" are to the People's Republic of China which for the purpose of this Offering Circular excludes Hong Kong, Macau and Taiwan, "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC, and "**Macau**" are to the Macau Special Administrative Region of the PRC.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollars at specified rates. Unless indicated otherwise, the translation of Renminbi into U.S. dollars has been made at the rate of RMB6.4434 to U.S.$1.00, the noon buying rate in effect on 30 September 2021 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States (the "**Federal Reserve Board**"). Further information on exchange rates is set forth in "**Exchange Rate Information**" in this Offering Circular. Investors should not construe these translations as representations that the Renminbi amounts have been, could have been or could actually be converted into any U.S. dollar amounts at any particular rate or at all, or vice versa.

Unless the context otherwise requires, references in this Offering Circular to the "**Terms and Conditions of the Notes**" are to the terms and conditions governing the Notes, as set out in "*Terms and Conditions of the Notes*".

In this Offering Circular, where information has been presented in thousands, millions, or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and 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.

In this Offering Circular, references to:

- "**MOFCOM**" are to the Ministry of Commerce of the PRC or its competent local counterpart;
- "**NDRC**" are to the National Development and Reform Commission of the PRC or its competent local counterpart;
- "**State Council**" are to the state council of the PRC.
- "**AFC**" are to auto finance company licensed and regulated by the China Banking and Insurance Regulatory Commission.

- "**CBIRC**" or "**CBRC**" are to the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of its predecessors, the China Banking Regulatory Commission (中國銀行業監督管理委員會) and China Insurance Regulatory Commission (中國保險監督管理委員會), according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on 22 March 2018, including, where appropriate, its local counterparts.

- "**China**" or "**PRC**" are to the People's Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.

- "**GMF**" are to General Motors Financial Company Inc., a limited liability company incorporated in the United States.

- "**LPR**" are to loan prime rates published by the PBOC.

- "**SAIC Finance**" are to Shanghai Automotive Group Finance Corporation Limited (上海汽車集團財務有限責任公司), a limited liability company incorporated in the PRC.

- "**SAIC-GM**" are to SAIC General Motors Corporation Limited (上汽通用汽車有限公司), a limited liability company incorporated in the PRC.

- "**SAIC Motor**" are to SAIC Motor Corporation Limited (上海汽車集團股份有限公司), a limited liability company incorporated in the PRC.

- "**PBOC**" are to the People's Bank of China (中國人民銀行), the central bank of the PRC.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes certain "forward-looking statements". All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Issuer's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Issuer participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "will", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Issuer's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- the risks inherent to the industries in which the Issuer operates;
- the business and operating strategies and the future business development of the Issuer;
- the general economic, political, social conditions and developments in the PRC;
- changes in competitive conditions and the Issuer's ability to compete under these conditions, including the actions and developments of competitors;
- the Issuer's ability to acquire and maintain regulatory qualifications required to operate its business;
- the availability and cost of bank loans and other forms of financing;
- changes or volatility in currency exchange rates, interest rates, taxes and duties, equity prices or other rates or prices, including those pertaining to the PRC;
- changes in the laws, rules and regulations of the governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Issuer's business; and
- other factors beyond the Issuer's control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular.

The Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

CONTENTS

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 prospective investors in deciding whether to invest in the Notes. Prospective investors should read the entire Offering Circular, including the section entitled "Risk Factors" and the financial statements and related notes thereto, before making an investment decision.

OVERVIEW

Founded in August 2004, the Issuer is the first licensed AFC in China and has an operating history of over 17 years. The Issuer has achieved sustained profitability since the first full financial year following its establishment and has strived for balanced development in terms of scale and quality through business innovation and optimisation of the resources available to it. The Issuer believes it enjoys a market-leading position in terms of its scale of assets and net profit. As at 30 September 2021, it had total assets of approximately RMB116 billion.

As a Sino-foreign joint venture backed by SAIC-GM, the Issuer has historically focused on providing auto finance products and services for SAIC-GM brand vehicles. In recent years, benefiting from its strong risk management capability as well as effective business development effort, the Issuer has continued to expand its business to cover auto brands other than those owned by SAIC-GM with its retail finance business now covering most automobile brands in the domestic market in China. The Issuer has formed strategic partnerships with a number of automobile manufacturers to cooperate in launching multi-channel marketing activities and offering auto financing solutions for their key vehicle models.

Leveraging SAIC-GM's extensive dealer network, which covers all provinces, municipalities and autonomous regions in the PRC, the Issuer is able to provide auto loans and related services to retail customers and auto dealers across the country. As at 30 September 2021, the Issuer's retail finance business and wholesale loan business covered, respectively, 322 and 293 cities nationwide, including Beijing, Shanghai, Guangzhou and Shenzhen, as well as other lower-tier cities. As at the same date, the Issuer had enabled over 8.2 million customers in China to purchase their own cars with its financing solutions.

The Issuer's strong credit profile has allowed it to access diversified sources of funding to support its operation and growth. In recent years, the Issuer has expanded its cooperation with banks and successfully tapped into the domestic capital market with bond issuances and asset securitisation. In addition, as a member of the National Association of Financial Market Institutional Investors, the Issuer is authorised to access the national interbank lending market to satisfy its funding needs, which is only accessible to selected financial institutions.

The Issuer attaches great importance to the management of its risk exposure and the quality of its loan assets while pursuing business growth. It has established a robust risk management system which utilises proprietary algorithm, and closely tracks the performance of its loans and controls the key indicators for delinquency. As at 31 December 2018, 2019 and 2020 and 30 September 2021, the Issuer's non-performing loan ratio was 0.09 per cent., 0.29 per cent., 0.33 per cent. and 0.39 per cent., which falls below the industry average.

The Issuer's business consists of (i) retail finance business, which provides loans to individual consumers and corporate customers for financing their purchases of vehicles, and (ii) a wholesale loan business, which provides loans to automobile dealers for the procurement of vehicle inventory as well as loans for supporting their operations. The following table sets forth the breakdown of revenues by business segment for the periods indicated:

	Year ended 31 December						**Nine months ended 30 September**			
	2018		**2019**		**2020**		**2020**		**2021**	
	RMB	**per cent.**	**RMB**	**per cent.**	**RMB**	**per cent.**	**RMB**	**per cent.**	**RMB**	**per cent.**
	(in thousands, except percentages)									
Retail finance business	5,584,090	87.6	6,168,107	87.0	6,205,459	86.5	4,705,983	87.3	5,027,768	89.4
Wholesale loan business	788,451	12.4	921,153	13.0	966,363	13.5	687,155	12.7	593,026	10.6
Total	**6,372,542**	**100.0**	**7,089,260**	**100.0**	**7,171,822**	**100.0**	**5,393,138**	**100.0**	**5,620,794**	**100.0**

COMPETITIVE STRENGTHS

The Issuer believes that the following strengths have helped it succeed and set it apart from its competitors:

- Leading Auto Finance Company in China with Scale and Network Advantages;
- Shareholder Support for the Development of Business;
- Prudent and Comprehensive Risk Management;
- Stable and Diversified Sources of Funding; and
- Experienced and Dedicated Management Team.

BUSINESS STRATEGIES

The Issuer plans to pursue the following strategies to maintain its leading position in the auto financing industry in China and drive future business growth:

- Expand Sales Network and Strengthen Cooperation with Auto Dealers;
- Accelerate Digitalisation and Explore Online Direct Sales; and
- Expand Used Automobile Financing Operation to Drive Future Growth.

RECENT DEVELOPMENT

Issuances of Asset-Backed Securities

On 6 January 2022, the Issuer completed the issuance of the "Rongteng 2022 Series I Retail Auto Loan Asset-Backed Securities" (the "**Rongteng 2022-1 ABS**") in an aggregate principal amount of RMB10 billion in the PRC national interbank market. The Rongteng 2022-1 ABS consists of four tranches: the prioritised A1 tranche was issued in an aggregate principal amount of RMB4 billion with an interest rate of 2.65 per cent.; the prioritised A2 tranche was issued in an aggregate principal amount of RMB4.7 billion with an interest rate of 2.75 per cent; the prioritised B tranche was issued in an aggregate principal amount of RMB730 million with an interest rate of 3.50 per cent; the subordinated tranche, which is held by the Issuer, was issued in an aggregate principal amount of RMB570 million. See "*Description of Material Indebtedness and Other Obligations — Asset-backed Securities — Rongteng 2022-1 ABS*" for more details.

On 24 January 2022, the Issuer completed the issuance of the "Rongteng Tongyuan 2022 Series I Retail Auto Mortgage Loan Green Asset-Backed Securities" (the "**Rongteng Tongyuan 2022-1 ABS**") in an aggregate principal amount of RMB1 billion in the bond market of China (Shanghai) Pilot Free Trade Zone. The Rongteng Tongyuan 2022-1 ABS consists of three tranches: the prioritised A1 tranche was issued in an aggregate principal amount of RMB400 million with an interest rate of 2.68 per cent.; the prioritised A2 tranche was issued in an aggregate principal amount of RMB490 million with an interest rate of 2.90 per cent; the subordinated tranche, which is held by the Issuer, was issued in an aggregate principal amount of RMB110 million. See "*Description of Material Indebtedness and Other Obligations — Asset-backed Securities — Rongteng Tongyuan 2022-1 ABS*" for more details.

THE OFFERING

The following summary contains some basic 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" shall have the same meanings in this summary. For a complete description of the terms of the Notes, see "Terms and Conditions of the Notes" in this Offering Circular.

Issuer	SAIC-GMAC Automotive Finance Company Limited (上汽通用汽車金融有限責任公司). The Legal Entity Identifier of the Issuer is 300300D4000731000003.
Notes	CNY1,000,000,000 3.20 per cent. Notes due 2025.
Issue Price	100.00 per cent.
Form and Denomination	The Notes will be issued in registered form in the denomination of CNY1,000,000 each, and integral multiples of CNY10,000 in excess thereof.
Interest	The Notes will bear interest from 17 March 2022 (the "**Issue Date**") at the rate of 3.20 per cent. per annum (the "**Rate of Interest**"), payable semi-annually in arrear on, or nearest to, 17 March and 17 September in each year (each, an "**Interest Payment Date**"), commencing 17 September 2022, subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Notes.
Issue Date	17 March 2022.
Maturity Date	17 March 2025.
Status of the Notes	The Notes constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times *rank pari* passu among themselves and at least pari passu with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3(a) (*Negative pledge*) of the Terms and Conditions of the Notes.

Registration with SAFE	The Issuer undertakes to file or cause to be filed with SAFE the requisite information and documents within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC or the CBIRC, as the case may be, from time to time (the "**Foreign Debt Registration**"), and to comply with all applicable PRC laws and regulations in relation to the Notes. The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline and shall within five PRC Business Days after SAFE has notified it of the completion of the Foreign Debt Registration, (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory (as defined in Terms and Conditions of the Notes) of the Issuer confirming the completion of the Foreign Debt Registration (together with a copy of the relevant document(s) issued by SAFE evidencing the completion of the Foreign Debt Registration) (collectively, the "**Registration Documents**") and (ii) give notice to the Noteholders in accordance with the Terms and Conditions of the Notes.
Notification to NDRC and CBIRC .	The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (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)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**"). In addition, the Issuer undertakes to file or cause to be filed with the CBIRC the requisite information and documents within 15 PRC Business Days after the Issue Date in accordance with the Measures for the Implementation of Administrative Licensing Matters of Non-Bank Financial Institutions (中國銀保監會非銀行金融機構行政許可事項實施辦法) issued by the CBIRC, and any implementation rules, reports, certificates, approvals or guidelines as issued by the CBIRC from time to time (the "**CBIRC Post-issue Filing**").

	The Issuer shall within five PRC Business Days after submission of both the NDRC Post-issue Filing and the CBIRC Post-issue Filing (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-issue Filing and the CBIRC Post-issue Filing (together with the document(s), if any, evidencing due filing with the NDRC and the CBIRC) and (ii) give notice to the Noteholders in accordance with the Terms and Conditions of the Notes.
Redemption at Maturity	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 17 March 2025, subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Notes.
Taxation	All payments of principal, premium (if any) and interest 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 imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the rate applicable on 10 March 2022 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required. If the Issuer is required to make such deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note in the circumstances set out in Condition 7 (*Taxation*) of the Terms and Conditions of the Notes.

Redemption for Tax 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 in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Notes to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that: (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 10 March 2022; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; *provided, however, that* no such notice of redemption 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 if a payment in respect of the Notes were then due.
Redemption for a Relevant Event ..	At any time following the occurrence of a Relevant Event, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control) or 100 per cent. of their principal amount (in the case of a redemption for a Non-Registration Event), in each case, together with accrued interest to (but not including) such Put Settlement Date. A "**Change of Control**" occurs when: (i) SAIC Motor Corporation Limited (上海汽車集團股份有限公司) (the "**Controlling Shareholder**") ceases to Control the Issuer; (ii) (x) the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會) ("**Shanghai SASAC**") or its successor, and (y) any other person directly wholly-controlled by the government of the PRC, together cease to Control the Issuer; or

	(iii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons (other than the Controlling Shareholder, Shanghai SASAC or any other person Controlled by the government of the PRC); "**Control**" means with respect to a Person (where applicable): (i) the ownership or control, directly or indirectly of more than 50 per cent. of the issued share capital of such Person; or (ii) the possession, directly or indirectly, of the power to nominate or designate a majority of the members then in office of such 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. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the two foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing; a "**Non-Registration Event**" occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline; "**Registration Condition**" means the receipt of the certificate referred to in Condition 3(d) (*Registration with SAFE*) and a copy of the Registration Documents by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration by the Issuer within five PRC Business Days; and "**Relevant Event**" means a Change of Control or a Non-Registration Event.
Events of Default	Upon the occurrence of certain events as described in Condition 8 (*Events of Default*) of the Terms and Conditions of the Notes, the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.
Cross-Default	The Notes will contain a cross-default provision as further described in Condition 8(c) (*Cross-default of the Issuer or Subsidiary*) of the Terms and Conditions of the Notes.

Clearing Systems	The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be deposited on or about the Issue Date with a sub-custodian for the Hong Kong Monetary Authority (the "**HKMA**") as operator of the Central Moneymarkets Unit Service (the "**CMU**"), the book-entry clearing system operated by the HKMA. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Notes through Euroclear and Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU.
Clearing and Settlement	The Notes have been accepted for clearance by the CMU under the following codes: CMU Instrument Number: HSBCFN22003. ISIN: HK0000824638. Common Code: 244891217.
Governing Law and Jurisdiction . . .	English law, with Hong Kong courts having exclusive jurisdiction.
Trustee	The Hongkong and Shanghai Banking Corporation Limited.
CMU Lodging and Paying Agent, Registrar and Transfer Agent . . .	The Hongkong and Shanghai Banking Corporation Limited.
Listing	Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 18 March 2022.
Use of Proceeds	See "*Use of Proceeds*".
Further Issues	The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first interest payment date and the timing to perform and complete the NDRC Post-issue Filing, the CBIRC Post-issue Filing and the Foreign Debt Registration and to make the relevant notifications thereof) so as to be consolidated into and form a single series with the Notes, as further described in Condition 14 (*Further Issues*) of the Terms and Conditions of the Notes.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan, see "*Subscription and Sale*" below.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information of the Issuer as at and for the periods indicated. The summary financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020 as set forth below is extracted from the Issuer Audited Financial Statements included elsewhere in this Offering Circular. The summary financial information of the Issuer as at and for the nine months ended 30 September 2020 and 2021 as set forth below is extracted from the Issuer Reviewed Interim Financial Statements included elsewhere in this Offering Circular.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer Audited Financial Statements and the Issuer Reviewed Interim Financial Statements, including the notes thereto.

Historical results of the Issuer are not necessarily indicative of results that may be achieved for any future period. The Issuer's financial statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Significant Differences between PRC GAAP and IFRS".

SUMMARY CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December			For the nine months ended 30 September	
	2018	**2019**	**2020**	**2020**	**2021**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**	**(RMB'000)**	**(RMB'000)**
		(Audited)		**(Unaudited)**	
Operating income	**6,372,542**	**7,089,260**	**7,171,822**	**5,393,138**	**5,620,794**
Net interest income	5,142,686	6,132,419	6,086,993	4,519,960	4,375,643
Interest income	7,793,677	9,074,487	9,019,007	6,620,303	6,516,118
Interest expense	2,650,990	2,942,068	2,932,015	2,100,343	2,140,474
Net fee and commission income	1,203,241	931,338	739,217	530,118	513,298
Fee and commission income	1,268,694	981,532	792,399	570,595	572,169
Fee and commission expenses	65,453	50,194	53,181	40,477	58,872
Realised gains on investments	–	–	329,236	329,236	724,310
Gains on derecognition of financial assets measured at amortised cost	–	–	329,236	329,236	724,310
Exchange gains/(losses)	(536)	(77)	55	50	15
Gains from disposal of assets	95	145	81	81	52
Other gain	959	530	1,083	1,083	594
Other operating income	26,097	24,905	15,157	12,610	6,882
Operating expenses	**2,571,898**	**2,962,199**	**2,754,652**	**1,801,545**	**1,686,113**
Taxes and levies	56,042	57,275	65,274	40,795	43,060
Business and administrative expenses	1,979,919	2,294,903	2,229,841	1,504,939	1,929,749
Impairment losses under Expected Credit loss Model, Net of Reversal	–	610,022	459,537	255,811	(286,697)
Impairment losses of assets	497,460	–	–	–	–
Other operating costs	38,476	–	–	–	–
Operating profit	**3,800,644**	**4,127,061**	**4,417,170**	**3,591,593**	**3,934,682**
Add: Non-operating income	101,593	76,324	622	307	398
Less: Non-operating expenses	524	–	1	1	–
Total profit	**3,901,713**	**4,203,384**	**4,417,791**	**3,591,899**	**3,935,080**
Less: Income tax expenses	977,411	1,051,767	1,105,233	896,407	983,571
Net profit	**2,924,302**	**3,151,618**	**3,312,558**	**2,695,492**	**2,951,509**
Categorized by the nature of continuing operation:					
Net profit from continuing operations	2,924,302	3,151,618	3,312,558	2,695,492	2,951,509
Net profit from discontinued operations	–	–	–	–	–
Categorized by ownership:					
Net profit attributable to owners of the Company	2,924,302	3,151,618	3,312,558	2,695,492	2,951,509
Profit or loss attributable to minority interests	–	–	–	–	–
Other comprehensive income, net of tax	–	–	–	–	–
Total comprehensive income	**2,924,302**	**3,151,618**	**3,312,558**	**2,695,492**	**2,951,509**
Total comprehensive income attributable to owners of the Company	2,924,302	3,151,618	3,312,558	2,695,492	2,951,509
Total comprehensive income attributable to minority interests	–	–	–	–	–

SUMMARY CONSOLIDATED BALANCE SHEET

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	(RMB'000)	(RMB'000) (Audited)	(RMB'000)	(RMB'000) (Unaudited)
Assets				
Balances with the central bank	835,452	461,868	470,357	590,316
Deposits with financial institutions	14,326,238	4,821,532	13,392,548	5,948,203
Loans and advances to customers	99,956,944	110,046,476	124,877,803	99,826,348
Fixed assets	11,355	12,237	13,774	13,971
Right-of-use assets	–	–	–	74,238
Intangible assets	9,054	28,165	35,875	51,838
Deferred tax assets	1,685,468	1,705,577	1,806,990	1,545,288
Other assets	4,640,231	4,669,463	3,782,134	7,959,921
Total Assets	**121,464,743**	**121,745,318**	**144,379,483**	**116,010,122**
Liabilities				
Customer deposits	6,800,000	2,805,390	2,805,553	6,850,278
Takings from financial institutions	51,770,000	49,578,800	68,800,861	31,196,449
Dealer security deposits	5,248,569	4,979,622	5,047,967	3,904,577
Employee benefits payable	70,072	50,792	66,284	80,179
Taxes payable	655,830	577,875	815,193	43,785
Lease liability	–	–	–	75,741
Bonds payable	15,961,422	26,829,933	23,987,526	30,834,409
Other liabilities	24,964,460	18,841,524	23,462,160	20,679,256
Total Liabilities	**105,470,353**	**103,663,937**	**124,985,544**	**93,664,674**
Owner's Equity				
Paid-in capital	3,500,000	6,500,000	6,500,000	6,500,000
Surplus reserve	1,412,379	875,000	1,190,162	1,190,162
General risk reserve	1,599,781	1,810,946	1,823,905	1,823,905
Unappropriated profits	9,482,230	8,895,436	9,879,872	12,831,381
Total equity attributable to owners of the Company	**15,994,390**	**18,081,381**	**19,393,939**	**22,345,448**
Minority interests	–	–	–	–
Total Owner's Equity	**15,994,390**	**18,081,381**	**19,393,939**	**22,345,448**
Total Liabilities and Owner's Equity	**121,464,743**	**121,745,318**	**144,379,483**	**116,010,122**

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(RMB'000)	(RMB'000) (Audited)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Net cash flows (used in)/from operating activities	(5,822,470)	(18,026,774)	13,389,152	2,605,162	(11,647,025)
Net cash flows (used in)/from investing activities	(774,295)	127,022	948,976	953,007	(1,850,606)
Net cash flows from/(used in) financing activities	5,780,285	8,392,886	(5,770,019)	(1,140,998)	6,057,304
Net (decrease)/increase in cash and cash equivalents	(816,480)	(9,506,865)	8,568,109	2,417,171	(7,440,326)
Add: opening balance of cash and cash equivalents	15,142,718	14,326,238	4,819,373	4,819,373	13,387,482
Closing balance of cash and cash equivalents	14,326,238	4,819,373	13,387,482	7,236,544	5,947,155

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer or that the Issuer currently deems immaterial may also adversely affect the value of the Notes. The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may not be able to pay interest, principal or other amounts on or in connection with any Notes for reasons which the Issuer may not consider as significant risks based on information currently available to the Issuer, which the Issuer may not currently be able to anticipate or which the Issuer may currently deem immaterial. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer does not represent that the statements below regarding the risk factors of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE ISSUER'S BUSINESS AND INDUSTRY

The Issuer may not be able to maintain its rapid growth in the future or adequately adjust its development strategies in response to developments or changes in the market.

Benefiting from the rapid development of the auto financing industry in China over the past two decades, the number of loans the Issuer disburses annually has been growing since its inception. However, the Issuer may not be able to grow at the same rate as the Issuer did in the past or to avoid any decline in the future. As the auto finance industry matures and competition intensifies, the Issuer may not be able to timely or efficiently adjust its strategies and plans to allow for the same pace of development. In addition, the development of the Issuer's sales network, risk management capability and technological capabilities may not be able to fully support its growth in the future.

Furthermore, the expansion of the Issuer's loans and advances to customers was mainly dependent on registered capital injected by the Issuer's shareholders and financings from banks and other financial institutions. As the Issuer's business grows, the size of loans and advances to customers will also increase. The Issuer may not have adequate funding to support its continued expansion. The Issuer may not be able to manage the size of its total loans and advances to customers and the growth of its business against its ongoing liquidity needs. Consequently, the Issuer may not be able to maintain the current profitability due to increased funding costs.

There are also various factors beyond the Issuer's control that could have a material impact on its operations and growth, including decreasing consumer spending, declining growth of the auto finance industry and changes in rules, regulations, government policies or general economic conditions. If the Issuer fails to maintain its rapid growth for any of the aforementioned reasons, its business, financial condition, results of operations and prospects may be adversely affected.

The Issuer's business is capital-intensive, and any disruption to its funding sources or its inability to access the capital markets could have a material and adverse effect on its business, financial condition and results of operations.

The Issuer's business is capital-intensive. The Issuer relied primarily on registered capital injected by its shareholders and financings from banks and other financial institutions for its capital requirements. Any significant decrease in the credit facilities available to the Issuer or any increase in the cost of its credit facilities could hinder its ability to disburse new loans at competitive rates and to meet its liquidity requirements. The credit facilities available to the Issuer could be affected by many factors, some of which are beyond its control, such as macroeconomic conditions and the adoption of tighter monetary and credit policies by government entities. As a result, there is no assurance that the Issuer will be able to support its business expansion by maintaining adequate credit facilities at commercially reasonable rates or at all, or to successfully raise capital from alternative sources. Any failure to maintain sufficient working capital and liquidity could materially and adversely affect the Issuer's business, financial condition and results of operations.

In addition, in order to maintain sufficient funding, the Issuer may continue to explore funding sources other than credit facilities, including issuing bonds and asset-backed securities. The Issuer applied and may continue to apply to the CBIRC for the approval to issue asset-backed securities on the national interbank lending market, which may or may not be successful. Moreover, the Issuer may not have access to such funding sources due to macroeconomic conditions or other general market factors. If the Issuer is unable to timely access such alternative funding resources for any reasons, the Issuer may not be able to maintain adequate working capital and liquidity. As a result, its business, results of operations and financial condition could be materially and adversely affected.

The Issuer's business, financial condition and results of operations may be materially and adversely affected if the financial condition and results of operations of the dealers the Issuer works with deteriorate significantly.

The Issuer experienced significant growth in its retail finance business through cooperation with auto dealers. The Issuer provided loans to certain dealers under its wholesale loan business. Therefore, the financial condition and results of operations of the dealers the Issuer cooperates with have a significant impact on its business. Automobile sales and the business operation of dealers are generally affected by a variety of factors including, among others, macroeconomic conditions in China, changes in the regulatory environment of the automobile dealership industry in China, consumer demands and preferences, brand image and reputation, product quality, variety and pricing, and quality of post-sales service and relationship with automobile manufacturers, all of which are beyond the control of the Issuer. Any significant decrease in automobile sales or other forms of weakened business performance of these dealers could have a material and adverse effect on the Issuer's business, financial condition and results of operations. If the financial condition and results of operations of dealers deteriorate, especially those that have referred a significant amount of retail finance customers to the Issuer, the business, financial condition, results of operations and prospects of the Issuer could be materially and adversely affected.

If the Issuer fails to maintain stable relationships with dealers within its sales network, the Issuer's business, financial condition and results of operations could be materially and adversely affected.

The Issuer's business and future growth depends on the ability to maintain stable relationships with the dealers within its sales network, as the dealers are the primary customer acquisition channel for both the Issuer's retail finance and wholesale loan businesses. The Issuer has built a sales network with extensive geographical coverage to source and acquire customers. As at 30 September 2021, the Issuer's sales network consisted of 6,541 dealers for its retail finance business and 1,356 dealers for its wholesale loan business.

Although the Issuer has entered into cooperative agreements with dealers to conduct its retail finance business and wholesale loan business, these agreements are non-exclusive. As such, the Issuer may not be able to maintain long-term relationships with the dealers within its current sales network. In addition, there is no assurance that these dealers will continue to refer customers to the Issuer. Further, if the Issuer is unable to provide suitable products or services to the customers of the dealers within its sales network, these dealers may refer fewer customers to the Issuer and its relationship with them may deteriorate.

Additional challenges and risks exist in connection with the Issuer's cooperation with external dealers which are not SAIC-GM franchised dealers, including but not limited to:

- the Issuer relies on its in-house sales team to source and maintain its relationship with external dealers, which requires significant resources and can result in unexpected expenses;

- the Issuer faces competition from other participants in the auto finance industry who may offer dealers more favourable terms under their customer referral arrangements. Dealers that the Issuer works with may terminate their cooperation with the Issuer and instead work with its competitors; and

- the Issuer may not be able to effectively manage the dealers the Issuer works with, which may hamper its capability to expand its dealer network.

If any of the foregoing were to occur, the business, financial condition and results of operations of the Issuer may be materially and adversely affected.

The Issuer faces significant competition, and some of its competitors may have more resources or stronger brand recognition than the Issuer.

The auto finance industry in China is highly fragmented and competitive. The Issuer's primary competitors are other AFCs, commercial banks, and financial leasing companies. Some of the Issuer's competitors may have better access to dealers and automobile manufacturers, more funding sources or cheaper funding, more extensive sales networks, or closer relationships with customers in various markets. In particular, commercial banks may have access to greater capital resources and lower funding costs through deposits and other resources that the Issuer does not have, allowing them to provide auto finance loans at more attractive rates. Some of the dealers the Issuer works with may also refer their customers to commercial banks. The Issuer also faces increasing competition with respect to customer acquisition from the rapid expansion of internet finance companies which have been collaborating with offline channels to broaden their reach to end customers and are expected to further increase their market share in the near future. The Issuer's business, financial condition and results of operations may be materially and adversely affected as a result of the aforementioned competition.

The Issuer may not be able to adapt its products and service offerings to respond to changing consumer preferences and market demands, which could have a material adverse effect on its business, financial condition and results of operations.

The Issuer's business prospects and continuing growth depend largely on its ability to retain and expand its customer base. The Issuer offers retail loan products with different interest rates and payment terms that are tailored according to its customers' needs and credit profiles. However, these products and other new products that the Issuer introduces may not be sufficiently attractive to certain customers in respect of interest rate, repayment arrangements and down payment ratio. In addition, market practice may shift and drive consumer demands for products that are different from what the Issuer is able to offer. Its ability to deliver satisfactory customer experience is subject to a number of factors, including its ability to provide efficient services, its ability to continue to improve its products and services to meet changing customer needs and its ability to ensure that the dealers the Issuer works with provide satisfactory customer service. The Issuer cannot assure the investors that its new products and services will be well received. If not, the Issuer may incur financial losses and reputational damage and its results of operations could be materially and adversely affected. If the Issuer is unable to continue to introduce new products and services, improve its existing products and services, or adjust its product and service offerings to satisfy changes in consumer preferences and market demands, the Issuer may not be able to continue to attract new customers or maintain its current customer base, and its business, financial condition and results of operations may be materially and adversely affected.

Demand for automobiles in China is a key factor to the demand for the Issuer's business and is affected by various factors beyond its control.

Demand for the Issuer's business is highly dependent upon the demand for automobiles in China which is affected by various factors, such as the cost of fuel and parking, tolls, environmental concerns and governmental regulations, which include tariffs, import regulation and taxes. For example, rising gasoline price and increased automobile consumption tax may result in a decrease in the demand for cars as consumers seek or utilise other modes of transportation. Gasoline prices experienced increases from 2016 to early 2018 in the global market and gasoline prices in the PRC have generally increased in recent years. Increases in fuel prices may induce cost-sensitive customers to switch to more fuel-efficient cars or opt for alternatives to cars, such as public transportation or bicycles, and would reduce the need for the auto finance services provided by the Issuer. The PRC government adopted an automobile consumption tax on 1 January 1994. If the PRC government implements higher automobile consumption tax rates for cars, or imposes additional restrictions or taxes, such measures may result in a decrease in the demand for cars and related financing services, which may have a material and adverse effect on its business, financial condition and results of operations.

Demand for automobiles is also subject to various laws, regulations and rules governing the automobile industry at both the national and regional levels and other industrial or monetary policies imposed by the PRC government. Adverse changes in the regulatory environment may decrease the demand for cars. For example, with a view to controlling air pollution, an increasing number of local governments have in recent years issued and implemented stricter emission standards for cars sold in the PRC. The implementation of such standards may reduce the demand for and purchase of cars and related financing services which may adversely affect the Issuer's business, financial condition, results of operations and prospects.

Loans the Issuer disburses may potentially have a duration mismatch with the underlying funding sources.

The retail loans the Issuer disburses typically have a term of 12 months to 60 months while its financings from banks typically have a maturity period of one day to 36 months. Although the Issuer has developed sophisticated systems to match the maturity date of its financings from banks and the loan repayment schedule of its customers, the Issuer cannot guarantee that the Issuer will be able to maintain its liquidity at a sufficient level when its financings from banks are due, or at all. Should repayment on any of its financings become overdue, the Issuer may be required to incur additional costs under its financing arrangement and its relationships with its financing partners may be negatively affected, which will in turn limit its ability or increase it cost to maintain sufficient liquidity going forward. As such, any failure to adequately address the risks associated with such duration mismatch could materially and adversely affect its business, financial condition and results of operations.

The business, financial condition and results of operations of the Issuer may be materially and adversely affected by changes in its relationships with its shareholders.

Shareholder support is a key factor for the Issuer's successful operation. As at the date of this Offering Circular, SAIC Finance, SAIC-GM and GMF hold 45 per cent., 20 per cent. and 35 per cent. of the equity interest in the Issuer, respectively. See "*Description of the Issuer — Corporate Structure*" for more details. As one of the Issuer's major shareholders, SAIC-GM provides continued support for the Issuer's operations and business. The Issuer has developed business cooperation with SAIC-GM for both its retail finance and wholesale loan businesses. To directly support the Issuer's business development, SAIC-GM has also provided important contributions to the Issuer's capital, including six capital injections in 2007, 2016, 2019 and 2021 and deposits from the shareholders. In addition, the major shareholders have substantial influence over its business with respect to material matters, including decisions regarding mergers and acquisitions, consolidations and the sale of all or substantially all of its assets, election of directors, the timing and amount of dividends or other distributions, if any, and other significant corporate actions. If SAIC-GM and its affiliates reduce, suspend or terminate funding or customer acquisition support to the Issuer, the Issuer will need to obtain such support from other sources or improve these capabilities on its own. Moreover, the Issuer cannot assure investors that all of its major shareholders will act in the best interests of the Issuer should any conflict arise. If SAIC-GM or any other major shareholder fails to act in the best interests of the Issuer — for example, if they fail to continue their cooperation with the Issuer or take actions that are detrimental to its interests — the Issuer may have to re-negotiate the terms and conditions for its cooperation with them or find other business partners as replacements, which may be expensive, time-consuming and even disruptive to its operations. If the Issuer is unable to resolve any such conflicts, or if the Issuer suffer significant delays or other obstacles as a result of such conflicts, its business, financial condition and results of operation could be materially and adversely affected.

The Issuer's financial condition and result of operation are sensitive to changes of the benchmark interest rates set by the PBOC.

The Issuer's interest income is sensitive to the adjustments of the benchmark interest rates set by the PBOC. In recent years, the PBOC has adjusted the benchmark interest rates several times, including a series of increases in 2010 and 2011 to curb inflation and cool the PRC economy, and a series of reductions from 2012 to 2015 in response to the global economic downturn. Adjustments by the PBOC to the benchmark interest rates on loans or deposits, or any changes in market interest rates, may negatively affect its financial condition and results of operations. For example, changes in PBOC benchmark interest rates could affect the average yield on its interest-earning assets and the average cost on its interest-bearing liabilities differently, and may narrow its net interest spread, leading to a reduction in its net interest income. In addition, increases in interest rates could result in increased financing costs, a decrease in the overall demand for its loans and increased risk of loan default. As the PRC derivatives market has yet to fully develop, the Issuer has limited risk management tools available for the Issuer to hedge such risks.

If its non-performing loans increase significantly, the Issuer may have to significantly increase its provisions for impairment losses, which may adversely affect its financial condition and results of operations.

The Issuer maintains allowances for impairment losses based on its estimated losses arising from its loan product portfolio, and any changes in such allowances are charged to its statement of profit or loss and other comprehensive income. As at 31 December 2018, 2019 and 2020 and 30 September 2021, its allowance for impairment losses of loans and advances to customers was RMB3,330.8 million, RMB3,977.2 million, RMB4,054.7 million and RMB3,136.1 million, respectively. The provision for impairment losses ratio of the Issuer, which is calculated by dividing the amount of allowance for impairment losses on loans and advances by the total amount of loans and advances, was 3.22 per cent., 3.50 per cent., 3.15 per cent. and 3.06 per cent., respectively, as at 31 December 2018, 2019 and 2020 and 30 September 2021. If its non-performing loans increase significantly, the Issuer may have to significantly increase its allowances for impairment losses, which may adversely affect its financial condition and results of operations.

Restrictions imposed by the terms of its debt instrument covenants may adversely affect its financial condition and limit its ability to plan for or respond to changes in its business.

The Issuer has various bank loan agreements and other debt instruments which impose certain restrictive conditions on the Issuer, including both operational and financial covenants. Such covenants primarily include, among others, requirements for the Issuer to obtain the lending institutions' prior consent for certain transactions such as disposals of material assets, mergers and acquisitions, and inform them upon the occurrence of certain events such as liquidation and winding up. Breach of any of such covenants may result in an event of default and trigger its lenders' exercise of their rights on an accelerated basis, or could result in cross-defaults on the terms of its other existing and outstanding indebtedness, which could increase its debt financing costs and affect its ability to refinance its indebtedness. The Issuer may not be able to continue to fully comply with such restrictive conditions, or refinance any of its indebtedness on commercially acceptable terms or at all. The occurrence of any of the foregoing may materially and adversely affect its business, financial condition and results of operations.

The Issuer's business, financial condition and results of operations may be materially and adversely affected if the Issuer fails to effectively maintain the quality of its portfolio of loans and advances to customers.

The Issuer's ability to effectively maintain the quality of its portfolio of loans and advances has been and will remain crucial to its business, financial condition and results of operations. The Issuer has set up a standard operational process for reviewing and approving applications for loans, but the Issuer may not be able to promptly review and approve loan applications or identify risks in its reviewing and approval process. The rapid growth of its business also makes it increasingly challenging for the Issuer to balance the efficiency and effectiveness of its review and approval process of loan applications. If the Issuer is unable to promptly review and approve loan applications or identify risks in its review and approval process, quality customers may instead choose to utilise its competitors' services and the Issuer could end up issuing loans to customers who are not creditworthy or have a higher risk profile, which may negatively affect its business growth and asset quality.

As at 31 December 2018, 2019 and 2020 and 30 September 2021, the book value of its loans and advances to customers (representing the book balance of loans and advances net of allowance for impairment losses) was RMB99,956.9 million, RMB110,046.5 million, RMB124,877.8 million and RMB99,826.3 million, respectively, and its non-performing loan ratio (calculated as the sum of the book balance of substandard loans, doubtful loans and loss loans, divided by the book balance of all loans) was 0.09 per cent., 0.29 per cent., 0.33 per cent. and 0.39 per cent. for the same periods, respectively. If such loans become impaired for any reason, the Issuer may not be able to successfully collect on non-performing loans or repossess or control any applicable collateral. In addition, the Issuer may have to significantly increase its allowance for impairment losses in response to any material deterioration of the quality of its loan portfolio and advances, which could have a material and adverse effect on its business, financial condition and result of operations.

The Issuer's risk management framework, policies and procedures and internal controls may not fully protect it against various risks inherent in its business.

The Issuer's risk management policies and procedures may not be adequate or effective in managing all future risk exposures or protecting the Issuer against unidentified or unanticipated risks, which could be significantly greater than those indicated by its internal assessments and operational experience. Fraud or other misconduct by employees, customers or business partners the Issuer works with, or other third parties may be difficult to detect and prevent. Customers and dealers the Issuer works with may on their own or collectively use fake identification, forged documentation and/or engage in other fraudulent transactions. Fraud or other misconduct committed by its employees, customers, dealers or other third parties could subject the Issuer to financial loss and penalties imposed by governmental and regulatory authorities. The Issuer could also suffer from negative publicity, reputational damage, monetary losses or litigation costs as a result of the misconduct of its employees. The Issuer's internal controls may not effectively prevent the occurrence of any of the foregoing, which may have a material and adverse effect on its business, financial condition and results of operations. Although the Issuer is continually updating these policies and procedures, it may be unable to identify non-compliance or suspicious transactions in a timely manner or at all, and they may fail to predict future risks due to rapid changes in the market and regulatory conditions.

The Issuer may be unable to realise the full value of collateral or recover the outstanding balance of retail loans in a timely manner or at all upon the default of its customer, which may materially and adversely affect its results of operations.

The Issuer typically requires its customers to pledge the cars purchased by the customers as collateral in each retail loan arrangement. However, if a customer defaults, the Issuer may be unable to realise the full value of the collateral or recover the amounts outstanding in a timely manner for various reasons. For example, either the Issuer may encounter difficulties in locating the collateral, such as pledged automobiles which the Issuer does not retain possession, or the Issuer may not be legally entitled to repossess the collateral even if the Issuer successfully locates them. According to relevant PRC laws and regulations, upon the default by a customer, the Issuer is generally entitled to be compensated in priority by the sale proceeds of the collateral, on the condition that the Issuer has reached an agreement with its customer in relation to the auction or sale of the collateral, or the Issuer sells or auctions the collateral through a judicial sale. If the Issuer is unable to reach an agreement with its defaulted customers, the Issuer is entitled to petition to a court of competent jurisdiction to conduct a judicial sale, auction or other activity to sell the collateral. However, the Issuer may not be able to receive a favourable ruling from the court. The Issuer is not allowed to obtain ownership of the collateral without prior agreement or legal proceedings. Even if the Issuer is able to receive a favourable ruling from the court, the Issuer may not be able to realise the full value of the collateral as the sale price may be affected by the depreciation and deterioration of the collateral as well as market factors beyond its control. In addition, the customer may conceal or otherwise dispose of the collateral before the Issuer is able to take the appropriate measures. The Issuer also may experience other delays and incur unforeseen expenses in disposing of the collateral, such as litigation costs related to its attempts to recover the outstanding loan balance.

If the Issuer is unable to obtain sufficient or accurate information of its customer's credit profile, its business, financial condition and results of operations could be materially and adversely affected.

As a part of its risk management measures, the Issuer conducts background checks on loan applicants. To this end and with proper authorization, the Issuer is able to access the PBOC's personal and enterprise Credit Reference Centre and multiple external sources to assess its potential customers' credit profiles. However, the PBOC system is limited to loan and repayment records and does not have extensive coverage of residents in third-tier and other lower-tier cities, where the Issuer is seeking to expand its footprint. Therefore, the Issuer may not have access to sufficient credit records of its potential customers necessary for assessing their creditworthiness and loan repayment capabilities. If the Issuer extends loans to customers on the basis of incomplete or inaccurate information and such customers default on their loans, its asset quality as well as its business, financial condition and results of operations could be materially and adversely affected.

The Issuer's business is highly dependent on the proper functioning and improvement of its IT systems, credit assessment infrastructure and big data analytics. Any significant disruption in its information technology systems may materially and adversely affect its business and results of operations.

The Issuer's business is highly dependent on the ability of its information technology systems to process a large number of transactions across different markets and products timely and securely. The proper functioning of the Issuer's credit assessment, risk control, accounting, customer database, customer service and other data processing systems is critical to its business and results of operations. Its ability to operate and remain competitive depends largely on its ability to maintain the stability of its IT systems and to continue upgrading such system.

However, the Issuer's financial, accounting or other data processing systems may fail to operate adequately and may become disabled as a result of events that are beyond its control, such as the disruption of electrical or communication services. The Issuer's computer systems and software, including software licensed from vendors and networks, may be vulnerable to unauthorised access, computer viruses, other malicious code or hacker attacks, which may result in significant business delays or interruptions, damage its IT systems, compromise its data integrity and result in identity theft, for which the Issuer could potentially be liable. In addition, the Issuer's current IT systems may not be able to continue to satisfy its management's needs and respond to changes in the market timely and efficiently. The Issuer may also experience difficulties in upgrading, developing and expanding its systems and software quickly enough to accommodate its growing customer base and product offerings.

Failure to ensure and protect the confidentiality of the personal data of its customers could subject the Issuer to penalties, negatively impact its reputation and deter customers from engaging its services.

The Issuer faces the challenge of the secure collection, storage and transmission of confidential information. The Issuer holds certain private information about customers, such as their names, address and contact information as well as financial and credit information. The Issuer also needs to collect private information from its business partners, third-party service providers and other parties for the purpose of conducting loan transactions. The Issuer is required to collect and use private information in accordance with PRC laws and not to disclose or use such information without the consent of its customers.

The Issuer relies on numerous measures and software controls to protect the confidentiality of data provided to the Issuer or stored on its systems. All the personal data collected by the Issuer are stored internally and protected from unauthorised intrusion. Only authorised employees may access its customers' personal data and such authorisation is granted based on employee seniority and department function. The Issuer monitors the log-in activities of its employees and alerts relevant departments to any abnormal situation. The Issuer relies on contracts with its business partners and third-party service providers to ensure they will duly protect the privacy of the information the Issuer provides to them and that they have obtained the consent of their customers over the private information they provide to the Issuer, although confidential information in its systems may be compromised as a result of intentional or unintentional security breach or inadvertent errors. While the Issuer strives to protect its customers' privacy, if the Issuer, its business partners or third-party service providers inappropriately disclose any personal information, the Issuer could be subject to claims by its customers, government entities or others for identity theft, similar fraud claims or claims for other misuses of personal information such as unauthorised marketing or unauthorised access to personal information. Such events could subject the

Issuer to fines and/or damages, damage its reputation and cause customers to lose trust and confidence in the Issuer, thereby materially and adversely affecting its reputation, business, financial condition and results of operations.

If the Issuer fails to enhance and maintain its brand recognition, the Issuer may lose market share and its business, financial condition and results of operations may be materially and adversely affected.

Market recognition of its brand is critical for the Issuer to remain competitive. The Issuer's ability to maintain and enhance its brand recognition and reputation depends primarily on the high-quality products and services the Issuer provides to its customers. The Issuer may also engage in branding efforts such as marketing campaigns and online advertising. However, its branding efforts may not be successful or meet its expectations, and the Issuer may incur significant branding costs as a result. If the Issuer is unable to maintain and further enhance its brand recognition and reputation and promote the awareness of its products and services, the Issuer may not be able to maintain its current level of customer base and its results of operations may be materially and adversely affected. Furthermore, any negative or malicious publicity relating to its products and services could harm the Issuer's brand image and in turn materially and adversely affect its business and results of operations.

The Issuer may be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect its business, results of operations and prospects.

The Issuer cannot be certain that its operations do not or will not infringe upon or otherwise violate the intellectual property rights or other rights held by third parties. The Issuer may be from time to time subject to legal proceedings and claims relating to the intellectual property rights or other rights of third parties.

To the extent that its employees or service providers use intellectual property owned by others in their work for the Issuer, disputes may arise as to the rights in related know-how and inventions or other proprietary assets. If any third-party infringement claims are brought against the Issuer, the Issuer may be forced to divert management's time and other resources from its business and operations to defend against these claims, regardless of their merits. Should the Issuer be found to have violated the intellectual property rights of any third party, it may be subject to liability for its infringement, be prohibited from using such intellectual property and incur licensing or other fees. As a result, its reputation may be harmed, and its business and financial performance may be materially and adversely affected.

The Issuer's business is subject to seasonal fluctuations and unexpected interruptions.

The Issuer's business is subject to seasonal fluctuations. For example, the number and amount of retail loans and dealer loans tend to increase during the second half of the year, in line with the pattern of car sales in China. However, changes in certain of its expenses do not necessarily correspond with such fluctuations. For example, the Issuer spends on marketing activities, staff recruitment and training and product development throughout the year, and the Issuer pays rent for its facilities based on the terms of the lease agreements. The Issuer expects to continue to experience seasonal fluctuations in its results of operations.

The government grants received by the Issuer are non-recurring by nature.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2021, the Issuer received government grants of approximately RMB101 million, RMB76 million, RMB0.2 million and nil, respectively. The government grants received by the Issuer are non-recurring by nature. Among them, for the years ended 31 December 2018 and 2019, the Issuer received government grants totalling RMB166 million from the Taxation Bureau of Shanghai Pudong New Area. For the year ended 31 December 2019, the Issuer received government grants from Shanghai People's Government as incentives for foreign investment to the Issuer. The Issuer's entitlement to such government grants may be revoked. There is no assurance that the Issuer will continue to receive government grants in amounts similar to those which the Issuer has received in the past three years, or any government grants at all. In such events, its financial condition and results of operations may be materially and adversely affected.

The Issuer's insurance coverage may be insufficient.

The Issuer maintains insurance in line with the market practice of the auto finance industry. However, the Issuer may incur losses that may not be fully compensated by insurance proceeds. In addition, the Issuer does not have full insurance coverage against losses arising from business interruption. If the Issuer incurs losses that may not be fully compensated by its insurance proceeds or any losses not otherwise covered by insurance, its business, cash flows, results of operations, financial condition and prospects may be materially and adversely affected.

The Issuer may fail to attract and retain an experienced management team and qualified personnel.

The Issuer's continued success depends on its ability to attract and retain an experienced management team and skilled employees. Its ability to do so is influenced by a variety of factors, including the structure and competitiveness of the compensation package that the Issuer offers. The Issuer's management team and skilled employees may choose to leave the Issuer and the Issuer may terminate their employment from time to time. The Issuer cannot assure the investors that the Issuer will be able to retain its management team and skilled employees or find suitable or comparable replacements on a timely basis. Moreover, if any of its management team or skilled employees leaves the Issuer or joins a competitor, the Issuer may lose customers as a result. In addition, former employees may request certain compensation in relation to their resignation or retirement. However, if the Issuer is unable to reach a mutually acceptable resolution with such employees, they may take other actions including, but not limited to, initiating legal proceedings. Such legal proceedings may require the Issuer to pay damages, cause the Issuer to incur costs and harm its reputation. Each of these foregoing factors could have a material and adverse effect on its business, financial condition and results of operations.

If the monetary or credit policies of the PRC are tightened, the Issuer's business and results of operations may be adversely affected.

The PRC government has attempted several times in the past to control credit growth and inflation in the PRC. If the PRC government implements any monetary or credit tightening measures, the Issuer's business and results of operations may be adversely affected in different ways. The availability and cost of funding in the PRC is significantly affected by the fiscal policies of the PRC government and the availability of credit and liquidity in the PRC banking system. If the PRC government implements monetary or credit tightening measures, the Issuer's access to capital resources will be reduced or otherwise restricted. The Issuer may also face higher financing costs and more onerous credit terms from commercial banks, which would have a material and adverse effect on its liquidity and working capital. In addition, the scale of the Issuer's loan business would be affected by the monetary or credit measures of the PRC government as well. If the PRC government implements monetary or credit tightening measures, the amount of its newly disbursed loans may be restricted, which could also affect its business, financial condition, profitability and results of operations. Furthermore, tightened credit policy could result in financing difficulties for dealers, increased financing costs and capital constraints, which may cause dealers' default risk to increase and have an adverse effect on the Issuer's financial condition and results of operations.

The auto finance industry in China is heavily regulated.

The auto finance industry is subject to stringent regulation and supervision by the CBIRC and PBOC as well as continually changing national, provincial and local laws, rules, regulations, policies and measures. These regulatory authorities carry out periodic inspections, examinations and inquiries in respect of its compliance with the applicable laws, regulations, guidelines and regulatory requirements, which cover, among others, market entry, auto finance business operations, the establishment of new branches or institutions, capital structure, tax and accounting policies, and corporate governance, risk management, pricing and provision policies. For instance, according to the Administrative Measures on Governing the Automotive Financing Companies (《汽車金融公司管理辦法》) (the "**Automotive Financing Regulations**") promulgated by the CBIRC in 2008, the outstanding credit balance of any single customer of its Company shall not exceed 15 per cent. of its net capital and the outstanding credit balance of any single group customer of its Company shall not exceed 50 per cent. of its net capital. In addition, according to the Measures for the Administration of Automotive Loans (《汽車貸款管理辦法（2017修訂）》) (the "**Automotive Loan Measures**") promulgated and amended by the PBOC and CBIRC in 2017, which took effect on 1 January 2018, the loan maturity period (including extensions) of the loans the Issuer issue shall not exceed five years for new cars, three years for used cars and one year for dealer loans. For details, see "*PRC Regulations*". Moreover, to promote the development of the Chinese auto finance industry, the PRC central government has promulgated various AFC administrative measures and related rules since 2003, which were then replaced by the Automotive Financing Regulations. In line with the development of the auto finance industry, further regulatory changes and developments that come into effect may affect its operations in the auto finance industry. In addition, there are uncertainties in the interpretation and implementation of such laws, rules, regulations, policies and measures, which could potentially hinder or restrict the Issuer's ability to respond to market changes and conduct its operations.

The Issuer's business activities and growth may be adversely affected if it does not respond to the aforementioned changes in a timely manner or fail to fully comply with the applicable laws, rules, regulations, policies and measures. Failure to timely respond to such administrative and regulatory changes could (i) lead to incidents of non-compliance, (ii) result in sanctions from regulatory authorities, (iii) result in monetary penalties, restrictions on its activities or revocation of its financing licence. The occurrence of any of the foregoing could have a material and adverse effect on its business, financial condition and results of operations.

Failure to obtain, renew or retain financing licences, permits or approvals or to comply with applicable laws and regulations may affect its ability to conduct its business.

The Issuer is required by PRC laws and regulations to hold various licences, permits and approvals issued by relevant regulatory authorities in order to conduct its business operations. Any infringement of the legal or regulatory requirements, or any suspension or revocation of these licences, permits and approvals, may have a material adverse impact on its business. In addition, since licensing requirements within the auto finance industry are constantly evolving, the Issuer may be subject to more stringent regulatory requirements due to changes in political or economic policies in China. The Issuer may not be able to satisfy such regulatory requirements. As a result, the Issuer may be unable to retain, obtain or renew relevant licences, permits or approvals in the future. This may, in turn, hinder its business operations and materially and adversely affect its business, financial condition and results of operations.

The Issuer may face difficulties in meeting regulatory requirements relating to capital adequacy.

Since 24 January 2008, AFCs in China have been required by the Automotive Financing Regulations to maintain a core capital adequacy ratio of 4.0 per cent. or above and a capital adequacy ratio of 8.0 per cent. or above. The Issuer has been compliant with the above requirements in respect of capital adequacy ratio under the Automotive Financing Regulations. As at 30 September 2021, the Issuer's core tier-one capital adequacy ratio and capital adequacy ratio were 16.2 per cent. and 17.4 per cent., respectively. However, its ability to satisfy the applicable capital adequacy requirements in the future may be affected by a variety of factors beyond its control, including: (i) weakened ability to raise additional capital as a result of the deterioration of its assets, (ii) increase in its risk-weighted assets as a result of the expansion of its business, (iii) increase in the risk weighting for certain new asset classes proposed and implemented by the CBIRC from time to time, and (iv) decreases in its profits, total comprehensive income and retained earnings. As such, there is no assurance that the Issuer will be able to continue to meet the capital adequacy requirements that the CBIRC may impose from time to time.

The CBIRC may also adopt further regulations to strengthen core capital requirements, which could have an adverse effect on its ability to incur external financing, issue bonds or seek other financing means in the future. In addition, in order to comply with the minimum capital adequacy ratios required by the regulatory authorities, the Issuer may have to adjust the size of its loans and other assets, which may involve divesting certain assets on terms that are unfavourable to the Issuer or contrary to its business plans. If the Issuer fails to meet the applicable capital adequacy requirements, the CBIRC may take corrective action, which could include: (i) restricting the size of its loans and other assets, (ii) preventing the Issuer from declaring and distributing dividends and other revenue, (iii) restricting the rights of the relevant shareholders, (iv) refraining from approving its issuance of debt securities, and (v) ordering suspension of part of its businesses, declining to approve its applications for introducing new services and/or the establishment of additional branches. The occurrence of any of the foregoing could have a material and adverse effect on its business, financial condition and results of operations.

In addition, the Issuer's ability to raise additional capital is generally limited by certain factors, including (i) its future financial condition, results of operations and liquidity position, (ii) government regulatory approvals, (iii) its credit rating, (iv) general market conditions for capital-raising activities, and (v) economic, political and other conditions in and outside of the PRC. If the Issuer is unable to obtain sufficient additional capital in a timely and cost-effective manner, the Issuer may not be able to comply with the capital adequacy requirements and its business, financial condition and results of operation could be materially and adversely affected.

If the Issuer fails to fully comply with applicable anti-money laundering and counter-terrorism financing laws, rules and regulations, the relevant government agencies to which the Issuer reports have the power and authority to impose severe fines and other penalties on the Issuer.

The Issuer is required to comply with applicable anti-money laundering and counter-terrorism financing laws, rules and other regulations in the PRC. These laws, rules and regulations require the Issuer, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. While the Issuer has adopted policies and procedures aimed at generally detecting and preventing the use of its networks for money laundering activities by its employees, customers or third parties and by terrorists, terrorism-related organizations and affiliated individuals, these policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities. To the extent the Issuer is unable to fully comply with applicable laws, rules and regulations, the relevant government agencies to which the Issuer reports have the power and authority to impose severe fines and other penalties on the Issuer. In addition, its business and reputation would suffer if third parties use its network to facilitate money laundering or other illegal or improper activities.

RISKS RELATING TO THE ISSUER'S FINANCIAL STATEMENTS

Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Issuer from time to time issues corporate bonds in the PRC domestic capital markets. According to applicable PRC securities regulations on debt capital markets, the Issuer needs to publish its semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds. After the Notes are issued, the Issuer is obligated by the terms of the Notes, among others, to provide holders of the Notes with its audited financial statements and certain unaudited periodical financial statements. The semi-annual financial information published by the Issuer in the PRC is normally derived from the Issuer's management accounts which have not been audited or reviewed by independent auditors. Unless specially incorporated by reference herein, financial information published by the Issuer in the PRC should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed information included elsewhere in this Offering Circular. The Issuer is not responsible to holders of the Notes for unaudited and unreviewed financial information from time to time published in the PRC which is not disclosed in this Offering Circular and, therefore, prospective investors should not place any reliance on any such financial information.

The Issuer's accounts were prepared and presented in accordance with PRC GAAP, which differs from IFRS in certain respects.

The Issuer Audited Financial Statements included elsewhere in this Offering Circular were prepared in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Significant Differences Between PRC GAAP and IFRS*". Potential investors should consult their own professional advisers for an 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.

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

The historical financial information of the Issuer 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 Issuer's financial reporting or to reflect the comments provided by the Issuer's independent auditors during the course of their audit or review in subsequent financial periods. The Issuer'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 Issuer operates.

RISKS RELATING TO THE PRC

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

The Issuer'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 the economic and technology development zones, and infrastructure construction demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows or if the economy of the PRC experiences a recession, the growth of development in Chinese economic and technology development zones and infrastructure construction demand may also slow, and the Issuer's business prospects may be materially and adversely affected. The Issuer's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or the introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

The possible slowdown of the PRC economy could have an adverse effect on the Issuer's business results of operations and financial condition.

The economy of the PRC has experienced rapid growth in the past 30 years. A recent slowdown in the growth of the PRC's GDP beginning in the second half of 2013 has raised concerns that the historical rapid growth of the PRC economy over the past 30 years 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. Given the continuing spread of COVID-19 globally and the evolving impact of the pandemic on the global economy, the full recovery of PRC economic growth remains uncertain. In May 2017, Moody's changed the long-term sovereign credit rating and foreign currency issuer ratings of the PRC to "A1" from "Aa3". In September 2017, S&P Global Ratings also downgraded the long-term sovereign credit rating of the PRC to "A+" from "AA-", citing increasing economic and financial risks from a prolonged period of strong credit growth. There can be no assurance the economy of the PRC will maintain sustainable growth.

The future performance of the PRC'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. The United Kingdom withdrew from the European Union ("**EU**") on 31 January 2020 ("**Brexit**"), but continued to participate in certain EU organisations (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. 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 Issuer's business, prospects, financial condition or results of operations. In addition, this could adversely affect the Issuer's access to the debt capital markets and may increase funding costs, having a negative impact on the Issuer's revenue and financial condition.

In addition, in recent years there have been growing tensions between the United States and the PRC. The two countries have been involved in disputes over trade barriers that have escalated into a trade war. The U.S. government has changed its trade policies towards the PRC with measures such as the imposition of increased tariffs on a wide range of Chinese products and restriction on exports of certain U.S. goods to China. In January 2020, the phase one agreement was signed between the PRC and the United States on trade matters. However, the PRC and the United States have not yet launched the phase two negotiations and there is no assurance that the trade disputes between the PRC and the United States will be fully resolved. Failure of trade negotiations between the United States and the PRC may lead to additional costs and unexpected consequences on the Issuer's business. The expansion of trade restrictions, the continuation of a trade war, or other governmental action related to tariffs or trade agreements or policies, has the potential to adversely impact the PRC's economy, which in turn could adversely impact the Issuer's business, financial condition and results of operations.

Uncertainty with respect to the PRC legal system could affect the Issuer.

As substantially all of the Issuer's business is conducted, and substantially all of the Issuer's assets are located, in the PRC, the Issuer's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as 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, the promulgation of new laws, changes in existing laws and abrogation of local regulations by national laws may have an adverse effect on the Issuer's business, results of operations and financial condition as well as its prospects.

Additionally, given the involvement of different enforcement bodies of the relevant rules and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of PRC laws and regulations involve uncertainties under the current legal environment. In addition, the enforcement of existing laws or contracts based on existing laws may be uncertain and intermittent, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment 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 Issuer in its operations and to the holders of the Notes.

The Issuer's operations may be affected by rising inflation rates within the PRC.

Inflation rates within the PRC have been on an uptrend in recent years. Increasing inflationary rates are due to many factors beyond the Issuer's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Issuer's expectations, the costs of its business operations may become significantly higher than the Issuer has anticipated for the future, and the Issuer may be unable to pass on such higher costs to consumers in amounts sufficient to cover its increasing operating costs. As a result, further inflationary pressures within the PRC may have an adverse effect on the Issuer's business, results of operations and financial condition, as well as its liquidity and profitability.

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

The Issuer is incorporated in the PRC. Substantially all of the Issuer's assets are located in the PRC. In addition, most of the Issuer's directors, supervisors and members of its senior management reside within the PRC, and the assets of the Issuer'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 Issuer's directors, supervisors and members of its senior management, including for matters arising under applicable securities laws.

The Terms and Conditions and the transaction documents are governed by English law, and parties to these documents have submitted to the jurisdiction of the Hong Kong courts. 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 promulgated by the Supreme People's Court, (最高人民法院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**") which came into effect on 1 August 2008, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of the Hong Kong courts. In addition, on 18 January 2019, the Supreme People's Court (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**"), which will become effective when both parties announce a commencement date after the SPC promulgates a judicial interpretation and relevant procedures are completed in the Hong Kong Special Administrative Region. The New Arrangement extends the scope of judicial assistance, and the effective date shall be announced by the SPC and Hong Kong after the SPC issued the judicial interpretation and Hong Kong completed the relevant procedures. 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. 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 Issuer, or its directors, supervisors or members of its senior management in the PRC.

Fluctuation of the foreign exchange rates and government control of currency conversion may adversely affect the value of investors' investments

Most of the Issuer's operating income is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. Prospective investors shall take reference to the applied foreign exchange rates when making their decision to invest in the Notes. A portion of the Issuer's cash may be required to be converted into other currencies in order to meet the Issuer's foreign currency needs, including cash payments on declared dividends, if any, on the Notes. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Issuer might not be able to pay dividends to the holders of the Notes in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Issuer's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

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 in the PRC and was amended on 28 December 2012 by the Decision of the Standing Committee of the National People's Congress on Revision of the Labour Contract Law of the People's Republic of China (全國人民代表大會常務委員會關於修改《中華人民共和國勞動合同法》的決定). 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 of workforce reductions. It formalises workers' rights concerning lay-offs, 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 Issuer decides to change or reduce its workforce, the PRC Labour Contract Law could adversely limit the Issuer's ability to effect such changes in a timely and cost-effective manner, and may adversely affect its business and results of operations.

The Issuer may not be able to fully detect money laundering, sanctions violations or other illegal or improper activities in its business operations.

The Issuer is required to comply with applicable laws and regulations related to anti-money laundering, anti-terrorism and sanctions enforcement in the PRC and other relevant jurisdictions. The Issuer may not detect all instances where the Issuer may be used by other parties to engage in money laundering or other illegal activities. Furthermore, the Issuer may fail to detect or may be unaware that a business counterparty is subject to the economic sanction programmes implemented by the European Union, the United States, the United Nations Security Council, the United Kingdom or other relevant jurisdictions. In the event that the Issuer fails to detect money laundering, sanctions violations or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may impose fines or other penalties on the Issuer, which could materially and adversely affect the Issuer's reputation, financial condition and results of operations.

Many sanction programmes are evolving. Certain PRC entities and persons have been included in the sanction programmes and lists administered by the United States in recent years. For example, in June 2021, the U.S. President issued an executive order with an initial list of 59 so-called "Chinese Military-Industrial Complex Companies" ("**CMICs**"). The executive order prohibits U.S. persons from purchasing or selling any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of companies listed as CMICs as of 60 days from the date of such company's inclusion in the CMICs list. It remains unclear whether new requirements or restrictions will come into effect which might increase scrutiny on PRC companies. There can be no assurance that the Issuer's business will always be free of compliance risk for violation of the extensive and evolving sanctions implemented by the relevant authorities. The Issuer's business and reputation could be adversely affected if the United States, the European Union, the United Nations, the United Kingdom or any other governmental entity were to determine that any of the Issuer's activities constitutes a violation of the relevant sanction programmes or provides a basis for a sanction designation of the Issuer.

RISKS RELATING TO THE NOTES

The Notes are unsecured obligations.

As the Notes are unsecured obligations of the Issuer, the repayment of the Notes may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding up proceedings;
- there is a default in payment under the Issuer's 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 PRC government has no obligations under the Notes and the repayment obligations under the Notes remain the sole obligation of the Issuer.

The PRC government (including the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government ("**Shanghai SASAC**")) is not an obligor and the Noteholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Notes in lieu of the Issuer. This position has been reinforced by the Circular of the Ministry of Finance on Issues Relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) (the "**MOF Circular**"), promulgated and effective on 28 March 2018, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "**Joint Circular**"), promulgated and effective on 11 May 2018. Both circulars are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties. Shanghai SASAC, a PRC government entity and ultimate controller of the Issuer, only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government (including Shanghai SASAC) does not have any payment obligations under the Notes. The Notes are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. In addition, any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, any of the Issuer's financial condition. Investors should base their investment decision on the financial condition of the Issuer and any perceived credit risk associated with an investment in the Notes based on the Issuer's own financial information reflected in its financial statements.

The Notes may not be a suitable investment for all investors.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to an investor's overall portfolio. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes, and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the 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 or incorporated by reference in this Offering Circular or any applicable supplement;

- 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;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

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

The Notes being issued as "green bonds" may not be a suitable investment for all investors seeking exposure to green assets.

The Issuer has developed its green financing framework (the "**Green Financing Framework**") and intends to issue the Notes as "green bonds" in accordance with the Green Financing Framework. See the section entitled "*Green Financing Framework*". The Issuer has received from Hong Kong Quality Assurance Agency an independent opinion (the "**Second-Party Opinion**") confirming that the Green Financing Framework is in compliance with the Green Bond Principles (2021) of the International Capital Market Association (the "**ICMA Green Bond Principles**") and the Green Loan Principles (2021) (the "**Green Loan Principles**") of the Loan Market Association. The ICMA Green Bond Principles and the LMA Green Loan Principles are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bonds and green loans market.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", and therefore no assurance can be provided to potential investors that the relevant Eligible Green Projects (as defined in the Green Financing Framework) will meet or continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in in accordance with the categories recognised under the ICMA Green Bond Principles and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

The Second-Party Opinion are not incorporated into, and do not form part of, this Offering Circular. None of the Issuer or the Managers makes any representation as to the suitability of the Second-Party Opinion. The Second-Party Opinion is not, nor should not be deemed to be, a recommendation to buy, sell or hold the Notes and is only current as of the date that the Second-Party Opinion were initially issued, and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Furthermore, the Second-Party Opinion is for information purpose only and none of the Issuer, the Managers or the Second-Party Opinion provider accept any form of liability for the substance of the Second-Party Opinion and/or any liability for loss arising from the use of the Second-Party Opinion and/or the information provided in them. A withdrawal of the Second-Party Opinion may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Prospective investors must determine for themselves the relevance of the Second-Party Opinion and/or the information contained therein and/or the Second-Party Opinion provider for the purpose of any investment in the Notes. The Second-Party Opinion will be made available to investors on the Issuer's website.

Whilst the Issuer has agreed to certain obligations relating to reporting and use of proceeds as described under the sections entitled "*Use of Proceeds*" and "*Green Financing Framework*", it would not be an Event of Default under the Terms and Conditions of the Notes if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds of the issue of the Notes in the manner specified in this Offering Circular and/or (ii) the Second-Party Opinion issued in connection with such Notes were to be withdrawn. Any failure to use the net proceeds of the issue of the Notes in connection with Eligible Green Projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to such Notes, may affect the value and/or trading price of such Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Notes are included in any dedicated "green", "environmental", "social", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

None of the Issuer or the Managers makes any representation as to (i) whether the Notes will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used in the manner as described in the sections entitled "*Use of Proceeds*" and "*Green Financing Framework*", or (iii) the characteristics of Eligible Green Projects, including their relevant environmental and sustainability criteria. Each potential investor of the Notes should have regard to the relevant projects and eligibility criteria described under the sections entitled "*Green Financing Framework*". Each potential investor of the Notes should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds, and its purchase of any Notes should be based upon such investigation as it deems necessary.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. Although an application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only, no assurance can be given that such application will be approved, or even if the Notes become so listed, that an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes or that a liquid market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Notes, and if the Joint Lead Managers do so, they may discontinue such market-making activity at any time at their sole discretion. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There is no assurance that these developments will not occur in the future.

Developments in other markets 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 the Notes 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 issues in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. Currently, the international financial markets are experiencing significant volatility as a result of COVID-19. If similar developments occur or continue to occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Investment in the Notes is subject to exchange rate risks.

Investment in the Notes is subject to exchange rate risks. The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the United States, international political and economic conditions, and many other factors. The Issuer will make all payments of interest and principal with respect to the Notes in Renminbi. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollar or other applicable foreign currency terms will decline.

Changes in interest rates may have an adverse effect on the price of the Notes.

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price 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. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with fluctuations in interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

The Issuer may be unable to redeem the Notes.

On certain dates, including but not limited to the occurrence of a Relevant Event and at maturity of the Notes, the Issuer may, and at maturity, will be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default under the Notes, which may also constitute a default under the terms of other indebtedness of the Issuer or its subsidiaries.

The Notes will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's existing and future subsidiaries, other than the Issuer, and effectively subordinated to the Issuer's secured debt to the extent of the value of the collateral securing such indebtedness.

The Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing and future subsidiaries, other than the Issuer, whether or not secured. The Notes will not be guaranteed by any of the Issuer's subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer may in the future acquire or establish.

The Notes are the Issuer's unsecured obligations and will (i) rank equally in right of payment with all the Issuer's other present and future unsubordinated and unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

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

Since the Issuer is incorporated under the laws of the PRC, any insolvency proceedings relating to the Issuer, even if brought in other jurisdictions, would likely involve the PRC's insolvency laws, 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's subsidiaries, jointly controlled entities and associated companies may be subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Issuer, its jointly controlled entities and associated companies.

The Issuer may depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations under the Notes. The ability of the Issuer's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. There can be no assurance that the Issuer's subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to the Issuer as it anticipates, or at all. In addition, dividends payable to the Issuer by these companies are limited by the percentage of its equity ownership in these companies. In particular, the Issuer does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Issuer to make payments under the Notes. These factors could reduce the payments that the Issuer receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Notes.

If the Issuer is unable to comply with the restrictions and covenants in the Notes or its debt agreements (if any), there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If the Issuer is unable to comply with the restrictions and covenants in the Notes, or its current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some debt agreements of the Issuer may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement of the Issuer may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements of the Issuer. If any of these events occur, the Issuer cannot assure holders that its assets and cash flows would be sufficient to repay in full all of its indebtedness, or that it would be able to find alternative financing. Even if it could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

The Terms and Conditions of the Notes 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.

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 Issuer will follow the applicable corporate disclosure standards for debt securities listed on the HKSE, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Notes to be listed on the HKSE. The disclosure standards imposed by the HKSE may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to the level to which the Noteholders are accustomed.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction.

Where the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such action can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or prefunding, in breach of the terms of the Trust Deed or the Terms and Conditions of 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 holders of the Notes to take such actions directly.

Modifications and waivers may be made in respect of the Terms and Conditions of the Notes and the Trust Deed by the Trustee or less than all of the holders of the Notes, and decisions may be made on behalf of all holders of the Notes that may be adverse to the interests of the individual holders of the Notes.

The Terms and Conditions of the Notes contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including those Noteholders who did not attend and vote at the relevant meeting and those Noteholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of the individual holders of the Notes. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the holders of the Notes, agree to any modification of the Trust Deed, the Terms and Conditions of the Notes and/or the Agency Agreement (other than in respect of a reserved matter) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Notes and to any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the holders of the Notes, authorise or waive any proposed breach or breach of the Notes, the Trust Deed or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Notes will not be materially prejudiced thereby.

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

The Notes will initially be represented by a Global Note Certificate. Such Global Note Certificate will be deposited with a sub-custodian for the CMU. Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Note Certificate the Issuer will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in a Global Note Certificate 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 relevant Clearing System to appoint appropriate proxies.

Any failure to complete the relevant filings under the NDRC Circular or with the CBIRC and the relevant registrations with SAFE within the prescribed time frame may have adverse consequences for the Issuer and/or the investors of the Notes.

NDRC issued the NDRC Circular on 14 September 2015, and it came into effect on the same day. According to the NDRC Circular, 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 completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on

16 December 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. In the worst-case scenario, such noncompliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Notes. The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed time period after the Issue Date in accordance with the NDRC Circular.

Pursuant to the CBIRC Measures, the Issuer obtained the CBIRC Approval from the Shanghai Office of the CBIRC on 24 January 2022 which remains in full force and effect as at the date of this Offering Circular. The CBIRC Approval requires the Issuer to provide certain information in relation to the issuance of the Notes to the CBIRC within 15 PRC Business Days after the Issue Date (the "**CBIRC Post-issue Filing**"). The CBIRC Measures and the CBIRC Approval are silent on the legal consequences of non-compliance with the post-issue notification requirement, and as such, from a PRC law perspective, it is unclear as to the legal consequences should the Issuer fail to comply with the post-issue notification requirement to the CBIRC. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the CBIRC Measures and the CBIRC Approval may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Notes. The Issuer will undertake in the Conditions to file or cause to be filed with the CBIRC the CBIRC Post-issue Filing within the prescribed timeframe after the Issue Date in accordance with the CBIRC Measures, and following the submission of both the NDRC Post-issue Filing and the CBIRC Post-issue Filing, has undertaken to provide (i) a certificate to the Trustee confirming the submission of both the NDRC Post-issue Filing and the CBIRC Post-issue Filing and the relevant documents thereto evidencing due filing with the NDRC and the CBIRC, and (ii) give notice thereof to the Noteholders in accordance with the Conditions.

The Issuer shall complete the Foreign Debt Registration (as defined in "*Terms and Conditions of the Notes*") in respect of the issue of the Notes with SAFE in accordance with the relevant laws and regulations. Before such Foreign Debt Registration is completed, it is uncertain whether the Notes are enforceable under the PRC laws and it may be difficult for Noteholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Notes. Under the Terms and Conditions of the Notes, the Issuer has undertaken to complete the Foreign Debt Registration before the SAFE Registration Deadline (as defined in "*Terms and Conditions of the Notes*"). In the unlikely event that the Issuer is unable to complete such Foreign Debt Registration by the SAFE Registration Deadline, the Issuer has the option to redeem the Notes. However, notwithstanding such right, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Notes and investors may encounter difficulties in enforcing judgments obtained in Hong Kong courts with respect to the Notes and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Notes may also be materially and adversely affected.

Gains on the transfer of the Notes and interest payable by the Issuer to overseas Noteholders may be subject to tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法(2018修正)》) (the "**EIT Law**") which took effect on 1 January 2008 and was revised on 24 February 2017 and 29 December 2018, 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 and whose actual administrative organisation is not in 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. There remains uncertainty as to whether the gains realised on the transfer of the Notes by enterprise holders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. 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.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法(2018修正)》) (the "**IIT Law**") which took effect on 30 June 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Noteholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Noteholders and at a rate of 20 per cent. for non-resident individual Noteholders (or a lower treaty rate, if any).

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to VAT Reform Caishui [2016] No. 36 (《關於全面推開營業稅改徵增值稅試點的通知》財稅[2016]36號) (the "**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, and the interpretation and enforcement of such laws and regulations involve uncertainties.

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.

The Notes are redeemable in the event of certain withholding taxes being applicable.

There can be no assurance as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions of the Notes, the Issuer is required to gross up payments on account of any such withholding taxes or deductions (whether by way of enterprise income tax ("**EIT**"), business tax, VAT or otherwise), the Issuer also has the right to redeem the Notes at any time in the event (i) it has or will become obliged to pay additional tax amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC in excess of the applicable rate on 10 March 2022, or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 10 March 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued Circular 36 which introduces VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. However, Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties but if the withholding tax applicable increases from that applicable on 10 March 2022 as a result of Circular 36, the Issuer is entitled to redeem the Notes under the Terms and Conditions of the Notes. For more details, see "*Taxation — PRC — Value-added Tax ("VAT")*".

If the Issuer redeems the Notes prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Notes to maturity, and they may not be able to reinvest the proceeds they receive on a redemption in similar securities. In addition, the Issuer's ability to redeem the Notes may reduce the market price of the Notes.

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 Notes (see "*Terms and Conditions of the Notes — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuances or capital-raising activity will not adversely affect the market price of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Note Certificates (as defined below) issued in respect of the Notes.

The CNY1,000,000,000 3.20 per cent. Notes due 2025 (the "**Notes**", which expression, unless the context requires otherwise, includes any further notes issued pursuant to Condition 14 (*Further Issues*) to be consolidated into and forming a single series therewith) of SAIC-GMAC Automotive Finance Company Limited (上汽通用汽車金融有限責任公司) (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated 17 March 2022 (as amended, restated, replaced and/or supplemented from time to time, the "**Trust Deed**") between the Issuer and The Hongkong and Shanghai Banking Corporation Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 17 March 2022 (as amended, restated, replaced and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the CMU Lodging and Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the "**Agents**" are to the Registrar, the CMU Lodging and Paying Agent, the Transfer Agents and the Paying Agents and any reference to an "**Agent**" is to any one of them.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available upon prior written request and satisfactory proof of holding by Noteholders (i) for inspection during normal business hours (being 9:00 am to 3:00 pm) at the Specified Office (as defined in the Agency Agreement) of the CMU Lodging and Paying Agent, the initial Specified Office of which is set out below; and (ii) electronically by e-mail from the CMU Lodging and Paying Agent. All capitalised terms that are not defined in the Conditions have the same meanings given to them in the Trust Deed.

1. Form, Denomination and Status

(a) *Form and denomination*: The Notes are in registered form in the denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be evidenced by a global note certificate (the "**Global Note Certificate**") substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"), and will be exchangeable for individual Note Certificates (as defined below) only in the circumstances set out therein. These Conditions are modified by certain provisions contained in the Global Note Certificate while any of the Notes are evidenced by the Global Note Certificate.*

*For so long as any of the Notes are represented by the Global Note Certificate, each person who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Notes (the "**account holder**") (in which regard any certificate or other documents issued by the Operator as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Registrar, the Transfer Agent, the CMU Lodging and Paying Agent and the Operator as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, the right to which shall be vested, as against the Issuer, the Registrar, the Transfer Agent, the CMU Lodging Agent and the Operator solely in the holder of the Global Note Certificate in accordance with and subject to its terms. For so long as any of the Notes are represented by the Global Note Certificate and the Global Note Certificate is held with the CMU, any transfer of principal amounts of Notes shall be effected in accordance with the rules and procedures for the time being of the Operator.*

Notwithstanding the above, if the Global Note Certificate is held by or on behalf of the CMU, any payments that are made in respect of the Global Note Certificate shall be made to the account holder and such payments shall discharge the obligation of the Issuer in respect of that payment. For these purposes, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in the case of manifest error). Notes which are represented by the Global Note Certificate will be transferable only in accordance with the rules and procedures for the time being of the Operator.

2. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. Except as otherwise provided for in the Trust Deed, no person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes evidenced by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until registered on the Register.

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

(d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured mail to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described in the Global Note Certificate, owners of interests in the Notes will not be entitled to receive physical delivery of individual Note Certificates.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such payment or indemnity, security and/or pre-funding as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes; (ii) during the period of 15 days ending on the date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption for tax reasons*) or (iii) after a Put Exercise Notice (as defined in Condition 5(c) (*Redemption for a Relevant Event*)) has been delivered in respect of the relevant Notes in accordance with Condition 5(c) (*Redemption for a Relevant Event*).

(g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

3. Covenants

(a) *Negative pledge*: So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest (save for Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee or indemnity of any Relevant Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith or (ii) providing such other security or arrangements for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) *Financial Statements etc.*: So long as any Note remains outstanding, the Issuer shall provide to the Trustee:

(i) (A) a copy of the Issuer Audited Financial Reports within 150 days of the end of each Relevant Period, prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants of good repute); and (B) a copy of the Issuer Semi-Annual Unaudited Financial Reports within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Issuer Audited Financial Reports; *provided that*, if at any time the capital stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 14 days after any financial or other reports of the Issuer are filed with the exchange on which the Issuer's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in Conditions 3(b)(i)(A) and 3(b)(i)(B) above and, if the Issuer Audited Financial Reports and/or the Issuer Semi-Annual Unaudited Financial Reports, as the case may be, shall be in the Chinese language, together with an English language translation of the same translated by (x) a nationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants of good repute, together with a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer certifying that such translation is complete and accurate; and

(ii) a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days of a request by the Trustee and at the time of provision of the Issuer Audited Financial Reports.

The Trustee shall not be required to review the Issuer Audited Financial Reports and/or the Issuer Semi-Annual Unaudited Financial Reports or any financial or other report furnished or delivered to it as contemplated in this Condition 3(b) and, if the same shall not be in the English language, shall not be required to request for or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Noteholders or any other person for not doing so.

(c) *Notification to NDRC and CBIRC*: The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date (as defined herein) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (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)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**").

In addition, the Issuer undertakes to file or cause to be filed with the CBIRC the requisite information and documents within 15 PRC Business Days after the Issue Date in accordance with the Measures for the Implementation of Administrative Licensing Matters of Non-Bank Financial Institutions (中國銀保監會非銀行金融機構行政許可事項實施辦法) issued by the CBIRC, and any implementation rules, reports, certificates, approvals or guidelines as issued by the CBIRC from time to time (the "**CBIRC Post-issue Filing**").

The Issuer shall within five PRC Business Days after submission of both the NDRC Post-issue Filing and the CBIRC Post-issue Filing (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-issue Filing and the CBIRC Post-issue Filing (together with the document(s), if any, evidencing due filing with the NDRC and the CBIRC) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the same.

(d) *Registration with SAFE:* The Issuer undertakes to file or cause to be filed with SAFE the requisite information and documents within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) issued by the PBOC and which came into effect on 12 January 2017, and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC or the CBIRC, as the case may be, from time to time (the "**Foreign Debt Registration**"), and to comply with all applicable PRC laws and regulations in relation to the Notes.

The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline and shall within five PRC Business Days after SAFE has notified it of the completion of the Foreign Debt Registration, (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Issuer confirming the completion of the Foreign Debt Registration (together with a copy of the relevant document(s) issued by SAFE evidencing the completion of the Foreign Debt Registration) (collectively, the "**Registration Documents**") and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the same.

The Trustee shall have no obligation or duty to monitor or ensure, or otherwise assist with, the submission of the NDRC Post-issue Filing, the CBIRC Post-issue Filing or the completion of the Foreign Debt Registration on or before the SAFE Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing, the CBIRC Post-issue Filing and the Foreign Debt Registration, and shall not be liable to Noteholders or any other person for not doing so.

In these Conditions:

"**CBIRC**" means the China Banking and Insurance Regulatory Commission or any successor entity with the primary responsibility to supervise the Issuer;

"**Compliance Certificate**" means a certificate in English, substantially in the form scheduled to the Trust Deed, of the Issuer signed by an Authorised Signatory of the Issuer stating that, having made all enquiries, to the best of the knowledge, information and belief of the Issuer 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 8 (*Events of Default*)), or an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 8 (*Events of Default*), become an Event of Default (a "**Potential Event of Default**"), or a Relevant Event 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) the Issuer has complied with all its obligations under the Trust Deed, the Agency Agreement and the Notes or, if the Issuer has not complied with all such obligations, giving details of that non-compliance;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

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

"**Issuer Semi-Annual Unaudited Financial Reports**" means the semi-annual unaudited and unreviewed consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in owners' equity of the Issuer and its consolidated Subsidiaries together with any statements, reports (including any directors' and auditors' reports, if any) and notes attached to or intended to be read with any of them, if any;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**PBOC**" means the People's Bank of China;

"**Permitted Security Interest**" means:

(i) any Security Interest on any property or asset existing at the time of acquisition of such property or asset or to secure the payment of all or any part of the purchase price or construction cost thereof or to secure any indebtedness incurred prior to, or at the time of, such acquisition or the completion of construction of such property or asset for the purpose of financing all or any part of the purchase price or construction cost thereof;

(ii) any lien arising by operation of law;

(iii) any Security Interest on any property or asset securing Relevant Indebtedness if (a) by the terms of such indebtedness it is expressly provided that recourse by the holders of such indebtedness is limited to the properties or assets of the issuer or the borrower and the revenues to be generated by the operation of, or loss of or damage to, such properties or assets, for repayment of the moneys advanced and payment of interest thereon and (b) such indebtedness is not guaranteed by the Issuer or any of its Subsidiaries; and

(iv) any Security Interest on any property or asset of the Issuer or any of its Subsidiaries which is created pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practice;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**PRC**" means the People's Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

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

"**PRC GAAP**" means the Accounting Standards for Business Enterprises and other specific standards issued by the Ministry of Finance of the PRC, and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time;

"**Relevant Indebtedness**" means any present or future indebtedness outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which 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);

"**Relevant Period**" means (i) in relation to the Issuer Audited Financial Reports, each period of twelve months ending on the last day of the Issuer's financial year (being 31 December of that financial year); and (ii) in relation to the Issuer Semi-Annual Unaudited Financial Reports, each period of six months ending on the last day of the Issuer's first-half financial year (being 30 June of that financial year);

"**SAFE**" means the State Administration of Foreign Exchange of the PRC or its local counterparts;

"**SAFE Registration Deadline**" means the day falling 120 PRC Business Days after the Issue Date;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

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

(i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

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

4. Interest

The Notes bear interest from 17 March 2022 (the "**Issue Date**") at the rate of 3.20 per cent. per annum (the "**Rate of Interest**"), payable semi-annually in arrear on 17 March and 17 September in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*) commencing 17 September 2022, *provided that* if any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (and excluding) the next Interest Payment Date (with adjustment as described in this paragraph) is herein referred to as an "**Interest Period**".

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will 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 Noteholder and (b) the day which is seven days after the CMU Lodging and Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable in respect of each Note of CNY10,000 denomination (the "**Calculation Amount**") for any period shall be the product of (i) the Rate of Interest, (ii) the Calculation Amount, and (iii) the actual number of days in such Interest Period divided by 365, and rounding the resulting figure to the nearest CNY0.01 (CNY0.005 being rounded upwards).

In this Condition, "**business day**" means any day (other than a Saturday, Sunday or public holiday) on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and the PRC.

5. Redemption and Purchase

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 17 March 2025, subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax 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 in accordance with Condition 15 (*Notices*) to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 10 March 2022; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption 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 if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

(A) a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled (but not obliged) to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying on such certificate or opinion.

Upon the expiry of any such notice period as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) *Redemption for a Relevant Event*: At any time following the occurrence of a Relevant Event, the Holder of any 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 101 per cent. of their principal amount (in the case of a redemption for a Change of Control) or 100 per cent. of their principal amount (in the case of a redemption for a Non-Registration Event), in each case, together with accrued interest to (but not including) such Put Settlement Date. To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of the CMU Lodging and Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the Specified Office of the CMU Lodging and Paying Agent (a "**Put Exercise Notice**"), together with the Note Certificates evidencing the Notes to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 15 (*Notices*). The "**Put Settlement Date**" shall be the 14th day 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 subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders in accordance with Condition 15 (*Notices*) and to the Trustee and the CMU Lodging and Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a Non-Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c).

Neither the Trustee nor any of the Agents will be required to take any steps to monitor or ascertain whether a Change of Control, a Non-Registration Event or any event which could lead to the occurrence of a Change of Control or Non-Registration Event has occurred and none of them shall be responsible to the Noteholders or any other person for any loss arising from any failure to do so.

So long as the Notes are represented by the Global Note Certificate, a Holder's right to redemption of the Notes due to a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.

In these Conditions:

a "**Change of Control**" occurs when:

(a) SAIC Motor Corporation Limited (上海汽車集團股份有限公司) (the "**Controlling Shareholder**") ceases to Control the Issuer;

(b) (x) the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會) ("**Shanghai SASAC**") or its successor, and (y) any other person directly wholly-controlled by the government of the PRC, together cease to Control the Issuer; or

(c) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons (other than the Controlling Shareholder, Shanghai SASAC or any other person Controlled by the government of the PRC);

"**Control**" means with respect to a Person (where applicable): (i) the ownership or control, directly or indirectly, of more than 50 per cent. of the issued share capital of such Person; or (ii) the possession, directly or indirectly, of the power to nominate or designate a majority of the members then in office of such 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. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the two foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing;

a "**Non-Registration Event**" occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

"**Registration Condition**" means the receipt of the certificate referred to in Condition 3(d) (*Registration with SAFE*) and a copy of the Registration Documents by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration by the Issuer within five PRC Business Days; and

"**Relevant Event**" means a Change of Control or a Non-Registration Event.

(d) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (c) (*Redemption for a Relevant Event*) above.

(e) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(f) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

(g) *No duty to monitor*: The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.

(h) *Calculations*: 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 or have a duty to verify accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Noteholders or any other person for not doing so.

6. Payments

(a) *Principal*: Payments of principal and premium (if any) shall be made by wire transfer to a Renminbi account maintained by the payee and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the CMU Lodging and Paying Agent.

(b) *Interest*: Payments of interest shall be made by wire transfer to a Renminbi account maintained by the payee and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the CMU Lodging and Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*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 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Payment instructions (for value on the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of the CMU Lodging and Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in Hong Kong, the PRC and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If the CMU Lodging and Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

*Notwithstanding the foregoing, so long as the Global Note Certificate is deposited with a sub-custodian of the CMU or any other clearing system, each payment in respect of the Global Note 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.

7. Taxation

All payments of principal, premium (if any) and interest 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 imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the rate applicable on 10 March 2022 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC, in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the PRC other than the mere holding of the Note; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Tax Amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the CMU Lodging and Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal, premium (if any) or interest shall be deemed to include any additional amounts in respect of principal, premium (if any) or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in these Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

8. Events of Default

If any of the following events occurs (each, an "**Event of Default**"), then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their principal amount together with accrued interest (if any) without further action or formality:

(a) *Non-payment*: the Issuer (i) fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or (ii) fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or

(b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed (other than those obligations the breach of which would give rise to right of a redemption pursuant to Condition 5(c) (*Redemption for a Relevant Event*)) and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 45 days after the Trustee has given written notice thereof to the Issuer; or

(c) *Cross-default of the Issuer or Subsidiary*:

(i) any indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or

(iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$30,000,000 (or its equivalent in any other currency or currencies on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 8(c) operates); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of any amount is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, and which is not discharged or stayed within 45 days; or

(f) *Insolvency, etc.*: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, or (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or any substantial part of its indebtedness or any guarantee of such indebtedness given by it; or

(g) *Winding up, etc.*: (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries, or (ii) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, otherwise than in both (i) and (ii), in the case of a Principal Subsidiary, (x) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or (y) a disposal on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal is vested in the Issuer or any of its Subsidiaries in any combination; or

(h) *Analogous event*: any event occurs which under the laws of the PRC has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or

(i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Trust Deed admissible in evidence in the courts of the PRC and Hong Kong is not taken, fulfilled or done; or

(j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

(k) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues.

In these Conditions, "**Principal Subsidiary**" means any Subsidiary:

(a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue as shown by its latest audited income statement is at least 5 per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit as shown by its latest audited income statement is at least 5 per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) total consolidated assets as shown by its latest audited balance sheet are at least 5 per cent. of the amount which equals the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries as being represented by the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition,

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

(iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary in respect of any of the events referred to in these Conditions if its revenue, net profit or total assets (or consolidated revenue, consolidated net profit or total consolidated assets in the case of a Subsidiary which has subsidiaries) when aggregated with the revenue, net profit or total assets of each other Subsidiary which is not itself a Principal Subsidiary (or consolidated revenue, consolidated net profit or total consolidated assets in the case of a Subsidiary which has subsidiaries) with respect to which any of the events referred to these Conditions has occurred during the preceding 12 months, exceeds 5 per cent. of the consolidated revenue, consolidated net profit or total consolidated assets of the Issuer and its Subsidiaries.

A certificate by two Authorised Signatories of the Issuer that, in their opinion, a Subsidiary is or is not or was or was not or would or would not have been treated as, at any particular time, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding. Each such certificate shall be accompanied by a report by a nationally recognised firm of independent accountants of good repute addressed to the directors of the Issuer and the Trustee as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation. The Trustee shall be entitled to rely on such certificate without any further investigation or liability.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or (as the case may be) the relevant Transfer Agent may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or provided with security to its satisfaction as well as relieved from responsibility in certain circumstances, including without limitation provisions relieving it from taking steps, actions or proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction, and to be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Noteholders. In addition, the Trustee and Agents are entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its functions, rights, authorities, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and shall not have regard to the interests of and will not be responsible for any consequence for individual Holders of Notes as a result of any circumstances particular to individual Holders of Notes, including but not limited to, such Holders being connected in any way with a particular territory or taxing jurisdiction.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer 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 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 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 monitor or ascertain whether any Relevant Event, Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

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

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or CMU lodging and paying agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer shall at all times maintain a CMU lodging and paying agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

12. Meetings of Noteholders; Modification and Waiver

(a) *Meetings of Noteholders*: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Agency Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to effect the exchange, conversion or substitution of the Notes for other obligations or securities, to amend Condition 3 (*Covenants*), to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one-third of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed, holding not less than 90 per cent. in nominal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

So long as the Notes are evidenced by the Global Note Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Noteholders of not less than 90 per cent in principal amount of the Notes for the time being outstanding.

(b) *Modification and waiver*: The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be binding on the Noteholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter.

(c) *Directions from Noteholders*: Notwithstanding anything to the contrary in the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or conditions in the Notes, the Trust Deed 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 any such action, making any such decision, or giving any such direction or certification, to seek directions or clarification of directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or secured 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 legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarifications, or in the event that the directions or clarifications sought are not provided by the Noteholders.

(d) *Certificates and Reports*: The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) without liability to Noteholders, the Issuer or any other person on a report, advice, opinion, confirmation or certificate or any advice of any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall not be responsible or liable to the Issuer, the Noteholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, information, confirmation, certificate, opinion or advice.

13. Enforcement

The Trustee may at any time, at its discretion and without notice, take such actions or steps or institute such proceedings as it thinks fit to enforce its rights under the Trust Deed or the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first interest payment date and the timing to perform and complete the NDRC Post-issue Filing, the CBIRC Post-issue Filing and the Foreign Debt Registration and to make the relevant notifications thereof) so as to be consolidated into and form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed, *provided* *that* such supplemental documents are executed and further opinions are obtained as the Trustee may require as further set out in the Trust Deed.

15. Notices

Notices to the Noteholders will be sent to them by mail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth weekday after the date of mailing.

Until such time as any individual Note Certificates are issued and so long as the Global Note Certificate is held in its entirety on behalf of the Operator, any notice to the Noteholders shall be validly given by the delivery of the relevant notice to the CMU for communication to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to the CMU.

16. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify the Trustee and each Noteholder, on the written demand of the Trustee or such Noteholder addressed to the Issuer and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. Governing Law and Jurisdiction

(a) *Governing law*: The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.

(b) *Jurisdiction*: The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated The Law Debenture Corporation (H.K.) Limited (currently at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong) to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Note Certificate contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions.

The Notes will be in registered form in the denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. The Notes will be represented by beneficial interests in a Global Note Certificate in registered form, which will be deposited on or about the Issue Date with a sub-custodian for the HKMA as operator of the CMU. For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with the CMU. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU.

Under the Global Note Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Notes to the holder of the Notes on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Notes.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) the CMU is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Since the CMU can act only on behalf of the CMU participants, who in turn may act on behalf of persons who hold interests through them, or indirect participants, the ability of persons having interests in a Global Note Certificate to pledge such interests to persons or entities that are not CMU participants, or otherwise take action in respect of such interests, may be affected by the lack of Individual Note Certificates.

While the Global Note Certificate representing the Notes is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note Certificate are credited as being held in the CMU in accordance with the CMU Rules shall be the only person(s) directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by the Global Note Certificate. The Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of payment so made by the Issuer in respect of such Global Note Certificate.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates shall be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Noteholder of the Global Note Certificate and the CMU to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names such Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office (as defined in the Terms and Conditions of the Notes) of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Noteholder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Note Certificate will contain provisions that modify the Terms and Conditions of the Notes as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

Payments: In the case of all payments made in respect of the Global Note Certificate held in the CMU, payment will be made to the person(s) for whose account(s) interest(s) in the Global Note Certificate are credited with being held in accordance with the agreements, rules and regulations governing the CMU (the "**CMU Rules**") as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU issue position report or any other relevant notification by the CMU and, save in the case of final payment thereunder, no presentation of such Global Note Certificate shall be required. For these purposes, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in the case of manifest error).

Payment Record Date: Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption for a Relevant Event*) (the "**Put Option**"), the Holder must, within the period specified in the Terms and Conditions of the Notes for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the CMU Lodging and Paying Agent specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice shall be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 15 (*Notices*), so long as any of the Notes are represented by the Global Note Certificate and such Global Note Certificate is deposited with a sub-custodian for the CMU, notices to the holders of the Notes may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the Hong Kong Monetary Authority on the business day prior to the date of despatch of such notice. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day on which such notice is delivered to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Note Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Payments, transfers, exchanges and other matters relating to interests in the Global Note Certificate may be subject to various policies and procedures adopted by the CMU from time to time. In addition, the CMU is under no obligation to maintain or continue to operate the CMU is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees or agents will have any responsibility for the performance by the CMU or the CMU participants of their respective obligations under the rules and procedures governing their operations.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes will be CNY1,000,000,000, which, after deducting the combined management and underwriting commission and the other expenses incurred in connection with the issue of the Notes, will be used for extending loans for new energy vehicles in accordance with the Green Financing Framework.

GREEN FINANCING FRAMEWORK

BACKGROUND

At the United Nations General Assembly, China proposes to strive for peak carbon emissions by 2030 and carbon neutrality by 2060. Following the national decision and deployment in this regard as well as the SAIC Motor's green policy, the Issuer actively implements new development concepts and adheres to green and low-carbon development path, maximizing the overall benefits for environment, society and economy. In particular, in support of its green development, the Issuer fully implements the SAIC Motor's strategic concepts of green travel, green development and green home, where specifically:

- *green travel* focuses on promoting new energy development with multiple routes, including through (i) promoting sales of new energy vehicles to No.1 in China, (ii) creating high-end smart pure electric brand "IM Motor", (iii) promoting industrialisation of fuel cells and releasing the industry's first "hydrogen strategy", and (iv) continuing to promote the construction of new energy industry chain;

- *green development* focuses on system construction, energy saving and consumption reduction, and emission reduction through (i) implementing "Made in China 2025" and "Industrial Green Development Plan", (ii) focusing on technology upgrades, energy conservation and emission reduction, (iii) continuing to promote green manufacturing and energy efficiency benchmark projects, and (iv) vigorously promoting the development of circular economy; and

- *green home* focuses on promoting the concept of green office and related theme activities and public benefit activities through (i) implementing the concept of green and environment-friendly office, and (ii) carrying out environment protection themed activities and advocating low-carbon shared travel.

In response to China's national 2030 carbon emission peak and 2060 carbon neutrality plan, the Issuer has established the Green Financing Framework (the "**Framework**") to enable it to diversify financing sources, further integrate green elements and sustainable concepts into its operations, and actively support China's automobile industry to develop towards a green future.

PURPOSE

The Issuer intends to actively support sustainable development through its operations across China and adheres to corporate social responsibility strategies which it believes contribute to the United Nations' Sustainable Development Goals ("**SDGs**"). The Framework has been developed to demonstrate how the Issuer will enter into transactions to fund new and existing projects and businesses with environmental benefits in alignment with Green Bond Principles (2021) of International Capital Markets Association ("**ICMA**") and Green Loan Principles (2021) of Loan Market Association ("**LMA**") (collectively, the "**Principles**"). The Framework is made public on the Issuer's website.

The Framework sets out the governance and processes under which the Issuer intends to issue green bonds, loans or any other similar debt instruments ("**Green Financing Transactions**" or "**GFTs**"), and in doing so contribute to positive environmental impacts. The proceeds of any GFTs will be allocated exclusively for the financing and/or refinancing of Eligible Green Projects (as defined below).

The Framework adopts the following key pillars:

- Use of Proceeds

- Process for Project Evaluation and Selection

- Management of Proceeds

- Reporting
- External Review

USE OF PROCEEDS

The net proceeds raised under this Framework will be used to finance and/or refinance, in whole or in part, expenditure on projects that are consistent with the eligibility criteria set out below (the "**Eligible Green Projects**").

Eligible Green Projects

Category	Eligibility Criteria	Contribution to SDGs
Clean Transportation	Provision of financing for clean transportation including electric, hydrogen, and other new energy vehicles (any new energy vehicle with zero direct emissions is eligible)	Goal 11 — Sustainable Cities and Communities (Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.)

Vehicle models meeting the eligibility criteria as of the date of this Offering Circular include:

Brand	Cadillac	Chevrolet	Buick	Wuling	Baojun
Vehicle model .	• *2022 LYRIQ*	• *MENLO*	• *Velite 7 PHEV SUV* • *Velite 6 PHEV*	• *Wuling Nano EV* • *Hongguang MINIEV* • *Hongguang MINIEV* • *Macaron*	• *Baojun E100* • *Baojun E200*

Exclusions Criteria

In any case, Eligible Green Projects exclude the types of activities below:

- Financing of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans; and
- Financing of conventional internal combustion engine vehicles.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Issuer's Green Financing Working Group ("**GFWG**") is responsible for the management of the Framework and the compliance of all financing instruments issued under the Framework. The GFWG consists of senior representatives from the following departments:

- Treasury Department
- Finance & Accounting
- Risk Management
- Wholesale Credit Department

- Retail Credit Acquisition Department

The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams.

For new issuances, Treasury Department will coordinate and compile the submission of identified projects for the GFWG's review. The identified projects' environmental credentials will be obtained and confirmed via liaison with relevant business partners and internal departments. The GFWG will consider potential projects, assess their eligibility, and approve those that qualify as eligible projects.

The GFWG will consider all proposed projects holistically and aim to ensure that all approved projects financed under the Framework have positive environmental impact for stakeholders and the society. As part of the assessment process, the GFWG will consider:

- any potential environmental or social risks;

- the alignment of the projects with the Issuer's sustainability strategies and policies, including SDG priorities; and

- the projects' compliance with relevant local, national, and/or international regulatory requirements and market standards, including those on environmental protection.

The proceeds of each sustainable debt instrument can be used for both the financing and/or refinancing of eligible projects. A look-back period of three years will apply for refinancing.

The GFWG will review the eligibility of those projects every year. Should a project be considered by GFWG to be no longer meeting the criteria detailed above or is subject to postponement, cancelation or divestment, the Issuer is committed to re-allocating the proceeds to ensure the full amount of the proceeds are allocated to eligible projects. Such monitoring will be implemented throughout the life of the GFTs.

MANAGEMENT OF PROCEEDS

The proceeds from each sustainable debt instrument issued will be managed by the Treasury Department with oversight by the GFWG. The Issuer will track the allocation of proceeds to eligible projects within its internal management system (the "**Register**") including the following information:

- Type of funding transaction: key information includes issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number in case of bond transaction.

- Allocation of proceeds: (i) name and description of eligible projects to which the proceeds of the GFTs have been used in accordance with the Framework, (ii) allocation of the proceeds of GFTs to eligible projects, (iii) the balance of unallocated proceeds, and (iv) information on temporary investment for unallocated proceeds.

Net proceeds from the sale of the notes pending allocation will be invested in cash, cash equivalents or deposits, subject to exclusions criteria. For each issuance under the Framework, the Issuer will review the register once a year and expects to achieve full allocation within two years from the date of issuance.

REPORTING

The Issuer will publish a post-issuance report annually. The reporting will provide the following information:

Allocation Reporting

Information on allocation of proceeds inclusive of the following will be provided until the proceeds have been fully allocated:

- allocation amount by eligible project category, and clearly indicating the SDG(s) of which such allocation supports;
- proportion between financing and refinancing;
- project examples (subject to confidentiality); and
- amount of unallocated proceeds and its temporary treatment.

Impact Reporting

Where possible and subject to data availability and confidentiality, reporting of environmental impact of the projects using relevant indicators as suggested in the ICMA Harmonized Framework for Impact Reporting will be made until the maturity of the GFTs.

Category	Example of Impact Indicators
Clean Transportation	• Number of eligible loans financed • Type and model of vehicle financed

Should there be any co-financing of projects, the Issuer will only claim and report the impact proportionate to its financing amount.

The post-issuance reports will be made available at the Issuer's website.

EXTERNAL REVIEW

The Issuer has engaged Hong Kong Quality Assurance Agency to provide external review to assess and confirm that the Framework is in line with principles and guidelines of ICMA and LMA. The external review reports are published on the Issuer's website.

The Issuer may engage an independent third party to conduct post-issuance assurance on the allocation of proceeds and impact reporting.

AMENDMENTS TO THE FRAMEWORK

The GFWG will review the Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in the Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Company and a credible external reviewer. Any future updated version of the Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on the Issuer's website and will replace this Framework.

EXCHANGE RATE INFORMATION

PBOC sets and publishes daily a base 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.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising 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. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the low, average, high and period-end noon buying rate in New York City for cable transfers in Renminbi per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

	Noon buying rate(1)			
	Period End	**Average(2)**	**High**	**Low**
	(RMB per U.S.$1.00)			
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4508	6.5716	6.3435
September	6.4434	6.4563	6.4702	6.4320
October	6.4050	6.4172	6.4485	6.3820
November	6.3640	6.3889	6.4061	6.3640
December	6.3726	6.3693	6.3772	6.3435
2022				
January	6.3610	6.4382	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March (through 4 March)	6.3188	6.3177	6.3210	6.3116

Notes:

(1) Exchange rates between the Renminbi and the U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual and semi-annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the capitalisation and indebtedness of the Issuer as at 30 September 2021 on an actual basis and on an as adjusted basis to give effect to the issue of the Notes before deducting fees and commissions and other estimated expenses payable by the Issuer in connection with the offering. The following table should be read in conjunction with the Issuer's financial statements and related notes included in this Offering Circular.

	As at 30 September 2021			
	Actual		As adjusted	
	(RMB'000)	(U.S.$'000)[3]	(RMB'000)	(U.S.$'000)[3]
Indebtedness				
Customer deposits	6,850,278	1,063,146	6,850,278	1,063,146
Takings from financial institutions	31,196,449	4,841,613	31,196,449	4,841,613
Dealer security deposits	3,904,577	605,981	3,904,577	605,981
Lease liability	75,741	11,755	75,741	11,755
Bonds payable	30,834,409	4,785,425	30,834,409	4,785,425
Notes to be issued[1]	–	–	1,000,000	155,198
Total indebtedness	**72,861,454**	**11,307,920**	**73,861,454**	**11,463,118**
Owner's equity				
Paid-in capital	6,500,000	1,008,784	6,500,000	1,008,784
Surplus reserve	1,190,162	184,710	1,190,162	184,710
General risk reserve	1,823,905	283,066	1,823,905	283,066
Unappropriated profits	12,831,381	1,991,399	12,831,381	1,991,399
Total owners' equity	**22,345,448**	**3,467,959**	**22,345,448**	**3,467,959**
Total capitalisation[2]	**95,206,902**	**14,775,880**	**96,206,902**	**14,931,077**

Notes:

(1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds.

(2) Total capitalisation equals the sum of total indebtedness and total owners' equity.

(3) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.4434 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 2021.

Except as disclosed below, there has been no material change in the total capitalisation and indebtedness of the Issuer since 30 September 2021:

- In December 2021, the Issuer's registered capital was increased to RMB8,500 million after the injection of RMB2,000 million undistributed profits into the Issuer's paid-in capital. See "*Description of the Issuer — History and Development*" for details.
- In December 2021, pursuant to the resolutions of its board of directors, the Issuer distributed dividend out of its undistributed profits in an aggregate amount of RMB2 billion to its shareholders.
- On 6 January 2022, the Issuer issued the Rongteng 2022-1 ABS in an aggregate principal amount of RMB10 billion. See "*Description of Material Indebtedness and Other Obligations — Asset-backed Securities — Rongteng 2022-1 ABS*" for details.
- On 24 January 2022, the Issuer issued Rongteng Tongyuan 2022-1 ABS in an aggregate principal amount of RMB1 billion. See "*Description of Material Indebtedness and Other Obligations — Asset-backed Securities — Rongteng Tongyuan 2022-1 ABS*" for details.

- Since 30 September 2021, the Issuer has incurred short-term indebtedness in the form of bank loans in an aggregate amount of RMB21.34 billion.

DESCRIPTION OF THE ISSUER

OVERVIEW

Founded in August 2004, the Issuer is the first licensed AFC in China and has an operating history of over 17 years. The Issuer has achieved sustained profitability since the first full financial year following its establishment and has strived for balanced development in terms of scale and quality through business innovation and optimisation of the resources available to it. The Issuer believes it enjoys a market-leading position in terms of its scale of assets and net profit. As at 30 September 2021, it had total assets of approximately RMB116 billion.

As a Sino-foreign joint venture backed by SAIC-GM, the Issuer has historically focused on providing auto finance products and services for SAIC-GM brand vehicles. In recent years, benefiting from its strong risk management capability as well as effective business development effort, the Issuer has continued to expand its business to cover auto brands other than those owned by SAIC-GM with its retail finance business now covering most automobile brands in the domestic market in China. The Issuer has formed strategic partnerships with a number of automobile manufacturers to cooperate in launching multi-channel marketing activities and offering auto financing solutions for their key vehicle models.

Leveraging SAIC-GM's extensive dealer network, which covers all provinces, municipalities and autonomous regions in the PRC, the Issuer is able to provide auto loans and related services to retail customers and auto dealers across the country. As at 30 September 2021, the Issuer's retail finance business and wholesale loan business covered, respectively, 322 and 293 cities nationwide, including Beijing, Shanghai, Guangzhou and Shenzhen, as well as other lower-tier cities. As at the same date, the Issuer had enabled over 8.2 million customers in China to purchase their own cars with its financing solutions.

The Issuer's strong credit profile has allowed it to access diversified sources of funding to support its operation and growth. In recent years, the Issuer has expanded its cooperation with banks and successfully tapped into the domestic capital market with bond issuances and asset securitisation. In addition, as a member of the National Association of Financial Market Institutional Investors, the Issuer is authorised to access the national interbank lending market to satisfy its funding needs, which is only accessible to selected financial institutions.

The Issuer attaches great importance to the management of its risk exposure and the quality of its loan assets while pursuing business growth. It has established a robust risk management system which utilises proprietary algorithm, and closely tracks the performance of its loans and controls the key indicators for delinquency. As at 31 December 2018, 2019 and 2020 and 30 September 2021, the Issuer's non-performing loan ratio was 0.09 per cent., 0.29 per cent., 0.33 per cent. and 0.39 per cent., which falls below the industry average.

The Issuer's business consists of (i) retail finance business, which provides loans to individual consumers and corporate customers for financing their purchases of vehicles, and (ii) a wholesale loan business, which provides loans to automobile dealers for the procurement of vehicle inventory as well as loans for supporting their operations. The following table sets forth the breakdown of revenues by business segment for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2018		2019		2020		2020		2021	
	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.
	(in thousands, except percentages)									
Retail finance business	5,584,090	87.6	6,168,107	87.0	6,205,459	86.5	4,705,983	87.3	5,027,768	89.4
Wholesale loan business	788,451	12.4	921,153	13.0	966,363	13.5	687,155	12.7	593,026	10.6
Total	**6,372,542**	**100.0**	**7,089,260**	**100.0**	**7,171,822**	**100.0**	**5,393,138**	**100.0**	**5,620,794**	**100.0**

COMPETITIVE STRENGTHS

The Issuer believes that the following strengths have helped it succeed and set it apart from its competitors:

Leading Auto Finance Company in China with Scale and Network Advantages

As the first licensed AFC in China, the Issuer enjoyed significant first-mover advantage when the auto financing market in China started to experience rapid development almost two decades ago. The Issuer achieved profitability in its first full financial year following its establishment and has been able to maintain profitable throughout the subsequent 16 years of its operating history. Leveraging its strong brand image, management expertise and extensive marketing and sales network, the Issuer has maintained its growth momentum over the years. The number of loans granted annually by the Issuer has exceeded one million for four consecutive years since 2017. As at 30 September 2021, the Issuer held a leading position in terms of scale of assets and net profit among all 25 licensed AFCs nationwide. In addition, the Issuer has built industry-leading expertise in risk management. As at 31 December 2018, 2019 and 2020 and 30 September 2021, the Issuer's non-performing loan ratio was 0.09 per cent., 0.29 per cent., 0.33 per cent. and 0.39 per cent., which falls below the industry average.

As an affiliate of SAIC-GM, the Issuer enjoys the advantage of SAIC-GM's extensive dealer network in China, which has enabled the Issuer to reach millions of end-customers seeking financing for their car purchases. In addition, cooperation with auto dealers, such as in joint marketing initiatives, has facilitated its growth. As at 30 September 2021, the Issuer's retail finance and wholesale loan businesses covered 322 and 293 cities in China, respectively. As at the same date, the Issuer has established cooperation with over 6,500 and over 1,300 auto dealers in its retail finance and wholesale loan businesses, respectively, and has provided financing solutions to over 8.2 million Chinese customers to purchase their own cars.

The Issuer believes its leading position in the auto financing industry will continue to lay a solid foundation for its future business development.

Shareholder Support for the Development of Business

The Issuer as a Sino-foreign joint venture is backed by powerful shareholders. Its shareholders, including SAIC-GM and SAIC Finance, are all leading players in their respective sectors and are able to provide strong and continuous support to Issuer.

SAIC-GM, one of the Issuer's local shareholders and a joint venture between SAIC Motor and General Motors Company, is a leading automobile manufacturer in China. According to the statistics published by the China Passenger Car Association (CPCA), SAIC-GM ranked the third in 2020, as measured by annual sales volume of passenger vehicles. SAIC-GM manufactures vehicles that are marketed under the brands of Buick, Chevrolet and Cadillac, with its vehicle models covering various market segments including luxury cars, high-performance sedans, economy cars, multi-purpose vehicles (MPVs) and sport utility vehicles (SUVs). GMF, the Issuer's foreign shareholder, is a wholly-owned subsidiary of General Motors Company. It provides a variety of financial services, including retail financing and leasing services to retail customers and vehicle financing services to auto dealers. GMF has accumulated unparalleled operating experience and expertise from its decades of operations in the auto financing industry.

The Issuer's local shareholders provide the Issuer with local resources and expertise as well as opportunities for comprehensive cooperation with automobile manufacturers and auto dealers to drive its growth. As one of the largest automobile manufacturers in China, SAIC-GM enjoys good development prospects and has provided business opportunities directly for the Issuer's auto financing business, including sharing of sales network and joint marketing campaigns to drive sales for both parties. In addition, the Issuer's foreign shareholder provides the Issuer with a sound management model and other expertise. In particular, the Issuer is able to draw on the advanced management experience and technical standards brought by GMF. The in-depth technical expertise and management input from GMF have differentiated the Issuer from other local competitors who otherwise do not have such access. With the synergistic support of its foreign and local shareholders, the Issuer believes that it is well-positioned to develop a business model most tailored to the needs of Chinese customers and maintain its lead in the auto financing industry.

The Issuer's shareholders have also provided significant financial support to fund the Issuer's capital-intensive business, including six successive capital injections in an aggregate amount of RMB8,000 million, as well as shareholder deposits from time to time provided to the Issuer. As at the date of this Offering Circular, the paid-up capital of the Issuer is RMB8.5 billion. The capital contribution and deposits from the Issuer's shareholders have enhanced the operational stability and eased the pressure on liquidity.

Prudent and Comprehensive Risk Management

The Issuer is committed to maintaining a robust and effective risk management system. In accordance with regulatory requirements, including the Administrative Measures for Auto Finance Companies and the Internal Control Guidelines for Commercial Banks, the Issuer, drawing on the experience of GMF from its long-standing auto financing business operations, has formulated a comprehensive set of policies and guidelines, management framework and technical measures, covering various aspects of the Issuer's operations, including, among others, credit policy, credit review, approval authority and process, risk monitoring and asset classification. See "— *Risk Management*" for more details. The Issuer utilises both quantitative analysis and qualitative assessment in its credit review and approval process and improves its credit risk decision-making model with regular updates by optimising the algorithm, widening the scope of the data collected, and constantly focusing on the identification of risks.

Strategies, policies and procedures approved by the Issuer's board of directors are in place to assist employees with identifying, measuring and monitoring of risks in daily operations, with evaluation of their effectiveness carried out by its internal audit department. In addition, with a view to preventing and minimising risks, the Issuer is also continually seeking to optimise its operation and management processes and relevant internal control systems. Furthermore, the Issuer carries out risk management activities under the supervision of CBIRC. As a regulated non-bank financial institution, the Issuer is required by the CBIRC to report its results of operations to relevant regulatory authorities periodically, with a focus on its risk management measures and indicators.

As a result of its prudent and comprehensive risk management, as at 30 September 2021, the Issuer's non-performing loan ratio was 0.39 per cent., which falls below the industry average.

Stable and Diversified Sources of Funding

Since its establishment, the Issuer has been actively exploring diversified financing channels to ensure stable sources of funding to support its business growth. The Issuer maintains good and close relationships with a number of commercial banks in China, which ensures that the Issuer will have sufficient credit lines available to it when needed. As at 30 September 2021, the Issuer had obtained credit facilities in an aggregate amount of RMB191,674.0 million and had unused credit lines of RMB155,392.0 million. In addition, as an AFC licensed by the CBIRC, the Issuer is permitted to engage in short to medium-term borrowings in the money market and interbank market. The Issuer is also able to maintain liquidity with deposits from its shareholders and security deposits from auto dealers.

Furthermore, to continue to optimise its financing structure, the Issuer has tapped into alternative sources of funding, such as issuance of financial bonds and auto loan asset-backed securities in the domestic capital markets. In October 2010, the Issuer issued its first financial bonds in the interbank market which was first of its kind by an AFC in China and has since become an important financing channel for the Issuer to supplement its medium and long-term funding and optimise its asset and liability management. To date, the Issuer has successfully raised capital of RMB39 billion through the issuance of nine financial bonds. In January 2008, the Issuer issued its first auto loan asset-backed securities and has so far completed issuance of 23 auto loan asset-backed securities in an aggregate amount of RMB139 billion. With stable and diversified sources of funding, the total amount of retail loans disbursed by the Issuer increased from RMB65,387.5 million for the year ended 31 December 2018 to RMB73,898.5 million for the year ended 31 December 2020, and the Issuer disbursed loans in an aggregate amount of RMB178.8 billion in the nine months ended 30 September 2021.

Experienced and Dedicated Management Team

The Issuer has an experienced and dedicated management team with extensive operational expertise, in-depth understanding of the auto financing market and complementary experience in managing multinational corporations (MNCs). Members of the Issuer's key management team have, on average, over 12 years of experience in the auto financing and related industries. Mr. Wei Yong, the chairman of the Issuer, has substantial management experience obtained from his previous positions in the Shanghai Government and SAIC Motor, as well as extensive knowledge and technical expertise from over 20 years of experience in the fields of finance and economics. Mr. Yu Yarui, the general manager of the Issuer, has extensive experience in finance and accounting as well as in-depth knowledge of the auto industry gained while serving senior financial management roles at SAIC-GM and its affiliates. Mr. Mark Franklin Bole, the vice chairman of the Issuer, who has previously served as the head of overseas operations of General Motors Acceptance Corporation in Latin America and Europe and is currently the president of global operations of GMF, possesses extensive experience in serving senior management roles at MNCs as well as expertise in financial and risk management. Mr. Enrique Mendoza Figari, the chief operating officer of the Issuer, who has served as GMF's project leader and executive officers in the U.S. and other European countries, has substantial experience and expertise in credit management and finance. The Issuer believes that its senior management team, equipped with local expertise and international insights, has enabled the Issuer to implement business strategies and deliver products suited for the Chinese market, and has played a crucial role in spearheading its growth over the years.

BUSINESS STRATEGIES

Adhering to its corporate values of openness, progress, professionalism and performance, the Issuer strives to provide services to customers with integrity and professionalism, cater to the needs of customers through a customer-oriented approach, and offer diversified products with a focus on innovation and progress. With a view to deepening its offline market, accelerating online development, and expanding into the used car market, the Issuer plans to pursue the following strategies to maintain its leading position in the auto financing industry in China and drive future business growth:

Expand Sales Network and Strengthen Cooperation with Auto Dealers

The Issuer acquires customers primarily through cooperating with the auto dealers within its sales network. As the offline dealership stores are expected to remain the prevailing channel for auto sales, the Issuer will seek to further strengthen its existing sales network in terms of both increasing its geographic coverage and the number of auto dealers within that network. In particular, the Issuer believes that the increasing penetration of auto finance in lower-tier cities in China presents significant growth opportunities for its business, and plans to engage with more auto dealers in those cities so as to tap into the growing demands for auto financing services in those local markets. With regard to auto dealers with which it has established cooperative relationship, the Issuer will seek to strengthen cooperation with them to increase customer referrals and the penetration rate of its auto financing services. In this regard, the Issuer intends to expand existing cooperation on multiple fronts such as the sharing of customer insights and feedback through regular communication, launching mutual marketing and promotion initiatives to target specific groups of customers as well as jointly working on improvement of business process to enhance customer experience.

Accelerate Digitalisation and Explore Online Direct Sales

The Issuer intends to continue and accelerate its efforts in digitalisation on all fronts and strives for full digitalisation of its operations, which the Issuer believes will enable it to enhance its operational efficiency and drive down its operating costs. This will be coupled with efforts to utilise data-enabled technology to acquire market and customer insights and deliver better ways to address customers' needs. In particular, the Issuer believes big data marketing is an important trend in the auto financing industry and intends to apply data analysis to guide its marketing initiatives so as to target customer groups more effectively in different scenarios. In addition, the Issuer plans to explore the direct sales model for its retail finance business whereby it will provide services to retail customers directly through online channels. With the projected transition from gasoline and diesel vehicles to electric vehicles (EVs), a few automobile manufacturers and AFCs have ventured into the fields to offer fully digitalised services which allow the customers to configure and order their vehicles and arrange financing for their auto purchases online. Against the backdrop of such development, the Issuer, aiming for offering customer services not constrained by geographical limitations, will seek to strengthen its cooperation with automobile manufacturers to explore and promote full online auto financing services to meet the diverse needs of customers, especially young customers who are more accustomed to online services.

Expand Used Automobile Financing Operation to Drive Future Growth

The used automobile market in China has experienced steady growth in recent years. In addition, a global chip shortage since 2021 has seen global vehicle production stall which, in turn, prompts more and more consumers to look to the used automobile market to fulfil their replacement needs both domestically and abroad. In light of the robust growth in its used automobile financing business in 2021, the Issuer believes that the used automobile market will continue to see new waves of demand in the future and could potentially be a significant driver for its business growth. Building on the momentum of that market and the favourable environment created by governmental policies to facilitate used automobile transactions, the Issuer intends to strategically expand its used automobiles financing business which is expected to target a different customer base and therefore complement its existing business. More financing options for used automobiles and products with features tailored for buyers of used automobiles are expected to be introduced by the Issuer. While pursuing growth opportunities, the Issuer will remain conscious of the risks associated with the used automobile business and seek to further enhance its risk management capability through the implementation of various measures, including optimising the credit risk decision-making process as well as enabling its risk assessment model to access databases operated by third parties.

HISTORY AND DEVELOPMENT

The Issuer's history dates back to August 2004 when the Issuer was incorporated as a licensed non-banking financial institution in Shanghai with the approval of the CBRC. The following table sets forth the key development of the Issuer since its establishment:

Year	Event
2004	The Issuer was incorporated as a Sino-foreign joint venture on 11 August 2004 with an initial registered capital of RMB500 million. Upon its incorporation, Ally Financial Inc. (formerly known as General Motors Acceptance Corporation) ("**Ally Financial**") and SAIC Finance held a 60 per cent. and 40 per cent. equity interest in the Issuer, respectively.
2007	In April 2007, with RMB500 million contributed by Ally Financial, SAIC-GM and SAIC Finance, the Issuer's registered capital was increased to RMB1,000 million. Ally Financial and SAIC Finance each held a 40 per cent. equity interest with the remaining 20 per cent. equity interest in the Issuer held by SAIC-GM immediately after the capital injection. In October 2007, the Issuer's registered capital was increased to RMB1,500 million with a capital injection of RMB500 million from Ally Financial, SAIC-GM and SAIC Finance in proportion to their shareholdings in the Issuer.
2008	In January 2008, the Issuer issued its first auto loan asset-backed securities in the PRC domestic capital markets.
2014	In October 2014, Ally Financial transferred a 35 per cent. and 5 per cent. equity interest in the Issuer to GMAC UK PLC ("**GMAC UK**") and GMF, respectively. GMF subsequently transferred the said 5 per cent. equity interest in the Issuer acquired from Ally Financial to SAIC Finance. Upon completion of the share transfers, SAIC Finance, GMAC UK and SAIC-GM held a 45 per cent., 35 per cent. and 20 per cent. equity interest in the Issuer, respectively.

Year	Event
2016	In February and June 2016, the Issuer's registered capital was increased to RMB3,500 million after a capital injection of RMB2,000 million from SAIC Finance, GMAC UK and SAIC-GM in proportion to their shareholdings in the Issuer.
2017	In September 2017, GMAC UK transferred a 35 per cent. equity interest in the Issuer to GMF. Upon completion of the share transfer, SAIC Finance, GMF and SAIC-GM held a 45 per cent., 35 per cent. and 20 per cent. equity interest in the Issuer, respectively.
2019	In October 2019, the Issuer's registered capital was increased to RMB6,500 million after a capital injection of RMB3,000 million from SAIC Finance, GMF and SAIC-GM in proportion to their shareholdings in the Issuer.
2021	In December 2021, the Issuer's registered capital was increased to RMB8,500 million after the injection of RMB2,000 million undistributed profits into the Issuer's paid-in capital, where, in proportion to their shareholdings in the Issuer, SAIC Finance, GMF and SAIC-GM contributed RMB900 million, RMB400 million and RMB700 million, respectively.

RECENT DEVELOPMENT

Issuances of Asset-Backed Securities

On 6 January 2022, the Issuer completed the issuance of the Rongteng 2022-1 ABS in an aggregate principal amount of RMB10 billion in the PRC national interbank market. The Rongteng 2022-1 ABS consists of four tranches: the prioritised A1 tranche was issued in an aggregate principal amount of RMB4 billion with an interest rate of 2.65 per cent.; the prioritised A2 tranche was issued in an aggregate principal amount of RMB4.7 billion with an interest rate of 2.75 per cent; the prioritised B tranche was issued in an aggregate principal amount of RMB730 million with an interest rate of 3.50 per cent; the subordinated tranche, which is held by the Issuer, was issued in an aggregate principal amount of RMB570 million. See "*Description of Material Indebtedness and Other Obligations — Asset-backed Securities — Rongteng 2022-1 ABS*" for more details.

On 24 January 2022, the Issuer completed the issuance of Rongteng Tongyuan 2022-1 ABS in an aggregate principal amount of RMB1 billion in the bond market of China (Shanghai) Pilot Free Trade Zone. The Rongteng Tongyuan 2022-1 ABS consists of three tranches: the prioritised A1 tranche was issued in an aggregate principal amount of RMB400 million with an interest rate of 2.68 per cent.; the prioritised A2 tranche was issued in an aggregate principal amount of RMB490 million with an interest rate of 2.90 per cent; the subordinated tranche, which is held by the Issuer, was issued in an aggregate principal amount of RMB110 million. See "*Description of Material Indebtedness and Other Obligations — Asset-backed Securities — Rongteng Tongyuan 2022-1 ABS*" for more details.

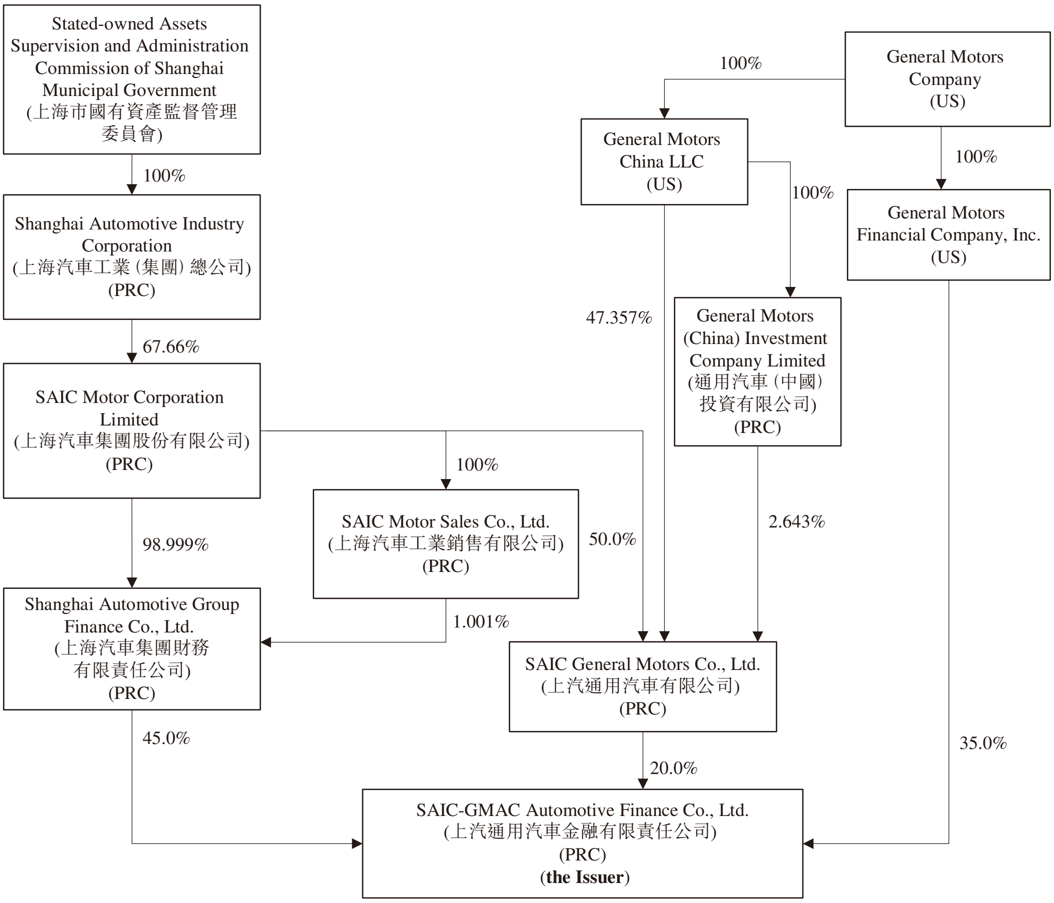
AWARDS AND RECOGNITION

The Issuer has received recognition and numerous awards over the years that are testament to its track record of operational excellence and market-leading position, including the following:

Award/Recognition	Awarding Authority/Entity	Year Awarded
Governmental		
Shanghai Model Unit (上海市文明單位)	Shanghai Municipal People's Government	2021
Outstanding Contribution Award for Finance Enterprises (金融業突出貢獻獎)	Shanghai Pudong New Area Government	2016, 2019 and 2020
Award for Outstanding Contribution to Pudong's Economy (經濟突出貢獻獎)	Shanghai Pudong New Area Government	2017 and 2018
Third Prize of Shanghai Financial Innovation Achievement Award (上海金融創新成果獎三等獎)	Shanghai Municipal People's Government	2013
Second Prize of Shanghai Financial Innovation Achievement Award (上海金融創新成果獎二等獎)	Shanghai Municipal People's Government	2012
Regulatory		
Outstanding Originator of ABS Transactions (優秀ABS發起機構)	China Central Depository & Clearing Co., Ltd.	2015, 2017 and 2019 to 2022
Outstanding Financial Bonds Issuer (優秀金融債發行人)	China Central Depository & Clearing Co., Ltd.	2017 and 2019
Media		
Best Auto Finance Company of the Year (最佳汽車金融公司)	21st Century Business Herald	Every year from 2015 to 2021
Auto Finance Company of the Year (年度汽車金融公司)	China Financial Herald	2021
Excellent Auto Finance Institution of the Year (年度卓越汽車金融機構)	The Economic Observer	2016, 2017, 2018 and 2020
2020 Excellent Competitive Auto Finance Enterprise (2020卓越競爭力汽車金融企業)	China Business Journal	2020
Excellent Deal of the Year Award (年度優秀交易獎)	China Securitization Forum	2020
Best Auto Finance Company of the Year (年度最佳汽車金融公司)	China Leasing Summit-Asia Auto Finance & Leasing Forum	2019
2019 Auto Finance Company with Outstanding Brand Power in China (2019中國卓越品牌力汽車金融公司)	The Economic Observer	2019
The Most Influential Auto Finance Enterprise of the Year (年度汽車金融最具影響力企業)	2019 China Auto Finance Innovation International Summit	2019
Others		
Top Employer China	Top Employer Institute	Every year from 2017 to 2021

CORPORATE STRUCTURE

The following diagram illustrates the Issuer's corporate structure as at the date of this Offering Circular:



THE ISSUER'S BUSINESS

As the first licensed AFC in China, the Issuer commenced its auto financing business in August 2004. The Issuer's business currently consists of: (i) its retail finance business, whereby the Issuer offers loans directly to retail customers for their purchases of automobiles; and (ii) its wholesale loan business, whereby the Issuer provides financing solutions to SAIC-GM-franchised dealers to finance their inventory of automobiles before sale to retail customers, as well as loans for financing their operating needs.

The following table sets forth a breakdown of the Issuer's revenue by business segment for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2018		2019		2020		2020		2021	
	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.
	(in thousands, except percentages)									
Retail finance business	5,584,090	87.6	6,168,107	87.0	6,205,459	86.5	4,705,983	87.3	5,027,768	89.4
Wholesale loan business	788,451	12.4	921,153	13.0	966,363	13.5	687,155	12.7	593,026	10.6
Total	**6,372,542**	**100.0**	**7,089,260**	**100.0**	**7,171,822**	**100.0**	**5,393,138**	**100.0**	**5,620,794**	**100.0**

The following table sets forth a breakdown of the Issuer's gross profit and gross profit margin by business segment for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2018		2019		2020		2020		2021	
	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)	Gross profit(1)	Gross profit margin(2)
	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.
	(in thousands, except percentages)									
Retail finance business	3,448,209	61.8	3,371,014	54.7	3,613,039	58.2	2,977,815	63.3	2,888,167	57.4
Wholesale loan business	352,435	44.7	756,047	82.1	804,131	83.2	613,778	89.3	1,046,515	176.5
Overall	**3,800,644**	**59.6**	**4,127,061**	**58.2**	**4,417,170**	**61.6**	**3,591,593**	**66.6**	**3,934,682**	**70.0**

Notes:

(1) Equals operating income minus operating costs.

(2) Calculated as gross profit divided by revenue.

Retail Finance Business

The Issuer offers a broad spectrum of auto loan products to retail customers seeking financing for their purchases of automobiles. The Issuer's customers include individual consumers as well as corporate customers. The Issuer conducts credit evaluations of customers who apply for loans and approves loan applications in accordance with its credit policies.

The retail finance business has been the Issuer's most significant source of revenue. For the years ended 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, revenue generated from the Issuer's retail finance business contributed to 87.6 per cent., 87.0 per cent., 86.5 per cent., 87.3 per cent. and 89.4 per cent. of its total revenue, respectively, and increased from RMB5,584.0 million for the year ended 31 December 2018 to RMB6,205.5 million for the year ended 31 December 2020.

The table below sets forth a breakdown of revenue generated from the Issuer's retail finance business for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2018		2019		2020		2020		2021	
	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.
	(in thousands, except percentages)									
Retail Finance										
Net interest income	4,426,393	79.3	5,276,469	85.5	5,167,764	83.3	3,864,517	82.1	3,806,419	75.7
Net income from fees and commissions	1,151,627	20.6	884,070	14.3	697,295	11.2	503,569	10.7	489,650	9.7
Investment income	–	–	–	–	329,236	5.3	329,236	7.0	724,310	14.4
Other income	6,070	0.1	7,568	0.1	11,164	0.2	8,661	0.2	7,389	0.1
Total	**5,584,090**	**100.0**	**6,168,107**	**100.0**	**6,205,459**	**100.0**	**4,705,983**	**100.0**	**5,027,768**	**100.0**

The Issuer offers various auto loan products to its customers to meet their diversified needs. In addition to offering loans with the traditional repayment methods of equal monthly payment and equal principal payment, the Issuer has launched products which offer customers more flexibility in choosing and customising their down payment ratio, repayment schedule, number of instalments and monthly payment. Such offerings, which the Issuer believes would effectively reduce the pressure of loan repayments for certain groups of consumers and make the loan repayment more convenient for them, have been well-received among the customers.

The customers of the Issuer's retail finance business are sourced from automobile dealers with which the Issuer typically enters into a business cooperation agreement. Historically, the Issuer focused on cooperation with dealers franchised by its shareholder SAIC-GM, an automobile manufacturer which leads car sales in China. As at 30 September 2021, the Issuer's loan products covered vehicles of all brands owned by SAIC-GM, including Buick, Chevrolet and Cadillac, as well as SAIC-GM Wuling brands, including Wuling and Baojun. To drive the growth of its retail finance business, the Issuer has in recent years expanded its retail finance business to cover vehicles of various non-SAIC-GM brands. As at the date of this Offering Circular, the Issuer has established strategic alliance with five automobile manufacturers for its retail finance business, with its loans to retail customers covering most of the brands in the market.

The following table sets forth a breakdown of the number of the loans disbursed by automobile brand for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2018		2019		2020		2020		2021	
	Number of loans disbursed[(1)]	Percentage of total (%)	Number of loans disbursed[(1)]	Percentage of total (%)	Number of loans disbursed[(1)]	Percentage of total (%)	Number of loans disbursed[(1)]	Percentage of total (%)	Number of loans disbursed[(1)]	Percentage of total (%)
Brand										
SAIC-GM vehicles[(2)]	938,955	91.8	961,587	93.7	1,074,222	93.8	709,842	93.3	737,697	94.6
Other vehicles	84,291	8.2	651,74	6.3	71,218	6.2	50,926	6.7	41,966	5.4
Total	**1,023,246**	**100.0**	**1,026,761**	**100.0**	**1,145,440**	**100.0**	**760,768**	**100.0**	**779,663**	**100.0**

Note:

(1) Excludes second-hand vehicles.

(2) Include vehicles of brands owned by SAIC-GM and SAIC-GM Wuling.

Benefiting from the strength of its brand and its effective marketing effort, the Issuer's retail finance business has been able to maintain a strong development momentum over the years. As at 30 September 2021, the Issuer had provided auto financing services to over 8.2 million Chinese customers and established business partnerships with over 6,500 automobile dealers in 322 cities nationwide. As at the same date, the number of the Issuer's subsisting loan contracts amounted to over 2.7 million.

The Issuer adopts a standardised loan agreement for its retail loan products, pursuant to which the loan terms range from 12 to 60 months. Depending on the loan products, the interest rate is either fixed or floating, and risk-based pricing is adopted for certain products. For the year ended 31 December 2020, the interest rate of the Issuer's retail loan products is typically in the range of four to 12 per cent. The table below sets forth the key terms of the Issuer's standardised loan agreement with the customers:

Loan term	12 to 60 months
Principal amount	Up to 85 per cent. of the purchase price for the automobile
Down payment ratio	15 per cent. as the minimum
Interest rate	Fixed rate or LPR-based floating rate
Repayment	• Equal monthly payment, where the customer pays monthly instalment of a fixed amount; • Equal principal payment, where the customer pays a fixed amount of the principal in each monthly payment; • Customised repayment schedule, where the customer can choose a customised arrangement to meet his or her unique needs.
Security interest	If required, the customer needs to pledge the automobile being financed to the Issuer and complete registration of the pledge. Such pledge must be maintained while the loan remains outstanding.
Termination	If the customer defaults on his or her payment, the Issuer is entitled to, among other things, demand immediate repayment of the outstanding balance of the loan, terminate the agreement, regain possession of the vehicle, take protective measures, dispose of the vehicle and any other collateral, and seek damages from the customer.

The following table sets forth certain key operating information of the Issuer's retail finance business for the periods indicated:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
Retail Finance					
Number of vehicles financed	1,024,849	1,030,598	1,156,191	767,775	832,113
Amount of loans disbursed (RMB in millions)	65,387	69,832	73,899	49,934	52,445
Interest income (RMB in millions)	6,640	7,855	7,725	5,688	5,728

As at 31 December 2018, 2019 and 2020 and 30 September 2021, the balance of the Issuer's retail loans amounted to RMB70,259.6 million, RMB79,451.6 million, RMB91,674.5 million and RMB80,491.6 million, respectively.

Operational process

Pre-loan review

At the pre-loan review stage, application materials for retail loans are submitted through the Issuer's self-developed online operation platform and are approved by its retail credit approval officers at the headquarters level. The Issuer utilises a proprietary credit scoring system developed through statistical analysis of customer demographics, application information and credit data from third-party sources to effectively assess the credit status of loan applicants and help credit approval officers make credit decisions. In addition, the retail credit approval officers are required to conduct a telephone verification procedure for each loan application.

Loan approval

Throughout the credit approval process, the Issuer's retail credit department follows the "5Cs" principle, which sets out the key criteria for approval of loan applications. The 5Cs principle refers to:

- *Character*: where the focus is on the applicant's credit history;
- *Capacity*: where the focus is on the applicant's ability to repay the loan;
- *Capital*: where the focus is on the applicant's own capital position;
- *Collateral*: where the focus is on the applicant's ability to provide security; and
- *Condition*: where the focus is on the business environment, including the macroeconomic and microeconomic conditions, in which the applicant operates.

To maintain its integrity and independence, the Issuer's loan approval process is carried out under the principle of "separation of loan review and approval": namely, one officer will make a credit recommendation on the application and another officer will review the recommendation and decide whether to approve the application. There is also a loan approval hierarchy and authorisation limit in place: dependent on the level of risks involved, loan applications must go through the corresponding approval and authorisation procedures before a disbursement can be made.

Post-loan management

The Issuer has formulated and implemented a five-tier classification system to manage its loan assets in accordance with the regulatory requirements. In addition, the Issuer's post-loan management is supported by a professional collection team of nearly 200 employees who are assigned to different groups and employ different collection tactics depending on the length of the overdue period according to the Issuer's internal policies and guidelines.

Wholesale Loan Business

The Issuer's wholesale loan business primarily includes floor plan financing provided to SAIC-GM-franchised dealers to finance their inventory of automobiles before sale to the retail customers. The Issuer also makes dealer loans for the financing of parts and accessories as well as for improvements to dealership facilities. The Issuer's wholesale loan business covers all of SAIC-GM owned brands, including Chevrolet, Buick and Cadillac, and SAIC-Motor Wuling brands.

The Issuer's wholesale loan business has been able to maintain steady growth and is expected to continue to maintain its growth. Revenue generated from the Issuer's wholesale loan business increased from RMB788.5 million for the year ended 31 December 2018 to RMB966.4 million for the year ended 31 December 2020. The table below sets forth a breakdown of revenue generated from the Issuer's wholesale loan business for the periods indicated:

	Year ended 31 December						Nine months ended 30 September			
	2018		2019		2020		2020		2021	
	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.	RMB	per cent.
	(in thousands, except percentages)									
Wholesale Loan										
Net interest income	716,294	90.8	855,950	92.9	919,228	95.1	655,444	95.4	569,225	96.0
Net income from fees and commissions	51,614	6.5	47,268	5.1	41,922	4.3	26,549	3.9	23,648	4.0
Other income	20,544	2.6	17,935	1.9	5,212	0.5	5,162	0.8	154	0.0
Total	**788,451**	**100.0**	**921,153**	**100.0**	**966,363**	**100.0**	**687,155**	**100.0**	**593,026**	**100.0**

As the auto financing penetration rate continues to rise in the Chinese market, the Issuer has strategically expanded its footprint into small and medium-sized cities in China to capture the resulting growth from the development of the market. As at 30 September 2021, the Issuer's wholesale loan business covered over 1,300 dealers in 293 cities in China, including Beijing, Shanghai, Guangzhou and Shenzhen, as well as other lower-tier cities.

Inventory financing loans

Eligibility for the inventory financing loans is limited to premium SAIC-GM-franchised dealers, and the Issuer will commence assessment process only after it receives recommendation on the loan application of a particular dealer from SAIC-GM. Upon completion of its credit evaluation, the Issuer enters into a tripartite agreement with the automobile manufacturer and the dealer, whereby the dealer is authorised by the automobile manufacturer to purchase automobiles for resale to the end customers and the Issuer agrees to provide loans to the dealer to finance its purchase of the vehicles from the automobile manufacturer. The term of such loans is generally six months with maximum tenor of no more than one year.

To maintain effective post-loan management, the Issuer has established policies in place for audit of its dealers' inventory. Combining its extensive experience and advanced IT technologies, the Issuer has implemented measures to track the location and status of the vehicles. See *"— Operational process — Post-loan management*". As part of its measure to control credit risk, the Issuer requires dealers to provide security for their loans and guarantees from their shareholders. In addition, the Issuer conducts evaluation on its dealers at least once each year and a report which reviews the dealer's sales performance in the previous year and its inventory status will be produced.

The inventory financing loans are secured by the vehicles purchased by a dealer. The loans usually carry a floating rate linked to LPR and the rate for a particular dealer is based on various factors, including the dealer's credit rating as assessed by the Issuer and the Issuer's own funding costs and operating costs. Interest on inventory financing loans is generally payable monthly. The dealer's obligation to repay will mature upon sale of the financed automobile or at the expiry of the term of the loan, whichever is earlier.

Dealer loans

The Issuer also provides loans to SAIC-GM and SAIC-GM Wuling-franchised dealers to finance their operational needs, such as purchase of parts and accessories of automobiles and improvement to dealership facilities. Such dealer loans are unsecured and structured to yield interest at a floating rate benchmarked against LPR and with reference to the Issuer's own funding costs and operating costs. Interest on the dealer loans is generally payable monthly. The Issuer requires the shareholders of each dealer-borrower to provide guarantee for the dealer loan. In addition, in line with the regulatory requirement, the Issuer maintains a requirement on a dealer-borrower to keep its gearing ratio (calculated as total liabilities divided by total assets) under 80 per cent., and, if such limit is reached, the Issuer will require the dealer to reduce its bank borrowing and increase its capital reserve. The Issuer will also require a dealer to submit a verification report based on audit of its paid-in capital and evaluate whether the paid-in capital can cover the fixed asset investment and the initial cash flow requirements for a dealership store adequately.

The following table sets forth certain key operating information of the Issuer's wholesale loan business for the periods indicated:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
Wholesale Loan					
Number of vehicles financed (unit)	1,524,034	1,278,913	1,225,039	792,866	757,168
Amount of loans disbursed (RMB in millions)	228,808	187,257	196,577	127,160	126,364
Interest income (RMB in millions)	1,153	1,220	1,294	932	788

As at 31 December 2018, 2019 and 2020 and 30 September 2021, the balance of the Issuer's wholesale loans amounted to RMB29,697.3 million, RMB30,594.8 million, RMB33,203.3 million and RMB19,334.8 million, respectively.

Operational process

Loan approval

The loan approval process is carried out at the headquarters level by the Issuer's commercial lending centre ("**CLC**"). Supported by experienced professional staff and drawing on the experience of the Issuer's foreign shareholder, the centre has established an effective credit assessment system for review and approval of loan applications. In assessing the applications submitted by dealers, the Issuer takes into account the financial data provided by the dealers, as well as data from other reliable external sources such as the personal credit report from PBOC.

The CLC applies a 5Cs principle similar to that of retail finance business as the key criteria for its assessment:

- *Character:* where the focus is on past credit information, including information on the loan card issued by the PBOC, the applicant's credit history and market reputation, creditworthiness of the applicants' shareholders and legal representatives;

- *Capacity:* where the focus is on identification and assessment of the applicant's capacity to repay, and the applicant's cash reserve, cash flow status and future investment plan, if any, will be considered;

- *Capital:* where the focus is on the capital strength of the applicant, and assets net of relevant receivables and payables will be considered;

- *Collateral:* where the focus is on the strength of the guarantee provided, the assessment of which will be reflected in the down payment ratio and the percentage of deposit required for the applicant; and

- *Condition:* where the focus is on the macroeconomic and market situation, based on which the Issuer will make adjustment to or fine-tune its credit policies.

Under its centralised internal approval system, the authority for approval of wholesale loans is, depending on the level of the dealer concerned, vested in the chief operating officer, the general manager of the wholesale credit department or the credit committee of the Issuer.

Loan disbursement

Under the system which the Issuer has implemented to separate the responsibilities for loan disbursement from loan approval, loan disbursement is handled by its wholesale credit department. The entire loan disbursement process is completed through the Issuer's IT system which is capable of communicating real-time data with SAIC-GM. Once the dealers submit a request for vehicle through the IT system of SAIC-GM, the Issuer will receive a notification and disburse the purchase loan directly to SAIC-GM. In this way, the Issuer is able to ensure loans granted to the dealers will only be used for purchase of vehicles.

Post-loan management

The Issuer has developed its own wholesale business management system, which applies remote and multi-dimensional technologies, such as video surveillance, radio-frequency identification (RFID), and electric fence, to different post-management work streams, effectively improving the efficiency of its post-loan management. In addition, to ensure that dealers will make repayments according to the agreed payment schedule, the Issuer's wholesale credit department exercises control over the dealers through the following measures:

- conducting periodic audit of the dealers' inventories;

- cross-checking the dealers' sales data;

- tracking the movements in the dealers' cash flows; and

- monitoring operating conditions of the dealers through information provided by the automotive manufacturers and third parties.

RISK MANAGEMENT

Risk management structure

Since its establishment the Issuer has attached great importance to risk management, and has built up a top-down cross-department risk management structure, consisting of the board of directors, the executive committee, the credit committee, the risk management department and other departments of the Issuer. The Issuer's risk management system is complemented by external audit.

The risk management department has the overall responsibility for the Issuer's risk management. Responsibilities and duties assumed by the risk management department include:

- establishing credit risk control standards, detecting and identifying potential credit risks and advising the management on appropriate decisions;

- developing, analysing and identifying risk control tools and applying these tools to assess the credit risk of auto loans;

- updating credit and behavioural scoring models based on actual risk of losses;

- providing technical support and solutions for product pricing based on analysis of loss estimation;

- monitoring and reporting credit losses from consumer credit products;

- providing advice on the optimisation of the loan approval process; and

- reporting statistics to relevant regulatory authorities for the purpose of enhancing risk control.

In respect to wholesale loans to dealers, the Issuer has established a wholesale credit evaluation centre and a risk management department to conduct credit evaluations of its customers and support the development and maintenance of relevant risk management processes. In addition, the Issuer's credit risk control and decision making in this regard is supported by its on-site representatives who conduct audits on the customers' inventories and assist their debt collection.

Risk management policies and practices

The Issuer has adopted comprehensive risk management policies and practices aimed at monitoring and controlling risks, minimising losses and achieving stability, liquidity and profitability at the same time. The Issuer has formulated detailed risk management policies for each major departments of the Issuer in accordance with the requirements of regulatory authorities and its internal regulations, stipulating the basic framework, procedures and methods for risk management, describing the risk management responsibilities of relevant departments and posts, and setting out the objectives of risk management. In respect of the management of asset risk, the Issuer has formulated and implemented the five-tier loan classification system for both wholesale loan and retail finance businesses in accordance with the regulatory requirements, which stipulates the overall goal for the management of asset risk, criteria for classification and implementation guidelines.

Quantitative risk assessment and monitoring

A set of key performance indicators (KPIs) for internal risk control, such as 30-day default rate and cash reserve adequacy ratio, has been developed internally and is reflected in the reports of each department so that risks can be monitored at real-time and measures can be taken to keep the KPIs fluctuating within an acceptable range.

The Issuer plans to cope with future market risk and liquidity risk through building data mining and data warehouse systems for information sharing and business intelligence, measuring consumer behaviour and expectations with quantitative tools, and implementing the customer scoring system in all respects of its business, including loan approval, repayment monitoring and delinquency collection.

The following table shows key risk management indicators of the Issuer as at the dates indicated:

	As at 31 December			As at 30 September	
	2018	2019	2020	2020	2021
	per cent.	per cent.	per cent.	per cent.	per cent.
Capital adequacy ratio[(1)]	15.3	16.1	15.5	18.2	17.4
Tier-one capital adequacy ratio[(2)]	14.1	14.9	14.4	17.1	16.2
Core tier-one capital adequacy ratio[(3)]	14.1	14.9	14.4	17.1	16.2
Percentage of loans to the single largest individual customer[(4)]	1.9	3.2	1.2	0.9	0.3
Percentage of loans to the single largest corporate customer[(5)]	12.4	11.5	15.3	11.8	6.6
Self-use fixed assets ratio[(6)]	0.1	0.1	0.1	0.1	0.1
Liquidity ratio[(7)]	166.6	182.9	194.4	130.9	115.2

Notes:

(1) Calculated as net capital divided by total risk-weighted assets (after capital floor and adjustments).

(2) Calculated as net tier-one capital divided by total risk-weighted assets (after capital floor and adjustments).

(3) Calculated as net core tier-one capital divided by total risk-weighted assets (after capital floor and adjustments).

(4) Calculated as balance of loans to the single largest individual customer divided by net capital.

(5) Calculated as balance of loans to the single largest corporate customer divided by net capital.

(6) Calculated as balance of fixed assets for self-use divided by net capital.

(7) Calculated as current assets divided by current liabilities.

SALES AND MARKETING

The Issuer develops its customer base primarily through cooperating with the automobile dealers, particularly those franchised by SAIC-GM. The Issuer provides auto financing services to end customers who purchase automobiles from its dealership network. With a cooperative relationship with the dealers, the Issuer is able to display its loan products in the dealership stores, and the staff of the dealers will communicate with the end customers who express an interest in obtaining auto loans and recommend loan products, including those offered by the Issuer, to the customers. Under the business cooperation agreements with the Issuer, the dealers will assist prospective customers to prepare and submit application materials to the Issuer and provide guarantee for the customers until registration of relevant collateral is completed. The Issuer's sales personnel in the dealership stores also communicate with the end customers to understand their financing needs and recommend its loan products that suit their specific needs.

Through cooperation with auto dealers, the Issuer has established a sales network which covers all provinces, municipalities and autonomous regions in the PRC. As at 30 September 2021, the Issuer's retail finance business and wholesale loan business covered, respectively, 322 and 293 cities nationwide, including Beijing, Shanghai, Guangzhou and Shenzhen, as well as other lower-tier cities.

In addition, as at 30 September 2021, the Issuer had an in-house sales team of 275 employees, most of whom have the necessary industry experience and knowledge for developing and maintaining its sales network. Responsibilities of the Issuer's in-house sales team include:

- breaking down annual targets to action plans and attending to their implementation;
- managing and maintaining sales channels and relationships with automobile manufacturers and dealers;

- formulating marketing strategies and plans based on market development and monitoring their effectiveness; and

- coordinating with other departments and following up on the implementation and advancement of the Issuer's projects and initiatives.

COMPETITION

The consumer auto financing industry in China is highly competitive and fragmented. After the rapid growth of over two decades, it has developed into a well-diversified market currently served by a variety of financial institutions. In addition to other AFCs, the Issuer faces competition from other major market players including commercial banks, financial leasing companies and internet finance companies. While commercial banks have traditionally been dominant, after more than a decade of development AFCs are gradually becoming a major participant in China's consumer auto financing industry. As at 30 September 2021, there were 25 auto finance companies licensed by the CBIRC in China. The Issuer believes the principal competitive factors it presently faces and will likely face in the future include:

- financing capability;

- effectiveness of risk management and credit evaluation system;

- customer acquisition channels;

- operational scale and efficiency; and

- ability to retain and expand customer base.

As the first licensed AFC in China, the Issuer has accumulated a wealth of operating experience and market knowledge and has been able to maintain its growth as evidenced by its growing revenue. While some of the competitors may have substantial financial resources or enjoy a more competitive cost structure, the Issuer believes that its competitive edge lies in the combination of its operating experience, industry insight, support from its shareholders, strong brand strength and extensive marketing and sales network, and such combination also constitutes a significant barrier to entry for any new entrant with limited or no proven track record. In addition, the Issuer has a particular advantage when loans are offered to target customers of SAIC-GM brand vehicles of.

INSURANCE

The Issuer maintains various insurance policies with independent third-party insurers in respect of certain risks on the Issuer's assets. However, there are certain risks for which the Issuer is not insured, including business interruptions and loss of key personnel. In addition, the Issuer does not maintain loan default insurance for its loan products. The Issuer believes that its current insurance coverage is adequate and is consistent with customary practice of the consumer auto financing industry in the PRC. As at the date of this Offering Circular, the Issuer has not made or been involved in any material insurance claims. For further information, please refer to "*Risk Factors — Risks Relating to the Issuer's Business and Industry — The Issuer's insurance coverage may be insufficient*."

OCCUPATIONAL SAFETY AND HEALTH

The Issuer considers occupational health and safety as one of its operational priorities. The Issuer has implemented an environment, health and safety (EHS) management system that covers all employees. The Issuer's employee handbook contains detailed policies and procedures on occupational safety and health matters. Its human resources department is responsible for handling workplace accidents as well as maintaining occupational safety compliance records. In addition, the Issuer regularly provides safety training, such as annual fire drills, for its employees. As a testament of its long-term commitment to employee care, the Issuer has been certified by Top Employer Institute as a Top Employer China for five consecutive years since 2017.

EMPLOYEE

As at 30 September 2021, the Issuer had 960 full-time employees, and over 72.7 per cent. of the Issuer's employees have obtained a bachelor's degree or above as at the same date.

The Issuer provides pension insurance, health insurance, unemployment insurance, work injury insurance, maternity insurance and a housing provident fund to its employees in accordance with relevant PRC laws and regulations. In addition, the Issuer purchases commercial insurance for all self-employed workers, and that insurance covers personal injury and medical expenses caused by accidents. The Issuer maintains good relations with its employees and has not been involved in any material labour dispute as at the date of this Offering Circular.

LEGAL COMPLIANCE AND PROCEEDINGS

As at the date of this Offering Circular, the Issuer believes that it is substantially in compliance with all relevant laws and regulations of the jurisdictions where the Issuer operates.

The Issuer may from time to time be subject to certain claims and may be a party to legal proceedings in the ordinary course of its business. As at the date of this Offering Circular, the Issuer is not engaged in any legal proceedings or claims of material importance and no legal proceedings or claims of material importance are known to the Issuer to be pending or threatened against the Issuer that could have a material adverse effect on the Issuer's business, financial condition and results of operations.

DIRECTORS

The board of directors of the Issuer (the "**Board**") is responsible for and has general powers over the management and conduct of the Issuer's business. The Board currently consists of seven directors, and the chairman of the Board is Mr. Wei Yong. The table below sets forth the Issuer's directors as at the date of this Offering Circular:

Name	Year of Birth	Position/Title
Mr. Wei Yong (衛勇)	1972	Chairman
Mr. Jiang Jiong (江炯)	1975	Director
Mr. Yu Yarui (余亞瑞)	1965	Director and General Manager
Mr. Wang Hua (汪華)	1967	Director
Mr. Mark Franklin Bole	1963	Vice Chairman
Mr. Enrique Mendoza Figari	1971	Director and Chief Operating Officer
Mr. Rafael Esteban Amoros	1977	Director

Mr. Wei Yong (衛勇), born in 1972, has been the chairman of the Board since November 2016. Mr. Wei also currently serves as the vice president and acting chief financial officer of SAIC Motor. Mr. Wei previously worked as a researcher and deputy director of the economic division of the research office of Shanghai Municipal Party Committee, the deputy director of the president's office and the executive manager of the capital operations department of SAIC Motor. Mr. Wei is a senior economist (高級經濟師) in the PRC.

Mr. Jiang Jiong (江炯), born in 1975, has been a director of the Issuer since December 2020. Mr. Jiang also currently serves as the deputy general manager of SAIC-GM and the general manager of SAIC General Motors Sales Company Limited (上汽通用汽車銷售有限公司). Mr. Jiang previously worked as the general manager of the Wuhan branch of SAIC-GM, the deputy general manager of SAIC USA Inc. and the general manager of Universal Car Rental Co., Ltd. (環球車享汽車租賃有限公司). Mr. Jiang holds a master's degree in business administration.

Mr. Yu Yarui (余亞瑞), born in 1965, has been a director of the Issuer since October 2013 and the general manager of the Issuer since January 2015. He previously held the position of deputy general manager of the Issuer. Mr. Yu has successively served as a senior manager of the cost division of the finance department of SAIC-GM, the head of the finance department of Shanghai GM Dong Yue Motors Company Limited (上海通用東嶽汽車有限公司) and the head of the finance department of SAIC Motor.

Mr. Wang Hua (汪華), born in 1967, has been a director of the Issuer since July 2015. Mr. Wang also currently serves as the deputy general manager of the finance department of SAIC Motor. Mr. Wang previously worked as the manager of the accounting division and control division of the finance department of Shanghai Volkswagen Automotive Co., Ltd. (上海大眾汽車有限公司) and the executive vice president of the finance department of SAIC-GM. Mr. Wang holds a bachelor's degree and an EMBA degree. Mr. Wang is a senior qualified accountant in the PRC.

Mr. Mark Franklin Bole, born in 1963, has been the vice chairman of the Board since December 2014. Mr. Bole also currently serves as the global chief operation officer of GMF and is responsible for its auto financial services operations outside the United States and Canada. He previously worked as the head of Latin American operations, head of Latin American lending business, manager of European capital centre and vice president of European operations of General Motors Acceptance Corporation. Mr. Bole graduated from Harvard University with a Master of Business Administration degree.

Mr. Enrique Mendoza Figari, born in 1971, has been a director of the Issuer and the chief operating officer of the Issuer since June 2018. Since joining GMF in 1998, he has successively served the international management project manager, credit manager, operation manager assistant, international operations project manager, general manager and executive vice president for GMF's operations in the United States and the Europe. Mr. Figari graduated from the Thunderbird School of Global Management in the United States with master's degree in international management.

Mr. Rafael Esteban Amoros, born in 1977, has been a director of the Issuer since January 2022. Mr. Amoros also currently serves as the executive vice president and chief operating officer of the international operations department of GMF. Since joining GMF in 2013, he has served as the senior vice president and finance director, and subsequently as the executive vice president and chief financial officer, of GMF's international operations department. Mr. Amoros graduated from Florida International University with an MBA degree.

SUPERVISORS

According to the articles of association of the Issuer, the board of supervisors (the "**Supervisory Board**") shall comprise three supervisors, including one supervisor appointed by SAIC Finance, one supervisor appointed by GMF and one employee supervisor elected by the Issuer's employee assembly. The Supervisory Board is primarily responsible for monitoring and overseeing the course of conduct by the Board and the senior management of the Issuer.

The Supervisory Board currently consists of three supervisors. The table below sets forth information relating to the members of the board of supervisors of the Issuer as at the date of this Offering Circular:

Name	Year of Birth	Position/Title
Mr. Jiang Baoxin (姜寶新)	1969	Supervisor
Mr. Robert Alan Neaton	1956	Supervisor
Mr. Wei Mengqi (魏夢奇)	1989	Employee Supervisor

Mr. Jiang Baoxin (姜寶新), born in 1969, has been a member of the Supervisory Board since January 2015. Mr. Jiang also currently serves as the head of the audit office of SAIC Motor. Mr. Jiang previously worked as a trader and the head of the finance department in Shandong Trust and Investment Company of China Construction Bank Corporation (中國建設銀行山東信託投資公司), the financial manager of Shanghai LG Industrial System Co., Ltd (上海LG產電有限公司), the business manager, chief of the accounting department and financial manager of SAIC-GM, the chief financial officer of SSANG YONG Motor Company (雙龍汽車株式會社), the chief financial officer of the commercial vehicle business division of SAIC Motor, and the financial officer of Shanghai Diesel Engine Co., Ltd. (上海柴油機股份有限公司). Mr. Jiang graduated from Shanghai University of Finance and Economics (上海財經大學) with a master's degree in business administration. Mr. Jiang is a senior qualified accountant in the PRC.

Mr. Robert Alan Neaton, born in 1956, has been a member of the Supervisory Board since August 2015. He also currently serves as the legal counsel of GMF. Mr. Neaton graduated from the Detroit Law School of the University of Michigan.

Mr. Wei Mengqi (魏夢奇), born in 1989, has been a member of the Supervisory Board since August 2020. He also currently serves as the legal manager, strategic planning & implementation manager and chairman of the trade union of the Issuer. Mr. Wei graduated from East China University of Political Science (華東政法大學) and Law with a bachelor's degree in law.

SENIOR MANAGEMENT

The Issuer's current senior management consists of two persons. The term of appointment of a general manager shall not exceed three years. Upon expiry of the term of appointment, a general manager may be re-elected. The table below sets forth the information relating to the senior management of the Issuer as at the date of this Offering Circular:

Name	Year of Birth	Position/Title
Mr. Yu Yarui (余亞瑞)	1965	Director and General Manager
Mr. Enrique Mendoza Figari	1971	Director and Chief Operating Officer

Mr. Yu Yarui (余亞瑞), born in 1965, has served as the general manager of the Issuer since February 2015. See "— *Directors*" above.

Mr. Enrique Mendoza Figari, born in 1971, has served as the chief operating officer of the Issuer since June 2018. See "—*Directors*" above.

CORPORATE GOVERNANCE

The Board has established an executive committee, a risk management committee and a strategic committee to carry out the scope of authority established by the Board.

Executive Committee

In accordance with the articles of association of the Issuer, the Issuer establishes an executive committee consisting of the general manager, the chief operating officer, the general manager of the retail credit client services department and the general manager of the wholesale credit department. The executive committee is primarily responsible for the following matters:

- submitting written reports on annual financial budgets, annual capital plan and other implementation details, income and expenditure of the Issuer to the Board on a regular basis;

- submitting annual operation and management projects based on the annual management report prepared by the general manager to the Board on a regular basis;

- formulating the five-year business plan of the Issuer;

- appointing members of management (other than executive committee members);

- formulating plans to add new functional divisions and define corresponding responsibilities for other functional divisions of the Issuer; and

- formulating the programme for personnel training.

Risk Management Committee

In accordance with the articles of association of the Issuer, the Issuer establishes a risk management committee which shall comprise the general manager, the chief operating officer and five non-executive directors. The risk management committee is primarily responsible for the following matters:

- reviewing the senior management's control over credit risk, liquidity risk, market risk, operation risk, compliance risk, protection of the rights and interests of the consumers, reputation risk and other risks;

- conducting regular assessments of the risk policies, management status and risk tolerance of the Issuer;

- reporting the results and advice of the risk management and internal control assessment of the Issuer to the Board; and

- reviewing the risk reports of the Issuer (including regular reviews of the Issuer's risk management report and other periodic reports) and submitting recommendations relating to such reviews to the Board for consideration.

Strategy Committee

In accordance with the articles of association of the Issuer, the Issuer establishes a strategy committee comprising four directors appointed by SAIC Finance (including the chairman) and three directors appointed by GMF (including the vice chairman), i.e., a total of seven members.

The strategy committee is mainly responsible for the following matters:

- formulating the Issuer's business and management objectives and long-term development strategies;

- supervising and inspecting the implementation of annual business plans and investment plans; and

- be primarily responsible to the Board; the Board has the right of final review and decision upon the matters to be voted at meetings of the Strategy Committee.

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund its business and working capital requirements, the Issuer has entered into financing agreements with various financial institutions. As at 30 September 2021, the total amount of its indebtedness (consisting of customer deposits, takings from financial institutions, dealer security deposits, lease liability and bonds payable) amounted to RMB72,861.5 million (US$11,307.9 million). Set forth below is a summary of the material terms and conditions of the loans taken by the Issuer and its other indebtedness.

BANK LOANS

The Issuer has entered into loan agreements with various banks in the PRC, including but not limited to Industrial and Commercial Bank of China, Bank of China, Postal Savings Bank of China, HSBC Bank, Standard Chartered Bank, Mizuho Bank, etc. These loans are mainly used to finance its business and working capital requirement. The terms of such loans range one day to three years. As at 30 September 2021, the aggregate outstanding principal amount under these loans amounted to approximately RMB30,930 million (US$4,800.3 million), all of which was due within one year. The bank loans taken by the Issuer are typically unsecured credit loans.

Interest

The principal amounts outstanding under the Issuer's PRC bank loans generally bear interest at fix rates. Interests are payable either monthly, quarterly or at maturity with one-off payment and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these PRC bank loans, the Issuer has agreed, among other things, not to take some of the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions, division, decrease of capital, equity assignment and reorganisations;
- altering the nature or scope of their business operations in any material respect;
- transferring part or all of their liabilities under the loans to a third party;
- transferring material assets and/or creditor's rights;
- incurring material external investment;
- prepaying the loans;
- declaring or paying dividends;
- selling or disposing of assets that may adversely affect their ability to repay their loans; and
- incurring other indebtedness that may adversely affect their ability to repay their loans.

Events of Default

The PRC loan agreements with banks contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorised use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval and material breach of the terms of the loan agreement. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

DEPOSITS PROVIDED BY THE SHAREHOLDERS

The Issuer has received deposits provided by its shareholders a source of its financing. As at 30 September 2021, the total amount of the deposits provided by the shareholders of the Issuer amounted to RMB6,800 million (US$1,055.3 million). The Issuer has not signed any written agreements with the shareholders regarding the shareholders' deposits. The Issuer has not provided any covenants to the shareholders regarding such shareholders deposits.

ONSHORE BONDS

2019 Onshore Bonds

On 18 June 2019, the Issuer issued domestic financial bonds in an aggregate amount of RMB5 billion for a term of three years (the "**2019 Onshore Bonds**"). The 2019 Onshore Bonds shall be payable on 20 June 2022.

The 2019 Onshore Bonds are non-guaranteed, with a coupon rate of 3.80 per cent. The Issuer has no right to redeem the 2019 Onshore Bonds and the investors are not entitled to sell back the 2019 Onshore Bonds. The 2019 Onshore Bonds are traded in the PRC national interbank bond market after its issuance. The Issuer and the 2019 Onshore Bonds received an "AAA" rating from China Lianhe Credit Rating Co., Ltd (聯合資信評估有限公司) ("**Lianhe Credit Rating**"). The Issuer intended to use the proceeds from the issue of the 2019 Onshore Bonds to replenish medium and long-term capital of the Issuer to provide financial support for the business development of the Issuer, optimise the asset-liability structure of the Issuer and mitigate the debt term mismatch problem.

2020 Onshore Bonds

On 21 April 2020, the Issuer issued domestic financial bonds in an aggregate amount of RMB8 billion for a term of three years (the "**2020 Onshore Bonds**"). The 2020 Onshore Bonds shall be payable on 23 April 2023.

The 2020 Onshore Bonds are non-guaranteed, with a coupon rate of 2.68 per cent. The Issuer has no right to redeem the 2020 Onshore Bonds and the investors are not entitled to sell back the 2020 Onshore Bonds. The 2020 Onshore Bonds are traded in the PRC national interbank bond market after its issuance. The Issuer and the 2020 Onshore Bonds received an "AAA" rating from Lianhe Credit Rating. The Issuer intended to use the proceeds from the issue of the 2020 Onshore Bonds to replenish medium and long-term capital of the Issuer to provide financial support for the business development of the Issuer, optimise the asset-liability structure of the Issuer and mitigate the debt term mismatch problem.

2021 Onshore Bonds

On 3 March 2021, the Issuer issued domestic financial bonds in an aggregate amount of RMB5 billion for a term of three years (the "**2021 Onshore Bonds**"). The 2021 Onshore Bonds shall be payable on 5 March 2024.

The 2021 Onshore Bonds are non-guaranteed, with a coupon rate of 3.80 per cent. The Issuer has no right to redeem the 2021 Onshore Bonds and the investors are not entitled to sell back the 2021 Onshore Bonds.

The 2021 Onshore Bonds are traded in the PRC national interbank bond market after its issuance. The Issuer and the 2021 Onshore Bonds received an "AAA" rating from Lianhe Credit Rating. The Issuer intended to use the proceeds from the issue of the 2021 Onshore Bonds to replenish medium and long-term capital of the Issuer to provide financial support for the business development of the Issuer, optimise the asset-liability structure of the Issuer and mitigate the debt term mismatch problem.

ASSET-BACKED SECURITIES

Rongteng 2020-2 ABS

On 16 April 2020, the Issuer as the originator and COFCO Trust Co., Ltd. (中糧信託有限責任公司) ("**COFCO Trust**") as the issuer and trustee established "Rongteng 2020 Series II Retail Auto Loan Asset-backed Securities" (the "**Rongteng 2020-2 ABS**") in the PRC national interbank market, under which asset-backed securities with the aggregate principal amount of RMB10,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB9,410 million and subordinated asset-backed securities with a total principal amount of RMB590 million.

The prioritized asset-backed securities under the Rongteng 2020-2 ABS consist of two tranches, namely Tranche A and Tranche B. Tranche A is for a principal amount of RMB8,750 million, with expected interest rate of 2.05 per cent., and received an "AAA" rating from each of China Bond Rating Co., Ltd. (中債資信評估有限責任公司) ("**China Bond Rating**") and Lianhe Credit Rating. Tranche A is expected to become mature on 26 February 2022. Tranche B is of principal amount of RMB660 million, with expected interest rate of 2.48 per cent., and received an "AA" rating from China Bond Rating and an "AAA" rating from Lianhe Credit Rating. Tranche B is expected to become mature on 26 May 2022. The prioritized asset-backed securities are be traded in PRC national interbank market.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment of principal under subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 May 2024.

The securities issued under Rongteng 2020-2 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document. As at 30 September 2021, the outstanding amount for Tranche A of the prioritized asset-backed securities is RMB830.4 million, and the outstanding amount for Tranche B of the prioritized asset-backed securities is RMB660.0 million. As at 30 September 2021, the outstanding amount of the subordinated asset-backed securities is RMB590.0 million.

Rongteng 2020-3 ABS

On 21 July 2020, the Issuer as the originator and COFCO Trust as the issuer and trustee established "Rongteng 2020 Series III Retail Auto Loan Asset-backed Securities" (the "**Rongteng 2020-3 ABS**") in the PRC national interbank market, under which asset-backed securities with the aggregate principal amount of RMB7,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB6,070 million and subordinated asset-backed securities with a total principal amount of RMB930 million.

The prioritized asset-backed securities under the Rongteng 2020-3 ABS are for a principal amount of RMB6,070 million, with expected interest rate of 2.80 per cent., and received an "AAA" rating from each of China Bond Rating and Lianhe Credit Rating. The prioritized asset-backed securities are expected to become mature on 26 July 2022. The prioritized asset-backed securities are be traded in PRC national interbank market.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment of principal under subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 August 2024.

The securities issued under Rongteng 2020-3 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document. As at 30 September 2021, the outstanding amount for the prioritized asset-backed securities is RMB1,473.8 million. As at 30 September 2021, the outstanding amount of the subordinated asset-backed securities is RMB930.0 million.

Rongteng 2021-1 ABS

On 7 January 2021, the Issuer as the originator and COFCO Trust as the issuer and trustee established "Rongteng 2021 Series I Retail Auto Loan Asset-backed Securities" (the "**Rongteng 2021-1 ABS**") in the PRC national interbank market, under which asset-backed securities with the aggregate principal amount of RMB10,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB9,370 million and subordinated asset-backed securities with a total principal amount of RMB630 million.

The prioritized asset-backed securities under the Rongteng 2021-1 ABS consist of two tranches, namely Tranche A and Tranche B. Tranche A is for a principal amount of RMB8,610 million, with expected interest rate of 3.08 per cent., and received an "AAA" rating from each of China Bond Rating and Lianhe Credit Rating. Tranche A is expected to become mature on 26 November 2022. Tranche B is of principal amount of RMB760 million, with expected interest rate of 3.75 per cent., and received an "AA" rating from China Bond Rating and an "AAA" rating from Lianhe Credit Rating. Tranche B is expected to become mature on 26 April 2023. The prioritized asset-backed securities are be traded in PRC national interbank market.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment of principal under subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 January 2025.

The securities issued under Rongteng 2021-1 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document. As at 30 September 2021, the outstanding amount for Tranche A of the prioritized asset-backed securities is RMB3,544.7 million, and the outstanding amount for Tranche B of the prioritized asset-backed securities is RMB760.0 million. As at 30 September 2021, the outstanding amount of the subordinated asset-backed securities is RMB630.0 million.

Rongteng 2021-2 ABS

On 1 February 2021, the Issuer as the originator and COFCO Trust as the issuer and trustee established "Rongteng 2021 Series II Retail Auto Loan Asset-backed Securities" (the "**Rongteng 2021-2 ABS**") in the PRC national interbank market, under which asset-backed securities with the aggregate principal amount of RMB10,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB9,370 million and subordinated asset-backed securities with a total principal amount of RMB630 million.

The prioritized asset-backed securities under the Rongteng 2021-2 ABS consist of two tranches, namely Tranche A and Tranche B. Tranche A is for a principal amount of RMB8,570 million, with expected interest rate of 3.15 per cent., and received an "AAA" rating from each of China Bond Rating and Lianhe Credit Rating. Tranche A is expected to become mature on 26 September 2022. Tranche B is of principal amount of RMB800 million, with expected interest rate of 3.80 per cent., and received an "AA" rating from China Bond Rating and an "AAA" rating from Lianhe Credit Rating. Tranche B is expected to become mature on 26 February 2023. The prioritized asset-backed securities are be traded in PRC national interbank market.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment of principal under subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 January 2025.

The securities issued under Rongteng 2021-2 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document. As at 30 September 2021, the outstanding amount for Tranche A of the prioritized asset-backed securities is RMB3,806.8 million, and the outstanding amount for Tranche B of the prioritized asset-backed securities is RMB800.0 million. As at 30 September 2021, the outstanding amount of the subordinated asset-backed securities is RMB630.0 million.

Rongteng 2021-3 ABS

On 10 May 2021, the Issuer as the originator and COFCO Trust as the issuer and trustee established "Rongteng 2021 Series III Retail Auto Loan Asset-backed Securities" (the "**Rongteng 2021-3 ABS**") in the PRC national interbank market, under which asset-backed securities with the aggregate principal amount of RMB10,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB8,630 million and subordinated asset-backed securities with a total principal amount of RMB1,370 million.

The prioritized asset-backed securities under the Rongteng 2021-3 ABS are for a principal amount of RMB8,630 million, with expected interest rate of 2.98 per cent., and received an "AAA" rating from each of China Bond Rating and Lianhe Credit Rating. The prioritized asset-backed securities are expected to become mature on 26 April 2023. The prioritized asset-backed securities are be traded in PRC national interbank market.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment of principal under subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 June 2025.

The securities issued under Rongteng 2021-3 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document. As at 30 September 2021, the outstanding amount for the prioritized asset-backed securities is RMB6,375.8 million. As at 30 September 2021, the outstanding amount of the subordinated asset-backed securities is RMB1,370.0 million.

Rongteng 2021-4 ABS

On 1 July 2021, the Issuer as the originator and COFCO Trust as the issuer and trustee established "Rongteng 2021 Series IV Retail Auto Loan Asset-backed Securities" (the "**Rongteng 2021-4 ABS**") in the PRC national interbank market, under which asset-backed securities with the aggregate principal amount of RMB10,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB9,430 million and subordinated asset-backed securities with a total principal amount of RMB570,000 million.

The prioritized asset-backed securities under the Rongteng 2021-4 ABS consist of two tranches, namely Tranche A and Tranche B. Tranche A is for a principal amount of RMB8,750 million, with expected interest rate of 3.00 per cent., and received an "AAA" rating from each of China Bond Rating and Lianhe Credit Rating. Tranche A is expected to become mature on 26 July 2023. Tranche B is of principal amount of RMB680 million, with expected interest rate of 3.80 per cent., and received an "AA" rating from China Bond Rating and an "AAA" rating from Lianhe Credit Rating. Tranche B is expected to become mature on 26 November 2023. The prioritized asset-backed securities are be traded in PRC national interbank market.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment under of principal subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 August 2025.

The securities issued under Rongteng 2021-4 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document. As at 30 September 2021, the outstanding amount for Tranche A of the prioritized asset-backed securities is RMB7,012.3 million, and the outstanding amount for Tranche B of the prioritized asset-backed securities is RMB680.0 million. As at 30 September 2021, the outstanding amount of the subordinated asset-backed securities is RMB570.0 million.

Rongteng 2022-1 ABS

On 6 January 2022, the Issuer as the originator and COFCO Trust as the issuer and trustee established "Rongteng 2021 Series I Retail Auto Loan Asset-backed Securities" (the "**Rongteng 2022-1 ABS**") in the PRC national interbank market, under which asset-backed securities with the aggregate principal amount of RMB10,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB9,430 million and subordinated asset-backed securities with a total principal amount of RMB570 million.

The prioritized asset-backed securities under the Rongteng 2022-1 ABS consist of three tranches, namely Tranche A1, Tranche A2 and Tranche B. Tranche A1 is for a principal amount of RMB4,000 million, with expected interest rate of 2.65 per cent., and received an "AAA" rating from each of China Bond Rating and China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) ("**Chengxin Credit Rating**"). Tranche A1 is expected to become mature on 26 December 2022. Tranche A2 is for a principal amount of RMB4,700 million, with expected interest rate of 2.75 per cent., and received an "AAA" rating from each of China Bond Rating and Chengxin Credit Rating. Tranche A2 is expected to become mature on 26 February 2024. Tranche B is of principal amount of RMB730 million, with expected interest rate of 3.50 per cent., and received an "AA" rating from China Bond Rating and an "AA+" rating from Chengxin Credit Rating. Tranche B is expected to become mature on 26 June 2024. The prioritized asset-backed securities are be traded in PRC national interbank market.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment under of principal subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 February 2026.

The securities issued under Rongteng 2022-1 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document.

Rongteng Tongyuan 2022-1 ABS

On 24 January 2022, the Issuer as the originator and Shanghai International Trust Corp., Ltd. (上海國際信託有限公司) as the issuer and trustee established "Rongteng Tongyuan 2021 Series I Retail Auto Mortgage Loan Green Asset-backed Securities" (the "**Rongteng Tongyuan 2022-1 ABS**") in the bond market of China (Shanghai) Pilot Free Trade Zone, under which asset-backed securities with the aggregate principal amount of RMB1,000 million were issued, consisting of prioritized asset-backed securities with a total principal amount of RMB890 million and subordinated asset-backed securities with a total principal amount of RMB110 million. The prioritized asset-backed securities are be traded in PRC national interbank market.

The prioritized asset-backed securities under the Rongteng Tongyuan 2022-1 ABS consist of two tranches, namely Tranche A1 and Tranche A2. Tranche A1 is for a principal amount of RMB400 million, with expected interest rate of 2.68 per cent., and received an "AAA" rating from each of China Bond Rating and Lianhe Credit Rating. Tranche A1 is expected to become mature on 26 October 2022. Tranche A2 is for a principal amount of RMB490 million, with expected interest rate of 2.90 per cent., and received an "AAA" rating from each of China Bond Rating and Lianhe Credit Rating. Tranche A2 is expected to become mature on 26 October 2023.

The subordinated asset-backed securities are of no ratings, no expected interest rate and are all subscribed by the Issuer. The payment under of principal subordinated asset-backed securities shall only be made after all payments under the prioritized asset-backed securities, including interest and principal, have been fully made. The subordinated asset-backed securities are expected to become mature on 26 August 2026.

The securities issued under Rongteng Tongyuan 2022-1 ABS are backed by the certain retail auto mortgage loans, right to mortgage and collateral interest selected according to the standards specified in the relevant offering document.

TAXATION

The following summary of certain 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 summary 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 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 holder of the Notes or any person 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 tax consequences of the purchase, ownership and disposition of the Notes.

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 the PRC for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this 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.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Noteholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Noteholders and at a rate of 20 per cent. for non-resident individual Noteholders (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Noteholders.

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 and whose actual administrative organisation is not in 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. There remains uncertainty as to whether the gains realised on the transfer of the Notes by non-resident enterprise holders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. 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 the Arrangement, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived 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.

Value-added Tax ("VAT")

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation ("**SAT**") issued the Circular of Full Implementation of Business Tax to VAT Reform (Caishui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》財稅[2016]36號) (the "**Circular 36**") which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. 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 the holders of the Notes providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72 per cent. Given that the Issuer pays interest income to Noteholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

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 Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Circular 36 has been issued quite recently, the above statement 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.

Pursuant to the EIT Law, the Business Tax Laws and the VAT reform detailed above, the Issuer shall withhold EIT, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT or VAT otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see "*Terms and Conditions of the Notes — Taxation*".

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Notes) 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).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried out in Hong Kong in the following circumstances:

(a) 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;

(b) 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;

(c) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) 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 Inland Revenue Ordinance).

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 Inland Revenue Ordinance) from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of 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, including where such activities were undertaken.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers to ascertain the applicability of any exemptions to their individual position.

Stamp duty

No Hong Kong stamp duty will be chargeable for the issue and transfer of the Notes.

Estate duty

No Hong Kong estate duty is payable in respect of the Notes.

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 publication of the final regulations defining "foreign passthru payment" and Notes issued on or prior to the date that is six months after the date on which final regulations defining "**foreign passthru payments**" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Issuer's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Issuer's business and operations.

NDRC REGISTRATION

On 14 September 2015, the NDRC issued the NDRC Circular (《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), which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Circular abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process to prevent risks.

For the purposes of the NDRC Circular, "**foreign debts**" means RMB-denominated or foreign currency-denominated debt instruments with a maturity of one year or above which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid on the terms set out therein, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Circular.

Pursuant to the NDRC Circular, an enterprise must: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise must include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details.

To issue foreign debts, an enterprise must meet these basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Circular, the NDRC must control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC must reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. According to the NDRC Circular, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority must be given to supporting the investment in major construction projects and key sectors, such as "One Belt One Road (一帶一路)", the Integration of Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Circular is relatively newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

In February 2020, the NDRC published the Guidelines for the Filing and Registration of Foreign Debt Issued by Enterprises (企業發行外債備案登記辦事指南) on its official website, which provides specific guidelines for the filing and registration of medium and long-term foreign debt in NDRC Circular.

SAFE ADMINISTRATION

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines (外債登記管理操作指引), effective as at 13 May 2013 and amended on 4 May 2015 and 26 April 2016, respectively, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE. On 12 January 2017, the PBOC issued the Circular on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**"), which is not applicable to government financing platforms or real estate enterprises, enterprises conducting cross-border financing shall complete the filing with the capital project information system of SAFE after the execution of cross-border financing contracts and three PRC business days prior to drawing for SAFE's records. Enterprises shall also promptly update information on cross-border financing and rights and interests each year (including overseas creditors, borrowing term, amount, interest rate and its net assets, etc.). In the case of any change in the audited net assets, overseas creditors, borrowing term, amount, or interest rate involved in the financing contracts, the enterprise shall promptly file the change for SAFE's records. In accordance with the Notice of the State Administration of Foreign Exchange on the Issuance of "Guidelines for Operation of Foreign Exchange Operations on Capital Projects (2020 Edition)" (國家外匯管理局綜合司關於印發《資本項目外匯業務操作指引(2020年版)》的通知) issued by the SAFE in January 2021 which came into effect on the same date, issuers shall complete foreign debt registration with the local branches of SAFE within five PRC business days after the bonds have been issued.

PBOC REGISTRATION

Under the PBOC Circular, an enterprise shall report the information on the conclusion of cross-border financing contracts to the capital account information system of the SAFE for recordation after the date of conclusion but no later than three working days before the withdrawal date. In addition, the enterprise is also required to update the information with respect to the cross-border financing every year. If the audited net assets, or the creditor, loan terms, amount or interest rate of the cross-border financing agreement changes, the enterprise is required to complete the change of the filing in due course.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The NPC and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017 and 24 December 2021, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, **provided that** the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

PRC CURRENCY CONTROLS

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, August 2011 and February 2012, respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知) (together, the "**Circulars**") with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, **provided that** the relevant provincial government has submitted to PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**").

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**"), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Circulars and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of and/or registration or filing with the relevant PRC authorities.

Until recently, settlement for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 10 May 2013, SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on 13 May 2013 and was amended on 10 October 2018 and 30 December 2019, respectively. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 3 December 2013, MOFCOM promulgated the Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告) (the "**MOFCOM Announcement**"), which became effective on 1 January 2014, to further facilitate foreign direct investment by simplifying and streamlining the applicable regulatory framework. Pursuant to the

MOFCOM Announcement, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. The MOFCOM Announcement also removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Announcement specifically prohibits the use of funds used for foreign direct investment for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime.

The SAFE Provisions, the MOFCOM Circular and the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC FDI Measures**"), which are new regulations and was revised on 5 June 2015, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

ENVIRONMENTAL PROTECTION LAWS

The State Environmental Protection Administration is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Air Pollution Law of the PRC and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC, and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. Depending on the circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warning, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standard, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against office-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Other environmental protection laws applicable to the Issuer mainly include the "Regulations of Environmental Management on Project", the "Regulations of Environmental Protection Acceptance Inspection on Projects Completion" and the Environmental Impact Evaluation Law of the PRC.

REGULATIONS ON EMPLOYMENT RELATIONSHIPS

Labour Laws

Pursuant to the PRC Labour Law (勞動法) which was promulgated on 5 July 1994 and amended on 27 August 2009 and 29 December 2018, respectively, and the Labour Contract Law (勞動合同法) which was promulgated on 29 June 2007 and became effective on 1 January 2008 and which was further amended on 28 December 2012, if an employment relationship is established between an entity and its employees, written labour contracts shall be signed. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wages. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the State on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

Social Security Laws

Under applicable PRC laws, rules and regulations, including the Social Security Law of the PRC (社會保險法) which became effective on 1 July 2011 and was amended on 29 December 2018, the Interim Measures Concerning the Maternity Insurance of Enterprises Employees (企業職工生育保險試行辦法) which became effective on 1 January 1995, the Interim Regulations on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例) which was promulgated and became effective on 22 January 1999 and was amended on 24 March 2019, the Regulation on Work-Related Injury Insurance (工傷保險條例), which was promulgated on 27 April 2003 and which was further amended on 20 December 2010, and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) which was promulgated on 3 April 1999 and further amended on 24 March 2002 and 24 March 2019, respectively, employers are required to make contribution to the basic pension insurance fund, unemployment insurance, basic medical insurance fund, work-related injury insurance fund, maternity leave insurance fund and housing accumulation funds for their employees. If the employer fails to make social security registration and refuses to rectify within the prescribed time limits, in addition to a standard penalty of anywhere between CNY500 to CNY3,000 imposed directly on the responsible persons which are directly in charge and involved, the employer will also be subject to a penalty which is calculated based on one to three times of the outstanding social security contributions.

REGULATIONS ON AUTO FINANCE INDUSTRY

Administrative Measures on Governing the Automotive Financing Companies

The CBRC promulgated the Administrative Measures on Governing the Automotive Financing Companies (《汽車金融公司管理辦法》) on 24 January 2008, and established legal constraints on auto financing companies to ensure their rapid development with effective risks control. The eligibility requirements and permitted scope of business stress that auto financing companies should demonstrate professionalism and be its core businesses. It is emphasised that the principal capital contributor in establishing an auto financing company shall be an enterprise that engages in the production or the sales of vehicles or non-banking financial institution. It also specified that at least one of the capital contributors shall have over five years of experience in auto 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 auto financing company is also permitted to engage in issuing financial bonds upon approval and interbank lending, which has widened the financing channels of an auto financing company. In respect of risk control, an auto 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.

Measures for the Administration of Automotive Loans

The PBOC and the CBRC jointly promulgated the Measures for the Administration of Automotive Loans (《汽車貸款管理辦法(2017修訂)》) (the "**Automotive Loan Measures**") on 16 August 2004, which were subsequently amended on 13 October 2017 and the amendment became effective on 1 January 2018. The Automotive Loan Measures stipulate the conditions for a borrower to apply for 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 to 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. The lender shall set up a separate credit file for each auto dealer borrower, and timely update such file. However, the frequency of the reviews and inspections is not specified in the Automotive Loan 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.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS

The financial statements of the Issuer included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the financial statements of the Issuer. The Issuer is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, no assurance is **provided that** the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Issuer, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisers for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

ASSET VALUATION

Under PRC GAAP, asset values are typically measured by compounding historical costs. Under IFRS, asset values can be measured either using historical costs or by re-evaluating assets (such as property, plants and equipment) to obtain their fair value, and then deducting the cumulative depreciation and impairment losses from this value.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers on 10 March 2022 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has undertaken, among other things, that the Notes will be issued on 17 March 2022 (the "**Issue Date**"), and the Joint Lead Managers have severally and not jointly agreed with the Issuer to subscribe and pay for, or procure subscribers to subscribe and pay for, the Notes at an issue price of 100.00 per cent. of their principal amount in the amount set forth below:

Joint Lead Managers	**Principal amount of Notes to be subscribed**
	(CNY)
The Hongkong and Shanghai Banking Corporation Limited	350,000,000
BNP Paribas	350,000,000
Bank of China Limited	0
DBS Bank Ltd.	200,000,000
Standard Chartered Bank	0
CLSA Limited	50,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	50,000,000
Shenwan Hongyuan Securities (H.K.) Limited	0
Total	1,000,000,000

The Subscription Agreement provides that the Issuer has agreed to pay the Joint Lead Managers certain fees and commissions, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes, and the Issuer will indemnify the Joint Lead Managers 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 Joint Lead Managers and their respective subsidiaries and 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. The Joint Lead Managers and certain of their respective subsidiaries and affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for, and entered into certain commercial banking transactions with, the Issuer for which it has received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their affiliates acting in such capacity. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may 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. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Offering Circular, or any offering material, and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular, or any offering material, are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Accordingly, the Notes should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Notes should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer or the Joint Lead Managers.

In connection with the issue of the Notes, the Stabilisation Manager (or any person(s) acting on behalf of such Stabilisation Manager) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date.

However, there is no obligation on such Stabilisation Manager to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

GENERAL

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Issuer will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. None of the Joint Lead Managers is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes, other than as contained in this Offering Circular or any amendment or supplement thereto.

If a jurisdiction requires that the offering of the Notes be made by a licensed broker or dealer and a Joint Lead Manager or any affiliate of that Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering of the Notes shall be deemed to be made by that Joint Lead Manager or its affiliate on behalf of the Issuer in such jurisdiction.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Joint Lead Manager has represented, warranted and undertaken to the Issuer that:

(i) *Offers/sales only in accordance with Regulation S*: it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act; and

(ii) *No directed selling efforts*: neither it nor any of its Affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) (nor any person acting on behalf of such Joint Lead Manager or any of its Affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes.

Terms used in the paragraph above have the meanings given to them by Regulation S.

UNITED KINGDOM

Each Joint Lead Manager has represented, warranted and undertaken that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**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 Joint Lead Manager has represented, warranted and undertaken 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 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.

THE PEOPLE'S REPUBLIC OF CHINA

Each Joint Lead Managers has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted 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, the 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 Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (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:

(a) 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

(b) 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:

(1) 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)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

GENERAL INFORMATION

1. **Legal Entity Identifier**: The legal entity identifier of the Issuer is 300300D4000731000003.

2. **Clearing Systems**: The Notes have been accepted for clearance by the CMU under the CMU Instrument Number HSBCFN22003, with a Common Code 244891217 and an ISIN HK0000824638.

3. **Listing**: Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Notes on the HKSE will commence on or around 18 March 2022.

4. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, the entry into of the Trust Deed and the Agency Agreement, and the performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 15 September 2021.

   An Enterprise Foreign Debt Filing Certificate dated 16 December 2021 has been obtained from the NDRC in connection with the issuance of the Notes pursuant to the NDRC Circular and which remains in full force and effect as at the date of this Offering Circular.

   An approval document dated 24 January 2022 with the serial number Hu Yin Bao Jian Fu [2022] No 70 (滬銀保監覆[2022]70號) has been obtained from the Shanghai Office of the CBIRC pursuant to the Measures for the Implementation of Administrative Licensing Matters of Non-Bank Financial Institutions (中國銀保監會非銀行金融機構行政許可事項實施辦法) issued by the CBIRC and which remains in full force and effect as at the date of this Offering Circular.

5. **No Material Adverse Change**: There has been no adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, condition (financial or otherwise), prospects, results of operations, profitability, shareholders' equity, business, properties, management or general affairs of the Issuer since 30 September 2021.

6. **Litigation**: The Issuer is not involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Notes as at the date of this Offering Circular. The Issuer is not aware that any such proceedings are pending or threatened as at the date of this Offering Circular.

7. **Available Documents**: Copies of the Financial Statements, the Trust Deed and the Agency Agreement will be available, upon prior written request and satisfactory proof of holding by Noteholders, for inspection during normal business hours (being 9:00 am to 3:00 pm) from the Issue Date at the specified office of the CMU Lodging and Paying Agent and electronically by e-mail from the CMU Lodging and Paying Agent, so long as any of the Notes is outstanding.

8. **Independent Auditors**: The audited financial statements of the Issuer as at and for the years ended 31 December 2019 and 2020, which are included elsewhere in this Offering Circular, have been audited by Deloitte, the independent auditors of the Issuer, as stated in its reports appearing herein; the unaudited but reviewed financial statements of the Issuer as at and for the nine months ended 30 September 2021, which are included elsewhere in this Offering Circular, have been reviewed by Deloitte as stated in its reports appearing herein.

The Financial Statements are originally prepared in the Chinese language and have been translated into English for the purposes of inclusion in this Offering Circular for reference purposes only. Should there be any inconsistency between the Chinese Financial Statements and the Financial Statements Translation, the Chinese Financial Statements shall prevail. The Financial Statements Translation does not itself constitute audited or reviewed financial statements, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the Chinese Financial Statements. The Chinese Financial Statements are available at the following website: www.chinamoney.com.cn. None of the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, agents, advisers or affiliates have independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

INDEX TO FINANCIAL STATEMENTS

SAIC-GMAC AUTOMOTIVE
FINANCE COMPANY LIMITED

Financial Statements and Review Report
For the period from 1 January 2021
to 30 September 2021
[Translation]

SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED

FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021

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REVIEW REPORT

De Shi Bao (Yue) Zi (22) No. R00005
(Page 1 of 1)

TO THE BOARD OF DIRECTORS OF
SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED:

We have reviewed the financial statements of SAIC-GMAC Automotive Finance Company Limited (the "Company"), which comprise the consolidated balance sheet as at 30 September 2021, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in owners' equity for the the period from 1 January 2021 to 30 September 2021, and notes to the financial statements ("Interim Financial Statements"). The Company's Management is responsible for the preparation of the Interim Financial Statements in accordance with *Accounting Standards for Business Enterprises No. 32 - Interim Financial Statements*("ASBE No.32 - Interim Financial Statements"). Our responsibility is to express a conclusion on the Interim Financial Statements based on our review.

We conducted our review in accordance with *China Certified Public Accountants Reviewing Standards No.2101 - Review of Financial Statements*. This Standard requires us to plan and perform the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatements. A review is limited primarily to procedures as making inquries of related persons and applying analytical review procedures to the financial information and thus provides less assurance than an audit. We have not conducted an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements are not prepared, in all material respects, in accordance with *ASBE No. 32 - Interim Financial Statements*.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
Shanghai, China

Chinese Certified Public Accountant

Ma, Henry Hing Fai

Wan, Sam Sheng Yang

17 February 2022

The review report and the accompanying financial statements are English translations of the Chinese review report and financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. Where the English version does not conform to the Chinese version, the Chinese version prevails.

CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2021 UNIT: RMB

	NOTE VII	30/09/2021 (Unaudited)	31/12/2020
ASSETS			
Balances with the central bank	1	590,316,445.16	470,357,321.09
Deposits with financial institutions	2	5,948,203,047.85	13,392,548,234.69
Loans and advances to customers	3	99,826,347,827.85	124,877,803,437.89
Fixed assets	4	13,970,575.47	13,774,445.37
Right-of-use assets	5	74,237,623.99	N/A
Intangible assets	6	51,837,545.19	35,875,030.27
Deferred tax assets	7	1,545,288,259.84	1,806,989,799.01
Other assets	8	7,959,920,950.76	3,782,134,450.17
TOTAL ASSETS		116,010,122,276.11	144,379,482,718.49
LIABILITIES			
Customer deposits	9	6,850,278,333.33	2,805,553,333.33
Takings from financial institutions	10	31,196,449,277.69	68,800,860,861.47
Dealer security deposits	11	3,904,577,076.06	5,047,967,077.39
Employee benefits payable	12	80,178,540.72	66,283,548.59
Taxes payable	13	43,784,927.53	815,192,713.27
Lease liability	14	75,741,218.81	N/A
Bonds payable	15	30,834,408,612.65	23,987,525,913.17
Other liabilities	16	20,679,256,449.79	23,462,160,102.03
TOTAL LIABILITIES		93,664,674,436.58	124,985,543,549.25
OWNERS' EQUITY			
Paid-in capital	17	6,500,000,000.00	6,500,000,000.00
Surplus reserve	18	1,190,161,782.49	1,190,161,782.49
General risk reserve	19	1,823,905,218.28	1,823,905,218.28
Unappropriated profits	20	12,831,380,838.76	9,879,872,168.47
Total equity attributable to owners of the Company		22,345,447,839.53	19,393,939,169.24
Minority interests		-	-
TOTAL OWNERS' EQUITY		22,345,447,839.53	19,393,939,169.24
TOTAL LIABILITIES AND OWNERS' EQUITY		116,010,122,276.11	144,379,482,718.49

The accompanying notes are part of the financial statements.

The financial statements on pages 2 to 36 were signed by the followings:

Legal Representative

Chief Accountant

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021 UNIT: RMB

	NOTE VII	For the nine months ended 30 September 2021 (Unaudited)	2020 (Unaudited)
I. Operating income		5,620,794,400.67	5,393,137,968.76
Net interest income	21	4,375,643,274.40	4,519,960,461.98
Interest income	21	6,516,117,750.64	6,620,303,186.10
Interest expense	21	2,140,474,476.24	2,100,342,724.12
Net fee and commission income	22	513,297,580.69	530,117,999.06
Fee and commission income	22	572,169,363.93	570,594,864.75
Fee and commission expenses	22	58,871,783.24	40,476,865.69
Realised gains on investments		724,310,417.55	329,236,056.40
Gains on derecognition of financial assets measured at amortised cost		724,310,417.55	329,236,056.40
Exchange gains		14,921.21	49,827.94
Gains from disposal of assets		51,650.94	80,735.85
Other gain		594,142.18	1,083,182.18
Other operating income		6,882,413.70	12,609,705.35
II. Operating expenses		1,686,112,552.16	1,801,545,223.73
Taxes and levies	23	43,060,259.92	40,795,241.59
Business and administrative expenses	24	1,929,749,470.69	1,504,938,525.52
Impairment (gains)/losses under Expected Credit Loss Model, Net of Reversal	25	(286,697,178.45)	255,811,456.62
III. Operating profit		3,934,681,848.51	3,591,592,745.03
Add: Non-operating income	26	397,801.20	307,344.25
Less: Non-operating expenses		-	746.17
IV. Total profit		3,935,079,649.71	3,591,899,343.11
Less: Income tax expenses	27	983,570,979.42	896,407,026.58
V. Net profit		2,951,508,670.29	2,695,492,316.53
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		2,951,508,670.29	2,695,492,316.53
2. Net profit from discontinued operations		-	-
(II) Categorized by ownership:			
1. Net profit attributable to owners of the Company		2,951,508,670.29	2,695,492,316.53
2. Profit or loss attributable to minority interests		-	-
VI. Other comprehensive income, net of tax		-	-
VII. Total comprehensive income		2,951,508,670.29	2,695,492,316.53
Total comprehensive income attributable to owners of the Company		2,951,508,670.29	2,695,492,316.53
Total comprehensive income attributable to minority interests		-	-

The accompanying notes are part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021 UNIT: RMB

	NOTE VII	For the nine months ended 30 September 2021 (Unaudited)	2020 (Unaudited)
Cash Flow from Operating Activities			
Net decrease in balances with the central bank		-	12,437,494.36
Cash receipts from interest, fee and commission		6,951,232,649.23	6,542,279,042.17
Cash receipts from takings from financial institutions		52,391,438,781.02	72,428,270,437.07
Net increase in receipts from dealer security deposits		20,697,312,243.90	1,798,367,191.67
Cash receipts from customer deposits		4,000,000,000.00	-
Cash receipts from written-off loans		102,337,090.98	34,449,536.78
Other cash receipts relating to operating activities		27,967,509,944.10	17,631,874,962.02
Sub-total of cash inflows from operating activities		112,109,830,709.23	98,447,678,664.07
Net increase in balances with the central bank		119,951,696.26	-
Cash repayments of takings from financial institutions		89,861,438,781.02	73,608,270,437.07
Net decrease in receipts from dealer security deposits		1,142,878,129.98	206,009,662.71
Cash payments for interest, fee and commission		1,484,731,688.11	1,139,059,629.86
Cash payments to and on behalf of employees		296,852,184.03	275,505,805.98
Payments of various types of taxes		1,860,465,274.04	1,530,577,369.57
Other cash payments relating to operating activities		28,990,537,546.96	19,083,094,027.87
Sub-total of cash outflows from operating activities		123,756,855,300.40	95,842,516,933.06
Net Cash Flow from Operating Activities	29	(11,647,024,591.17)	2,605,161,731.01
Cash Flow from Investing Activities			
Cash receipts from Realised gains on investment		6,156,297.64	714,985,132.81
Cash receipts from disposals and recovery of investments		-	842,952,256.35
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		51,650.94	80,735.85
Sub-total of cash inflows from investing activities		6,207,948.58	1,558,018,125.01
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		26,813,599.43	15,011,142.03
Cash payments to acquire investment		1,830,000,000.00	590,000,000.00
Sub-total of cash outflows from investing activities		1,856,813,599.43	605,011,142.03
Net Cash Flow from Investing Activities		(1,850,605,650.85)	953,006,982.98
Cash Flows from Financing Activities			
Cash receipts from issue of bonds		13,603,314,007.63	16,606,765,702.26
Sub-total of cash inflows from financing activities		13,603,314,007.63	16,606,765,702.26
Cash payments for distribution of dividends or profits or settlement of interest expenses		578,657,102.23	780,531,322.36
Cash repayments of bonds		6,948,734,000.00	16,967,232,000.00
Cash repayments of lease liabilities		18,618,925.46	N/A
Sub-total of cash outflows from financing activities		7,546,010,027.69	17,747,763,322.36
Net Cash Flow from Financing Activities		6,057,303,979.94	(1,140,997,620.10)
Net (Decrease)/Increase in Cash and Cash Equivalents		(7,440,326,262.08)	2,417,171,093.89
Add: Opening Balance of Cash and Cash Equivalents	29	13,387,481,732.19	4,819,372,688.25
Closing Balance of Cash and Cash Equivalents	28	5,947,155,470.11	7,236,543,782.14

The accompanying notes are part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021 UNIT: RMB

	For the period from 1 January 2021 to 30 September 2021(Unaudited)				
	Paid-in capital	Surplus reserve	General risk reserve	Unappropriated profits	Total owners' equity
I. Balance at 31 December 2020	6,500,000,000.00	1,190,161,782.49	1,823,905,218.28	9,879,872,168.47	19,393,939,169.24
Add: Changes in accounting policies (Note V)	-	-	-	-	-
II. Balance at 1 January 2021	6,500,000,000.00	1,190,161,782.49	1,823,905,218.28	9,879,872,168.47	19,393,939,169.24
III. Changes for the period	-	-	-	2,951,508,670.29	2,951,508,670.29
(I) Total comprehensive income	-	-	-	2,951,508,670.29	2,951,508,670.29
(II) Owners' contributions and reduction in capital	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-
1. Transfer to surplus reserve	-	-	-	-	-
2. Transfer to general risk reserve	-	-	-	-	-
3. Distribution to owners	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-
1. Capitalization of surplus reserve	-	-	-	-	-
2. Capitalization of unappropriated profits	-	-	-	-	-
IV. Balance at 30 September 2021	6,500,000,000.00	1,190,161,782.49	1,823,905,218.28	12,831,380,838.76	22,345,447,839.53

	For the period from 1 January 2020 to 30 September 2020(Unaudited)				
	Paid-in capital	Surplus reserve	General risk reserve	Unappropriated profits	Total owners' equity
I. Balance at 31 December 2019	6,500,000,000.00	875,000,000.00	1,810,945,869.92	8,895,435,504.31	18,081,381,374.23
Add: Changes in accounting policies (Note V)	-	-	-	-	-
II. Balance at 1 January 2020	6,500,000,000.00	875,000,000.00	1,810,945,869.92	8,895,435,504.31	18,081,381,374.23
III. Changes for the period	-	315,161,782.49	12,959,348.36	2,367,371,185.68	2,695,492,316.53
(I) Total comprehensive income	-	-	-	2,695,492,316.53	2,695,492,316.53
(II) Owners' contributions and reduction in capital	-	-	-	-	-
(III) Profit distribution	-	315,161,782.49	12,959,348.36	(328,121,130.85)	-
1. Transfer to surplus reserve	-	315,161,782.49	-	(315,161,782.49)	-
2. Transfer to general risk reserve	-	-	12,959,348.36	(12,959,348.36)	-
3. Distribution to owners	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-
1. Capitalization of surplus reserve	-	-	-	-	-
2. Capitalization of unappropriated profits	-	-	-	-	-
IV. Balance at 30 September 2020	6,500,000,000.00	1,190,161,782.49	1,823,905,218.28	11,262,806,689.99	20,776,873,690.76

The accompanying notes are part of the financial statements.

I. GENERAL

SAIC-GMAC Automotive Finance Company Limited (the "Company"), established on 11 August 2004 in Shanghai, PRC, is a sino-foreign joint venture jointly established by Ally Financial Inc. (formerly known as GMAC LLC) and SAIC Finance Co., Ltd., with no fixed operating period. The registered capital of the Company was RMB500,000,000.00.

On 8 May 2007 and 1 November 2007, Ally Financial Inc., SAIC General Motors Co., Ltd. and SAIC Finance Co., Ltd. made two capital contributions to the Company, totaling RMB1,000,000,000.00. The registered capital of the Company has been increased to RMB1,500,000,000.00.

On 2 January 2015, GMAC UK PLC and General Motors Financial Company Inc. respectively received 35% and 5% equity of the Company from Ally Financial Inc. General Motors Financial Company Inc. transferred the 5% equity of the Company to SAIC Finance Co., Ltd.

On 4 February 2016 and 24 June 2016, GMAC UK PLC, SAIC General Motors co., Ltd. and SAIC Finance Co., Ltd. made two capital contributions to the Company, totaling RMB2,000,000,000.00. The registered capital of the Company accumulated to RMB3,500,000,000.00.

On 30 September 2017, General Motors Financial Company Inc. received the 35% equity of the Company from GMAC UK PLC.

On 14 October 2019, the Company made capital contribution by transferring RMB829,809,533.82 of surplus reserve and RMB2,170,190,466.18 of unappropriated profits, totaling RMB3,000,000,000.00 to paid-in capital and accordingly the registered capital of the Company thereafter has been increased to RMB6,500,000,000.00. Details of capital contributions from investors are set out in Note VII.17.

The registered office of the Company is Building F, No. 160, Fortune Plaza, PuMing Road, China (Shanghai) Pilot Free Trade Zone. The business scope of the Company is: I. to accept fixed term deposits for over 3 (inclusive) months of wholly-owned subsidiaries in China of foreign shareholders and their groups as well as the domestic shareholders; II. to accept the dealers' security deposits for auto loan and leasers' security deposits for auto lease; III. to issue financial bonds upon approval; IV. to engage in inter-bank borrowings; V. to borrow from financial institutions; VI. to provide auto loans; VII. to provide auto loans and operating equipment loans for dealers (including loans for exhibition hall construction, spare and accessory parts and maintenance equipment, etc.); VIII. to provide auto financing leases (excluding leaseback business); IX. to sell or buy back auto loan receivables and auto financing lease receivables to financial institutions; X. to sell off and process residual value of leased automobiles; XI. to provide consulting and agency business related to auto purchase financing; and XII. to engage in equity investment in financial institutions related to auto finance through approval. (The items which shall be approved by law shall be operated after approval of relevant departments)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company has adopted the *Accounting Standards for Business Enterprises* ("ASBEs") and relative regulations issued by the Ministry of Finance ("MoF"). The Interim Financial Statements for the period from 1 January 2021 to 30 September 2021 are prepared to present and disclose related financial information in accordance with the ASBE No. 32 - Interim Financial Statements, on a going concern basis.

Not all information and disclosures that required by ASBEs to prepare financial statements for a complete accounting year are included in this Interim Financial Statements. Therefore, the Interim Financial Statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

III. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Interim Financial Statements of the Company have been prepared in accordance with ASBEs issued by MoF, and present truly and completely the Company's consolidated financial position as at 30 September 2021, and the consolidated results of operation and cash flows for the period from 1 January 2021 to 30 September 2021.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The accounting policies adopted in the Interim Financial Statements, except for the followings, are consistent with those adopted in the financial statements for the year ended 31 December 2020. The following significant accounting policies and accounting estimates are determined in accordance with ASBEs.

The significant judgements, key accounting estimates and assumptions adopted by the Company's Management in preparing the Interim Financial Statements are consistent with those adopted in the financial statements for the year ended 31 December 2020.

1. Accounting period

The accounting period of the Interim Financial Statements is from 1 January 2021 to 30 September 2021.

2. Leases (Application from 1 January 2021)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of the contract, the Company assesses whether a contract is or contains a lease. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

2. Leases (Application from 1 January 2021) - continued

2.1 The Company as a lessee

2.1.1 Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.1.2 Right-of-use assets

Except for the short-term leases and leases of low-value assets, the Company recognizes the right-of-use assets at the commencement date. The commencement date of the lease term refers to the commencement date on which the lessor provides the leased asset for use by the Company. Right-of-use assets are initially measured at cost. The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company;
- any estimate of costs to be incurred by the Company in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Under *Accounting Standards for Business Enterprises No.4 - Fixed Assets*, right-of-use assets in which the Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

2.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, the Company recognises and measures the lease liability at the present value of lease payments that are unpaid at the commencement date of a lease. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

2. Leases (Application from 1 January 2021) - continued

2.1 The Company as a lessee - continued

2.1.3 Lease liabilities - continued

Lease payments refer to the amount paid by the Company to the lessors in relation to the right to control the use of the leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price of a purchase option if the Company is reasonably certain to exercise the option;
- payments of penalties for terminating a lease, if the lease term reflects the Company exercising an option to terminate the lease; and
- amounts expected to be payable by the Company under residual value guarantees.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments, which is recognized immediately in profit or loss.

After the commencement date, the Company remeasures lease liabilities and makes corresponding adjustments to the related right-of-use assets whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in expected payment under a guaranteed residual value and lease payments that depend on an index or a rate, in which the related lease liability is remeasured by discounting the revised leases payments using the initial discount rate.

If, however, the carrying amount of the right-of-use assets is reduced to zero and a further reduction in the amount of the lease liabilities occurs, any further reduction is recognized immediately in profit and loss.

2.1.4 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

V. CHANGES IN ACCOUNTING POLICIES

ASBE No. 21 - leasing

The Company has applied the *Accounting Standards for Business Enterprises No. 21 - leasing*("ASBE No.21 - leasing" or "new leasing standards") revised by the MOF in 2018 since 1 January 2021("initial application date"). The new leasing standards improve the definition of lease and add the contents of lease identification, division and combination; remove the classification of operating leases and finance leases for lessees, require the recognition of right-of-use assets and lease liabilities for all leases(except short-term leases and leases of low-value assets) at the commencement date of the lease term, and the recognition of depreciation and interest expenses respectively; improve the lessee's subsequent measurement of the leases and add the accounting treatment of option revaluation and lease modification; add relevant disclosure requirements. The new leasing standards also improve the lessor's disclosures. The Company's revised accounting policies of the recognition and measurement of leases as lessees and lessors are set out in Note IV.2.

For contracts entered into before 1 January 2021, the Company elects not to reassess whether a contract is, or contains, a lease at the date of initial application.

The company as a lessee

Any cumulative difference from initial application of ASBE No. 21 - leasing is recognised in the opening retained profits and comparative information has not been restated.

For leases previously classified as operating leases, the Company elects to apply one or more of the following practical expedients, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Company's leases with extension and termination options.

At the date of initial application, the Company made the following adjustments due to the transition to the ASBE No. 21 - leasing:

For these leases previously classified as operating leases, the Company has recognised lease liabilities based on the remaining lease payments and applied incremental borrowing rate at the date of initial application, which is in accordance with the following:

The amount of right-of-use assets is equal to the lease liabilities and adjusted by prepaid lease payments if necessary.

The Company recognized lease liabilities of RMB19,318,394.87 and right-of-use assets of RMB19,318,394.87 on 1 January 2021.When recognising the lease liabilities for leases previously classified as operating leases, the Company has applied the weighted average incremental borrowing rate of 3.00% at the date of initial application.

V. CHANGES IN ACCOUNTING POLICIES - continued

ASBE No. 21 - leasing - continued

The Company as a lessee - continued

The following adjustments were made to the amounts recognised in the balance sheet at 1 January 2021.

Items	31/12/2020 RMB	Adjustments RMB	01/01/2021 RMB
Assets			
Right-of-use assets	-	19,318,394.87	19,318,394.87
Liabilities			
Lease liabilities	-	19,318,394.87	19,318,394.87

The difference between the Company's lease liabilities recognized on 1 January 2021 and the material operating lease commitments disclosed in the 2020 financial statements is as follows:

	01/01/2021 RMB
1. Operating lease commitments disclosed as at 31 December 2020	23,826,840.00
Lease liabilities discounted at relevant incremental borrowing rate on the initial application date	19,434,242.02
Less: Practical expedient - leases with lease term ending within 12 months from the date of initial application	115,847.15
Lease liabilities relating to operating lease recognised upon application of ASBE No.21 - Leasing	19,318,394.87
2. Lease liabilities as at 1 January 2021	19,318,394.87

The carrying amount of the right-of-use assets as at 1 January 2021 is as follows:

Item	01/01/2021 RMB
Right-of-use assets:	
Right-of-use assets recognized for leases previously classificed as operating leases	19,318,394.87
Total	19,318,394.87

V. CHANGES IN ACCOUNTING POLICIES - continued

ASBE No. 21 - leasing - continued

The Company as a lessee - continued

On 1 January 2021, the right-of-use assets are disclosed as follows by class:

	01/01/2021 RMB
Leased properties	18,869,447.42
Office equipment	448,947.45
Total	19,318,394.87

VI. MAJOR TAXES

Enterprise income tax

The Company's income tax rate is 25%.

Value-added tax

The value-added tax (the "VAT") payable is the balance of output VAT deducting input VAT. Output VAT is 6% of sales calculated according to relevant provisions of tax laws.

Other taxes

The Company's urban construction and maintenance tax is calculated at 7% of the taxable base. Education surcharge and local education surcharge are calculated at 3% and 2% respectively of the taxable base.

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

1. BALANCES WITH THE CENTRAL BANK

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Statutory reserve deposited with central bank	590,076,343.78	470,124,647.52
Interest receivable	240,101.38	232,673.57
Total	590,316,445.16	470,357,321.09

Since July 2013, the Company was included in the scope of contribution of reserve against deposits with People's Bank of China. The current contribution proportion of the reserve is 5.5%, bearing interest at 1.62%.

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Deposits with domestic financial institutions	5,947,155,470.11	13,387,481,732.19
Interest receivable	1,047,577.74	5,066,502.50
Total	5,948,203,047.85	13,392,548,234.69

3. LOANS AND ADVANCES TO CUSTOMERS

(1) Loans and advances categorized by retail and dealer are as follows:

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Retail loans and advances	82,826,330,164.63	94,363,577,031.13
Dealer loans and advances	19,819,172,688.97	34,228,474,731.71
Subtotal of principal	102,645,502,853.60	128,592,051,762.84
Interest receivable on retail loans and advances	210,893,455.65	201,090,999.06
Interest receivable on dealer loans and advances	106,036,271.17	139,392,545.50
Subtotal of interest receivable	316,929,726.82	340,483,544.56
Total	102,962,432,580.42	128,932,535,307.40
Less: Allowance for expected credit loss	3,136,084,752.57	4,054,731,869.51
- Stage 1 (12-month expected credit loss)	2,012,256,890.12	2,745,583,856.84
- Stage 2 (Lifetime expected credit loss)	751,097,973.23	869,010,165.50
- Stage 3 (Lifetime expected credit loss -impaired)	372,729,889.22	440,137,847.17
Carrying amount	99,826,347,827.85	124,877,803,437.89

(2) Loans and advances categorized by maturity and guarantee type are as follows:

	30/09/2021(unaudited)		
	Within 1 year (inclusive)	1 to 5 years (inclusive)	Total
Total principal of loans and advances	20,506,161,200.86	82,139,341,652.74	102,645,502,853.60

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

3. LOANS AND ADVANCES TO CUSTOMERS - continued

(2) Loans and advances categorized by maturity and guarantee type are as follows:

	31/12/2020		
	Within 1 year (inclusive)	1 to 5 years (inclusive)	Total
Total principal of loans and advances	35,188,221,938.55	93,403,829,824.29	128,592,051,762.84

Most of the Company's loans and advances are guaranteed by assets like automobiles.

(3) Overdue loans are as follows:

	30/09/2021(unaudited)			
	Overdue 1 to 90 days (inclusive) RMB	Overdue 91 to 360 days RMB	Overdue 360 days to 3 years RMB	Total RMB
Loans and advances	1,487,650,983.83	262,060,291.88	-	1,749,711,275.71

	31/12/2020			
	Overdue 1 to 90 days (inclusive) RMB	Overdue 91 to 360 days RMB	Overdue 360 days to 3 years RMB	Total RMB
Loans and advances	1,627,315,896.24	297,754,885.76	-	1,925,070,782.00

Overdue loans represent the loans of which the principal or interest has become overdue by 1 day or above (including outstanding part).

(4) Loans and advances categorized by ways of assessment of expected credit loss is as follows:

	30/09/2021(unaudited)			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit loss-impaired) RMB	Total RMB
Total principal of loans and advances	93,528,525,323.05	8,692,513,116.74	424,464,413.81	102,645,502,853.60
Less: Allowance for excepted credit loss	2,012,256,890.12	751,097,973.23	372,729,889.22	3,136,084,752.57
Net carrying amount	91,516,268,432.93	7,941,415,143.51	51,734,524.59	99,509,418,101.03

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

3. LOANS AND ADVANCES TO CUSTOMERS - continued

(4) Loans and advances categorized by ways of assessment of expected credit loss is as follows: - continued

	31/12/2020			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit loss-impaired) RMB	Total RMB
Total principal of loans and advances	118,842,492,344.87	9,213,127,402.98	536,432,014.99	128,592,051,762.84
Less: Allowance for excepted credit loss	2,745,583,856.84	869,010,165.50	440,137,847.17	4,054,731,869.51
Net carrying amount	116,096,908,488.03	8,344,117,237.48	96,294,167.82	124,537,319,893.33

(5) Movements in allowance for excepted credit loss are as follows:

	30/09/2021(unaudited)			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit loss-impaired) RMB	Total RMB
Balance at 1 January	2,745,583,856.84	869,010,165.50	440,137,847.17	4,054,731,869.51
Transfer to:				
-Stage 1	38,341,320.67	(36,292,299.32)	(2,049,021.35)	-
-Stage 2	(16,713,685.57)	19,735,808.76	(3,022,123.19)	-
-Stage 3	-	(20,235,604.18)	20,235,604.18	-
Reversals for the year	(754,954,601.82)	(81,120,097.53)	152,909,496.27	(683,165,203.08)
Write-offs	-	-	(337,819,004.84)	(337,819,004.84)
Recoveries of written-off loans and advances	-	-	102,337,090.98	102,337,090.98
Balance at 30 September	2,012,256,890.12	751,097,973.23	372,729,889.22	3,136,084,752.57

	31/12/2020			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit loss-impaired) RMB	Total RMB
Balance at 1 January	2,572,696,913.56	978,468,608.96	426,014,104.23	3,977,179,626.75
Transfer to:				
-Stage 1	31,965,147.91	(31,669,208.60)	(295,939.31)	-
-Stage 2	(19,290,713.23)	19,839,127.81	(548,414.58)	-
-Stage 3	-	(24,103,952.36)	24,103,952.36	-
Provision for the year	160,212,508.60	(73,524,410.31)	366,786,034.37	453,474,132.66
Write-offs	-	-	(435,538,407.71)	(435,538,407.71)
Recoveries of written-off loans and advances	-	-	59,616,517.81	59,616,517.81
Balance at 31 December	2,745,583,856.84	869,010,165.50	440,137,847.17	4,054,731,869.51

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

4. FIXED ASSETS

	Electronic equipment, instrument and furniture
	RMB
Cost	
As at 31 December 2020	43,166,106.81
Additions	3,937,539.79
Disposals	1,256,385.05
As at 30 September 2021(unaudited)	45,847,261.55
Accumulated depreciation	
As at 31 December 2020	29,391,661.44
Provision for the period	3,741,409.69
Disposals	1,256,385.05
As at 30 September 2021(unaudited)	31,876,686.08
Net carrying amount	
As at 31 December 2020	13,774,445.37
As at 30 September 2021(unaudited)	13,970,575.47

5. RIGHT-OF-USE ASSETS

	Office equipment	Leased properties	Total
	RMB	RMB	RMB
Cost			
As at 1 January 2021	448,947.45	18,869,447.42	19,318,394.87
Additions	-	73,128,146.58	73,128,146.58
Disposals	22,877.11	-	22,877.11
As at 30 September 2021 (unaudited)	426,070.34	91,997,594.00	92,423,664.34
Accumulated depreciation			
As at 1 January 2021	-	-	-
Provision for the period	163,652.68	18,045,264.78	18,208,917.46
Disposals	22,877.11	-	22,877.11
As at 30 September 2021 (unaudited)	140,775.57	18,045,264.78	18,186,040.35
Net carrying amount			
As at 1 January 2021	448,947.45	18,869,447.42	19,318,394.87
As at 30 September 2021 (unaudited)	285,294.77	73,952,329.22	74,237,623.99

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

6. INTANGIBLE ASSETS

	Software license RMB
Cost	
As at 31 December 2020	141,609,552.18
Additions	22,876,059.64
As at 30 September 2021(unaudited)	164,485,611.82
Accumulated amortization	
As at 31 December 2020	105,734,521.91
Provision for the year	6,913,544.72
As at 30 September 2021(unaudited)	112,648,066.63
Net carrying amount	
As at 31 December 2020	35,875,030.27
As at 30 September 2021(unaudited)	51,837,545.19

7. DEFERRED TAX ASSETS

(1) Deferred tax assets that are not offset

	Deductible temporary differences		Deferred tax assets	
	30/09/2021 RMB (Unaudited)	31/12/2020 RMB	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Interest received in advance	2,644,798,236.18	3,649,894,112.02	661,199,559.06	912,473,528.01
Allowance for excepted credit loss	1,444,896,550.04	2,219,471,720.33	361,224,137.51	554,867,930.08
Loans written off but not yet deducted	1,351,829,153.16	1,116,347,239.18	337,957,288.29	279,086,809.80
Allowance for excepted credit loss for other assets	665,761,028.60	161,061,482.23	166,440,257.15	40,265,370.56
Amortization of intangible assets	26,321,325.40	30,731,391.92	6,580,331.35	7,682,847.98
Employee long-term development incentive fund	41,866,810.26	44,473,858.59	10,466,702.56	11,118,464.65
Deferred payment of Executive's compensation	5,679,935.68	5,979,391.70	1,419,983.92	1,494,847.93
Net carrying amount	6,181,153,039.32	7,227,959,195.97	1,545,288,259.84	1,806,989,799.01

According to the estimation of future operating results, the management believes that the Company is likely to obtain sufficient taxable income in the future periods to utilize the deductible temporary differences. Therefore, relevant deferred tax assets are recognized.

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

8. OTHER ASSETS

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Investment in asset-backed securities issued by the Company	3,029,770,407.93	1,042,774,117.81
Continuing involvement assets	3,029,770,407.93	781,445,563.95
Subsidies of interest receivable	1,793,626,381.79	1,846,731,641.58
Prepaid cost of issuance and underwriting of asset-backed securities	42,099,722.09	18,418,684.97
Other receivables	41,169,250.08	70,854,341.31
Deposits and prepayments	17,070,925.58	12,306,723.21
Prepaid expenses	6,413,855.36	9,603,377.34
Total	7,959,920,950.76	3,782,134,450.17

9. CUSTOMER DEPOSITS

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Deposits from domestic shareholders	6,800,000,000.00	2,800,000,000.00
Interest payable	50,278,333.33	5,553,333.33
Total	6,850,278,333.33	2,805,553,333.33

10. TAKINGS FROM FINANCIAL INSTITUTIONS

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Takings from domestic financial institutions	30,930,000,000.00	68,400,000,000.00
Interest payable	266,449,277.69	400,860,861.47
Total	31,196,449,277.69	68,800,860,861.47

11. DEALER SECURITY DEPOSITS

Dealer security deposits are deposits from borrowers, bearing interest at the mutually agreed interest rate based on the length of time of the fund occupying.

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

12. EMPLOYEE BENEFITS PAYABLE

	31/12/2020 RMB	Provision RMB	Payments RMB	30/09/2021 RMB (Unaudited)
Short-term compensation				
Wages or salaries, bonus, allowance and subsidies	21,809,690.00	208,412,870.53	192,659,084.68	37,563,475.85
Employee wellfares	44,473,858.59	24,151,513.00	26,758,561.33	41,866,810.26
Social insurance	-	18,123,440.31	18,123,440.31	-
Including: Medical insurance	-	17,565,891.51	17,565,891.51	-
Work-related injury and maternity insurance	-	557,548.80	557,548.80	-
Housing provident fund	-	20,453,870.00	20,453,870.00	-
Union running costs and employee education costs	-	6,163,890.59	5,415,635.98	748,254.61
Defined contribution plan				
Basic pension	-	25,912,085.20	25,912,085.20	-
Enterprise annuity contribution	-	8,528,520.25	8,528,520.25	-
Unemployment insurance	-	869,667.96	869,667.96	-
Total	66,283,548.59	312,615,857.84	298,720,865.71	80,178,540.72

13. TAXES PAYABLE

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Enterprise income tax	14,728,160.23	563,558,603.60
Value added tax	24,349,369.41	216,918,773.76
Taxes and levies	2,921,924.33	26,030,252.86
Withholding individual income tax	1,329,729.36	8,074,590.55
Stamp duty	455,744.20	610,492.50
Total	43,784,927.53	815,192,713.27

14. LEASE LIABILITY

	30/09/2021 RMB (Unaudited)
Leased properties	75,452,734.45
Office equipment	288,484.36
Total	75,741,218.81

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

15. BONDS PAYABLE

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Bonds of non-bank financial institution		
- Par value	23,000,000,000.00	18,000,000,000.00
- Interest adjustment	(25,184,099.46)	(31,723,493.08)
- Interest payable	428,933,972.65	270,090,958.92
Issuance of asset-backed securities		
- Par value	7,425,829,000.00	5,744,563,000.00
- Interest payable	4,829,739.46	4,595,447.33
Total	30,834,408,612.65	23,987,525,913.17

(1) On 22 November 2018, the Company publicly issued fixed-rate bonds of RMB5 billion in inter-bank bond market, with nominal interest rate of 4.05%. The bonds will be due on 26 November 2021.

(2) On 18 June 2019, the Company publicly issued fixed-rate bonds of RMB5 billion in inter-bank bond market, with nominal interest rate of 3.80%. The bonds will be due on 20 June 2022.

(3) On 21 April 2020, the Company publicly issued fixed-rate bonds of RMB8 billion in inter-bank bond market, with nominal interest rate of 2.68%. The bonds will be due on 23 April 2023.

(4) On 3 March 2020, the Company publicly issued fixed-rate bonds of RMB5 billion in inter-bank bond market, with nominal interest rate of 3.80%. The bonds will be due on 5 March 2024.

(5) On 10 March 2020, the Company, as an initiator, issued RMB1.5 billion of fixed-rate priority A1 asset-backed securities, which already matured in February 2021, and RMB1.08 billion of floating-rate priority A2 asset-backed securities, with an expected maturity date in November 2021. For details about the issuance of the above asset-backed securities, please refer to Note VIII.

(6) On 21 July 2020, the Company, as an initiator, issued RMB6.07 billion of fixed-rate priority asset-backed securities, with an expected maturity date in July 2022. For details about the issuance of the above asset-backed securities, please refer to Note VIII.

(7) On 10 May 2021, the Company, as an initiator, issued RMB8.63 billion of fixed-rate priority asset-backed securities, with an expected maturity date in April 2023. For details about the issuance of the above asset-backed securities, please refer to Note VIII.

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

16. OTHER LIABILITIES

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Auto financing due to manufacturers	11,717,554,381.56	16,628,972,042.06
Continuing involvement liabilities	3,029,770,407.93	781,445,563.95
Interest received in advance	2,644,798,236.18	3,649,894,112.02
Accrued expenses	411,617,084.44	382,109,168.48
Service fee due to dealers	271,965,787.85	297,946,953.00
Others	2,603,550,551.83	1,721,792,262.52
Total	20,679,256,449.79	23,462,160,102.03

17. PAID-IN CAPITAL

The registered capital of the Company is RMB6,500,000,000.00. As at 30 September 2021, the paid-in capital is RMB6,500,000,000.00. Details of capital contribution from investors according to the Company's articles are as follows:

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
SAIC Finance Co., Ltd	2,925,000,000.00	2,925,000,000.00
General Motors Finacial Company Inc.	2,275,000,000.00	2,275,000,000.00
SAIC General Motors Co., Ltd	1,300,000,000.00	1,300,000,000.00
Total	6,500,000,000.00	6,500,000,000.00

18. SURPLUS RESERVE

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Opening balance	1,190,161,782.49	875,000,000.00
Provision for the period/year	-	315,161,782.49
Closing balance	1,190,161,782.49	1,190,161,782.49

The Company makes appropriation to statutory surplus reserve at 10% of the audited net profit for prior year under ASBEs. From 1 January 2021 to 30 September 2021, the Company has not made appropriation to statutory surplus reserve.

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

19. GENERAL RISK RESERVE

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Opening balance	1,823,905,218.28	1,810,945,869.92
Provision for the period/year	-	12,959,348.36
Closing balance	1,823,905,218.28	1,823,905,218.28

Pursuant to the "Administrative Measures for Financial Enterprises' Appropriation of Reserves" (Cai Jin [2012] No.20) issued by MoF, the balance of general risk reserve should not be less than 1.5% of the closing balance of the Company's risk assets. From 1 January 2021 to 30 September 2021, the Company has not made appropriation to general risk reserve.

20. UNAPPROPRIATED PROFITS

	30/09/2021 RMB (Unaudited)	31/12/2020 RMB
Unappropriated profits at the end of last year	9,879,872,168.47	8,895,435,504.31
Impact of changes in accounting policies	-	-
Unappropriated profits at the beginning of the year	9,879,872,168.47	8,895,435,504.31
Net profit for the period/year	2,951,508,670.29	3,312,557,795.01
Less: Transfer to statutory surplus reserve	-	315,161,782.49
Transfer to general risk reserve	-	12,959,348.36
Distribution to owners	-	2,000,000,000.00
Unappropriated profits at the end of the period/year	12,831,380,838.76	9,879,872,168.47

21. NET INTEREST INCOME

	For the nine months ended 30 September	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Interest income		
- Loans and advances to customers	5,866,289,224.73	6,171,423,005.89
- Investment in asset-backed securities issued by the Company	559,297,698.08	374,257,977.67
- Deposits with central bank and financial institutions	90,530,827.83	74,622,202.54
Sub-total of interest income	6,516,117,750.64	6,620,303,186.10
Sub-total of interest expenses	2,140,474,476.24	2,100,342,724.12
Net interest income	4,375,643,274.40	4,519,960,461.98

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

22. NET FEE AND COMMISSION INCOME

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Fee and commission income	572,169,363.93	570,594,864.75
Fee and commission expenses	58,871,783.24	40,476,865.69
Net fee and commission income	513,297,580.69	530,117,999.06

23. TAXES AND LEVIES

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
City construction and maintenance tax	23,161,085.46	21,025,754.50
Education surcharge	16,543,632.46	15,018,396.09
Stamp duty	3,355,542.00	4,751,091.00
Total	43,060,259.92	40,795,241.59

24. BUSINESS AND ADMINISTRATIVE EXPENSES

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Marketing fees	1,222,574,857.63	850,609,713.17
Employee benefits and welfare	312,615,857.84	291,662,004.08
Professional service fee, legal service fee and other service fee	119,458,622.71	79,507,445.90
Travel and conference expenses	64,731,208.63	52,738,136.30
Information technology fee	41,918,275.14	38,066,872.04
Daily administrative expenses	20,803,801.86	40,945,936.79
Depreciation of right-of-use assets	18,208,917.46	N/A
Depreciation and amortization	14,407,762.25	15,740,907.13
Others	115,030,167.17	135,667,510.11
Total	1,929,749,470.69	1,504,938,525.52

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

25. IMPAIRMENT (GAINS)/LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Expected credit (gains)/losses of loans	(683,165,203.08)	214,851,531.53
Expected credit losses of investment in asset-backed securities issued by the Company	396,145,110.32	40,959,925.09
Expected credit losses of other receivables	322,914.31	-
Total	(286,697,178.45)	255,811,456.62

26. NON-OPERATING INCOME

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Government grants	-	23,700.00
Others	397,801.20	283,644.25
Total	397,801.20	307,344.25

27. INCOME TAX EXPENSES

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Current tax expense	721,869,440.25	817,368,929.66
Deferred tax expense	261,701,539.17	79,038,096.92
Total	983,570,979.42	896,407,026.58

Reconciliation of income tax expenses to accounting profit is as follows:

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Profit before tax	3,935,079,649.71	3,591,899,343.11
Income tax expenses calculated at 25%	983,769,912.43	897,974,835.78
Effect of final settlement in previous years	(198,933.01)	(1,567,809.20)
Total	983,570,979.42	896,407,026.58

VII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

28. CASH AND CASH EQUIVALENTS

	30/09/2021 RMB (Unaudited)	30/09/2020 RMB (Unaudited)
Original maturity within three months:		
Deposits with financial institutions	5,947,155,470.11	7,236,543,782.14
Total	5,947,155,470.11	7,236,543,782.14

29. SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT

	For the nine months ended 30 September	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Reconciliation of net profit to cash flows from operating activities		
Net profit	2,951,508,670.29	2,695,492,316.53
Add: Expected credit (gains)/loss	(286,697,178.45)	255,811,456.62
Interest expenses of funding	738,342,360.09	673,480,094.79
Increase in accrued expenses	29,507,915.96	12,155,821.10
Amortization of intangible assets	6,913,544.72	4,295,284.35
Amortization of commission of issuing bonds and underwriting fees	16,425,808.71	20,001,434.80
Amortization of long-term prepaid expenses	48,854,057.38	45,353,143.92
Depreciation of fixed assets	3,741,409.69	3,391,113.79
Depreciation of right-of-use assets	18,208,917.46	-
Interest expenses of lease liabilities	1,913,602.82	-
Net gains on disposal of fixed assets and intangible assets	(51,650.94)	(80,735.85)
Interest income of investment	(559,297,698.08)	(374,257,977.67)
Decrease in deferred tax assets	261,701,539.17	79,038,096.92
Decrease/(increase) in operating receivables	25,642,662,678.32	(3,297,237,399.31)
(Decrease)/increase in operating payables	(40,520,758,568.31)	2,487,719,081.02
Net cash flow from operating activities	(11,647,024,591.17)	2,605,161,731.01
Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	5,947,155,470.11	7,236,543,782.14
Less: Opening balance of cash and cash equivalents	13,387,481,732.19	4,819,372,688.25
Net (decrease)/increase in cash and cash equivalents	(7,440,326,262.08)	2,417,171,093.89

VIII. EQUITY IN THE STRUCTURED ENTITY

The structured entities included in the scope of consolidated financial statements are the special purpose trusts originated by the Company.

In August 2019, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB10,000,000,000.00 to the special purpose trust named as "The Second Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB1,150,000,000.00.

In November 2019, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB6,000,000,000.00 to the special purpose trust named as "The Third Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB6,000,000,000.00. The value of subordinate notes held by the Company reached to RMB300,000,000.00.

In March 2020, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB3,000,000,000.00 to the special purpose trust named as "The First Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" which was established by Shanghai International Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB3,000,000,000.00. The value of subordinate notes held by the Company reached to RMB420,000,000.00.

In April 2020, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB10,000,000,000.00 to the special purpose trust named as "The Second Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB590,000,000.00.

In July 2020, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB7,000,000,000.00 to the special purpose trust named as "The Third Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB7,000,000,000.00. The value of subordinate notes held by the Company reached to RMB930,000,000.00.

In January 2021, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB10,000,000,000.00 to the special purpose trust named as "The First Phase of 2021 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB630,000,000.00.

VIII. EQUITY IN THE STRUCTURED ENTITY - continued

In February 2021, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB10,000,000,000.00 to the special purpose trust named as "The Second Phase of 2021 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB630,000,000.00.

In May 2021, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB10,000,000,000.00 to the special purpose trust named as "The Third Phase of 2021 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB1,370,000,000.00.

In July 2021, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB10,000,000,000.00 to the special purpose trust named as "The Fourth Phase of 2021 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB570,000,000.00.

In above nine phases of asset securitization transactions, for the repayment from original debtors, the senior asset-backed securities have priority to be paid before the subordinate asset-backed securities. The Company continues to provide loan services for the above transferred credit assets.

For "The Third Phase of 2019 Rongteng Retail Auto Loan Securitization Trust", "The Second Phase of 2020 Rongteng Retail Auto Loan Securitization Trust", "The First Phase of 2021 Rongteng Retail Auto Loan Securitization Trust", "The Second Phase of 2021 Rongteng Retail Auto Loan Securitization Trust" "The Fourth Phase of 2021 Rongteng Retail Auto Loan Securitization Trust" the Company neither retains nor transfers substantial risks and rewards, and continues to maintain certain control over the financial assets, i.e. the Company does not give up the control over the above credit assets completely. Therefore, the Company recognizes the assets and liabilities to the extent of its continuing involvement.

With regard to "The Second Phase of 2019 Rongteng Retail Auto Loan Securitization Trust", "The First Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" and "The Third Phase of 2020 Rongteng Retail Auto Loan Securitization Trust", "The Third Phase of 2021 Rongteng Retail Auto Loan Securitization Trust", the Company has retained substantially all risks and rewards relating to the ownership of the transferred credit assets, so the Company does not derecognize the transferred credit assets.

IX. SEGMENT REPORTING

According to the Company's organizational structure, management requirements and internal reporting system, the Company classifies the operating businesses into two reporting segments based on their respective organizational structure. Management conducts regular evaluation on their operating results to determine resource allocations and assess their performance. The two segments of the Company are as follows: retail financing segment and wholesale financing segment.

Segment reporting information is disclosed based on the accounting policies and measurement basis used when reporting to the management. This measurement basis remains consistent with the accounting policies and measurement basis applied in preparing the Interim Financial Statements.

Segment reporting information

For the period from 1 January 2021 to 30 September 2021(unaudited)

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Operating income	5,027,768,012.58	593,026,388.09	5,620,794,400.67
Net interest income	3,806,418,601.76	569,224,672.64	4,375,643,274.40
Net fee and commission income	489,649,758.90	23,647,821.79	513,297,580.69
Investment income	724,310,417.55	-	724,310,417.55
Other income	7,389,234.37	153,893.66	7,543,128.03
Operating expenses	2,139,600,979.22	(453,488,427.06)	1,686,112,552.16
Operating profit	2,888,167,033.36	1,046,514,815.15	3,934,681,848.51

30/09/2021(unaudited)

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Total assets	93,540,796,497.38	22,469,325,778.73	116,010,122,276.11
Total liabilities	75,523,308,471.42	18,141,365,965.16	93,664,674,436.58

30/09/2021(unaudited)

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Supplementary information:			
Loans and advances to customers	80,491,563,184.61	19,334,784,643.24	99,826,347,827.85

IX. SEGMENT REPORTING - continued

Segment reporting information - continued

For the period from 1 January 2021 to 30 September 2021(unaudited)

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Supplementary information:			
Interest income	5,728,464,213.23	787,653,537.41	6,516,117,750.64
Interest expenses	1,922,045,611.48	218,428,864.76	2,140,474,476.24
Fee and commission income	543,499,779.03	28,669,584.90	572,169,363.93
Realised gains on investments	724,310,417.55	-	724,310,417.55
Expected credit gains recognized in the current period	287,460,863.49	(574,158,041.94)	(286,697,178.45)
Other operating income	6,797,498.62	84,915.08	6,882,413.70

For the period from 1 January 2020 to 30 September 2020(unaudited)

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Operating income	4,705,982,921.37	687,155,047.39	5,393,137,968.76
Net interest income	3,864,516,951.57	655,443,510.41	4,519,960,461.98
Net fee and commission income	503,568,872.53	26,549,126.53	530,117,999.06
Investment income	329,236,056.40	-	329,236,056.40
Other income	8,661,040.87	5,162,410.45	13,823,451.32
Operating expenses	1,728,168,177.68	73,377,046.05	1,801,545,223.73
Operating profit	2,977,814,743.69	613,778,001.34	3,591,592,745.03

31/12/2020

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Total assets	105,990,970,356.06	38,388,512,362.43	144,379,482,718.49
Total liabilities	91,753,612,021.83	33,231,931,527.42	124,985,543,549.25

31/12/2020

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Supplementary information：			
Loans and advances to customers	91,674,518,519.52	33,203,284,918.37	124,877,803,437.89

IX. SEGMENT REPORTING - continued

Segment reporting information - continued

For the period from 1 January 2020 to 30 September 2020(unaudited)

Unit: RMB

Item	Retail financing	Wholesale financing	Total
Supplementary information:			
Interest income	5,687,942,762.71	932,360,423.39	6,620,303,186.10
Interest expenses	1,823,425,811.14	276,916,912.98	2,100,342,724.12
Fee and commission income	539,407,089.41	31,187,775.34	570,594,864.75
Realised gains on investments	329,236,056.40	-	329,236,056.40
Expected credit losses recognized in the current year	300,025,426.85	(44,213,970.23)	255,811,456.62
Other operating income	7,603,382.63	5,006,322.72	12,609,705.35

There was no income from any other countries for the period from 1 January 2021 to 30 September 2021 and the year of 2020. All non-current assets are located in China. The Company has no such customer that is not a related party but whose net income accounts for 10% or above of the Company's net income for 2021 and 2020.

X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

(1) The relationships between the Company and the related parties

Name of related parties	Relationship with the Company
SAIC Finance Co., Ltd. ("SAICFC")	Investor
SAIC General Motors Co., Ltd. ("SGM")	Investor
General Motors Financial Company Inc.	Investor
SAIC Motor Corporation Limited ("SAIC")	Indirect controlling shareholder
SAIC GM Wuling Co., Ltd. ("SGMW")	Subsidiary of indirect controlling shareholder
SAIC General Motors Sales Co., Ltd. ("SGMS")	Subsidiary of investor
SAIC Activity Center Co., Ltd. ("SAICAC")	Subsidiary of indirect controlling shareholder
Shanghai Automotive Industry Real Estate Co., Ltd.	Subsidiary of indirect controlling shareholder
SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd.	Subsidiary of investor
SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	Subsidiary of investor
Shanghai Yingke Information Technology Co., Ltd	Subsidiary of indirect controlling shareholder
Shanghai Automobile Industry Sales Co., Ltd	Subsidiary of indirect controlling shareholder
Global Car Rental Co., Ltd. and its subsidiaries	Subsidiary of indirect controlling shareholder

The Company's related parties also include auto dealers under SAIC Motor Corporation Limited ("SAIC").

X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current period are as follows:

(a) Interest income and investment income

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Interest income of deposits with financial institutions		
SAICFC	1,215,737.51	779,178.08

The interest rate is 1.62% in 2021 (2020: 1.62%).

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Interest gain of loans and advances to customers		
Subsidiaries of SAIC		
- Wholesale	499,543,406.29	706,710,662.77
- Retail	2,229,939,247.19	2,770,191,939.72
Global Car Rental Co., Ltd. and its subsidiaries	27,874,018.37	24,541,363.74
Total	2,757,356,671.85	3,501,443,966.23

Interest for wholesale auto loans during the interest free period was mainly paid by SGMS and SGMW to the Company. Besides, SGMS and SGMW also made up part of interest payment while issuing discounted-interest loans for sales promotion, with interest calculated based on respective fund occupied days and contractual interest rate of retail auto loans.

(b) Interest expenses

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Interest expense of deposits from shareholders		
SGM	70,433,333.33	44,100,000.00

The interest is calculated according to the length of time for which deposits are used and market rate of time deposits.

X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current period are as follows: - continued

(c) Fee and commission income

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Loan fee income		
SGMS	28,603,003.73	30,924,609.33
SGMW	45,071.68	257,260.38
SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd	21,509.49	5,905.63
Total	28,669,584.90	31,187,775.34

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Service fee income		
SGMS	1,728,085.31	3,914,565.00
Shanghai Yingke Information Technology Co., Ltd.	55,780,558.32	81,985,524.53
Total	57,508,643.63	85,900,089.53

(d) Operating lease

For the period from 1 January 2021 to 30 September 2021, the Company paid the rent to SAIC is RMB12,154,328.25 (For the period from 1 January 2020 to 30 September 2020: RMB11,810,790.00)

(e) Business and administrative expenses

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Salary		
General Motors Financial Company Inc.	8,613,542.87	4,356,979.45

X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current period are as follows: - continued

(e) Business and administrative expenses - continued

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Marketing expenses		
SAICAC	7,704,723.71	12,919,646.76

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Information technology service fees		
General Motors Financial Company Inc.	1,298,465.80	1,256,252.75

	For the nine months ended 30 September	
	2021	2020
	RMB	RMB
	(Unaudited)	(Unaudited)
Maintenance expenses		
Shanghai Automotive Industry Real Estate Co., Ltd	2,127,497.20	1,226,480.04

(f) Amounts due from / to related parties

Accounts	Related parties	30/09/2021	31/12/2020
		RMB	RMB
		(unaudited)	
Deposits with financial institutions	SAICFC	54,576,792.84	110,308,034.45

X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows: - continued

(f) Amounts due from / to related parties - continued

Accounts	Related parties	30/09/2021 RMB (unaudited)	31/12/2020 RMB
Interest receivable	SGMS	94,781,310.26	110,128,031.52
	SGMW	87,296.63	380,158.53
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	95,656.03	32,033.38
	Global Car Rental Co., Ltd. and its subsidiaries	1,956,035.18	2,719,636.00

Accounts	Related parties	30/09/2021 RMB (unaudited)	31/12/2020 RMB
Loans and advances to customers	SAIC's auto dealers	155,614,652.45	241,424,653.12
	Global Car Rental Co., Ltd. and its subsidiaries	527,712,221.55	657,090,999.04

Accounts	Related parties	30/09/2021 RMB (unaudited)	31/12/2020 RMB
Other receivables	SGMS	1,373,778,853.95	1,419,341,604.02
	SGMW	432,876,534.51	440,308,952.59
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles	6,480.00	5,300.00
	Shanghai Yingke Information Technology Co., Ltd.	18,839,418.69	45,819,540.00

Accounts	Related parties	30/09/2021 RMB (unaudited)	31/12/2020 RMB
Customer deposits	SGM	6,850,278,333.33	2,805,553,333.33

X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows: - continued

(f) Amounts due from / to related parties - continued

Accounts	Related parties	30/09/2021 RMB (unaudited)	31/12/2020 RMB
Other payables	SGMS	11,711,802,451.56	16,591,662,584.08
	Shanghai Automobile Industry Sales Co., Ltd.	-	1,945,123.98
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	5,751,930.00	35,364,334.00
	General Motors Financial Company Inc.	3,536,193.30	780,901.23

(g) Compensation of key management personnel

	For the nine months ended 30 September	
	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Compensation of key management personnel	11,364,424.66	5,967,060.48

XI. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Method of determining fair value

In determining the fair value of financial instruments, for those traded in an active market, the Company will determine their fair value on the basis of market price or market interest rate. For those without market price or market interest rate, the Company adopts present value or other valuation technique to determine the fair value of financial assets and financial liabilities. Regardless whether using present value or other valuation techniques, the balance sheet date and the market situation of financial assets and financial liabilities are considered.

Fair value information of various types of financial assets and financial liabilities

The financial assets and financial liabilities of the Company include balances with the central bank, deposits with financial institutions, loans and advances to customers, deposits from shareholders, takings from financial institutions and bonds payable etc. The carrying amount of the Company's major financial assets and financial liabilities approximate their fair values due to the short term or floating interest rate etc.

XII. SUBSEQUENT EVENTS

As at the report date, the Company made capital contribution by transferring unappropriated profits of RMB2,000,000,000.00 to paid-in capital and accordingly the registered capital of the Company thereafter increased to RMB8,500,000,000.00. The actual contribution of the above increased paid-in capital has been verified by certified public accountants firm.

XIII. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Company's management on 17 February 2022.

* * *END OF FINANCIAL STATEMENTS* * *

<u>SAIC-GMAC AUTOMOTIVE</u>
<u>FINANCE COMPANY LIMITED</u>

Financial Statements and Auditors' Report
For the year ended 31 December 2020
[Translation]

SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED

FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS	PAGE (S)

AUDITORS' REPORT

De Shi Bao (Shen) Zi (21) No P00187
(Page 1 of 3)

TO THE BOARD OF DIRECTORS OF
SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED:

1. Opinion

We have audited the financial statements of SAIC-GMAC Automotive Finance Company Limited (the "Company"), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2020, and the consolidated results of its operations and cash flows for the year then ended in accordance with *Accounting Standards for Business Enterprises*.

2. Basis for Opinion

We conducted our audit in accordance with *China Standards on Auditing*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the *Code of Professional 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 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 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. **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives 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 auditors' 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 *China Standards on Auditing* 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 *China Standards on Auditing*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(l) 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 the internal control.

(3) Evaluate the appropriateness of accounting policies used and the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

4. Auditors' Responsibilities for the Audit of the Financial Statements - continued

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

Deloitte Touche Tohmatsu CPA LLP

Shanghai, China

Chinese Certified Public Accountant:

Shi, Sabrina Man

Chinese Certified Public Accountant:

Gong, Gordon Mingliang

26 February 2021

The auditors ' report and the accompanying financial statements are English translations of the Chinese auditors ' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2020 UNIT: RMB

	Note VIII	31/12/2020	31/12/2019
ASSETS			
Balances with the central bank	1	470,357,321.09	461,867,877.45
Deposits with financial institutions	2	13,392,548,234.69	4,821,531,617.49
Loans and advances to customers	3	124,877,803,437.89	110,046,475,665.71
Fixed assets	4	13,774,445.37	12,237,365.22
Intangible assets	5	35,875,030.27	28,165,227.22
Deferred tax assets	6	1,806,989,799.01	1,705,577,454.81
Other assets	7	3,782,134,450.17	4,669,462,741.68
TOTAL ASSETS		144,379,482,718.49	121,745,317,949.58
LIABILITIES			
Customer deposits	8	2,805,553,333.33	2,805,390,000.00
Takings from financial institutions	9	68,800,860,861.47	49,578,800,249.65
Dealer security deposits	10	5,047,967,077.39	4,979,621,976.94
Employee benefits payable	11	66,283,548.59	50,791,630.69
Taxes payable	12	815,192,713.27	577,875,248.29
Bonds payable	13	23,987,525,913.17	26,829,933,126.34
Other liabilities	14	23,462,160,102.03	18,841,524,343.44
TOTAL LIABILITIES		124,985,543,549.25	103,663,936,575.35
OWNERS' EQUITY			
Paid-in capital	15	6,500,000,000.00	6,500,000,000.00
Surplus reserve	16	1,190,161,782.49	875,000,000.00
General risk reserve	17	1,823,905,218.28	1,810,945,869.92
Unappropriated profits	18	9,879,872,168.47	8,895,435,504.31
Total equity attributable to owners of the Company		19,393,939,169.24	18,081,381,374.23
Minority interests		-	-
TOTAL OWNERS' EQUITY		19,393,939,169.24	18,081,381,374.23
TOTAL LIABILITIES AND OWNERS' EQUITY		144,379,482,718.49	121,745,317,949.58

The accompanying notes are part of the financial statements.

The financial statements on pages 4 to 64 were signed by the followings:

Legal Representative

Chief Accountant

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020 UNIT: RMB

	Note VIII	2020	2019
I. Operating income		7,171,821,887.37	7,089,260,269.26
Net interest income	19	6,086,992,660.71	6,132,419,217.43
Interest income	19	9,019,007,171.20	9,074,486,724.66
Interest expense	19	2,932,014,510.49	2,942,067,507.23
Net fee and commission income	20	739,217,461.88	931,338,057.22
Fee and commission income	20	792,398,697.04	981,531,709.76
Fee and commission expenses	20	53,181,235.16	50,193,652.54
Realised gains on investments		329,236,056.40	-
Gains on derecognition of financial assets measured at amortised cost		329,236,056.40	-
Exchange gains/(losses)		54,508.56	(76,617.33)
Gains from disposal of assets		80,735.85	144,952.83
Other gain		1,083,182.18	529,933.87
Other operating income		15,157,281.79	24,904,725.24
II. Operating expenses		2,754,651,707.71	2,962,199,429.05
Taxes and levies	21	65,274,034.77	57,274,686.81
Business and administrative expenses	22	2,229,840,853.61	2,294,902,518.82
Impairment losses under Expected Credit loss Model, Net of Reversal	23	459,536,819.33	610,022,223.42
III. Operating profit		4,417,170,179.66	4,127,060,840.21
Add: Non-operating income	24	621,832.77	76,323,525.97
Less: Non-operating expenses		746.17	-
IV. Total profit		4,417,791,266.26	4,203,384,366.18
Less: Income tax expenses	25	1,105,233,471.25	1,051,766,541.28
V. Net profit		3,312,557,795.01	3,151,617,824.90
(I) Categorized by the nature of continuing operation			
1. Net profit from continuing operations		3,312,557,795.01	3,151,617,824.90
2. Net profit from discontinued operations		-	-
II) Categorized by ownership:			
1. Net profit attributable to owners of the Company		3,312,557,795.01	3,151,617,824.90
2. Profit or loss attributable to minority interests		-	-
VI. Other comprehensive income, net of tax		-	-
VII. Total comprehensive income		3,312,557,795.01	3,151,617,824.90
Total comprehensive income attributable to owners of the Company		3,312,557,795.01	3,151,617,824.90
Total comprehensive income attributable to minority interests		-	-

The accompanying notes are part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

UNIT: RMB

	Note VIII	2020	2019
Cash Flow from Operating Activities			
Net decrease in balances with the central bank		-	373,771,403.00
Cash receipts from interest, fee and commission		10,499,832,570.19	9,773,200,403.01
Cash receipts from takings from financial institutions		118,906,353,780.09	115,794,973,889.29
Net increase in receipts from dealer security deposits		68,408,203.15	-
Cash receipts from written-off loans		59,616,517.81	39,865,243.91
Other cash receipts relating to operating activities		22,977,655,399.08	29,577,138,320.37
Sub-total of cash inflows from operating activities		152,511,866,470.32	155,558,949,259.58
Net increase in balances with the central bank		8,443,917.30	-
Cash repayments of takings from financial institutions		99,906,353,780.09	118,164,973,889.29
Cash repayments of deposits from shareholders		-	4,000,000,000.00
Net increase in loans and advances to customers		10,570,005,705.57	21,117,931,591.62
Net decrease in receipts from dealer security deposits		-	270,622,538.89
Cash payments for interest, fee and commission		1,800,539,805.22	2,126,661,203.25
Cash payments to and on behalf of employees		398,411,270.37	446,741,547.64
Payments of various types of taxes		1,531,320,892.07	1,647,377,273.07
Other cash payments relating to operating activities		24,907,639,487.63	25,811,414,941.56
Sub-total of cash outflows from operating activities		139,122,714,858.25	173,585,722,985.32
Net Cash Flow from Operating Activities		13,389,151,612.07	(18,026,773,725.74)
Cash Flow from Investing Activities			
Cash receipts from Realised gains on investment		715,489,464.99	246,737,265.87
Cash receipts from disposals and recovery of investments		842,952,256.35	214,698,147.34
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		80,735.85	144,952.83
Sub-total of cash inflows from investing activities		1,558,522,457.19	461,580,366.04
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		19,546,040.14	34,558,393.63
Cash payments to acquire investment		590,000,000.00	300,000,000.00
Sub-total of cash outflows from investing activities		609,546,040.14	334,558,393.63
Net Cash Flow from Investing Activities		948,976,417.05	127,021,972.41
Cash Flows from Financing Activities			
Cash receipts from issue of bonds		16,607,063,586.41	22,563,660,876.87
Sub-total of cash inflows from financing activities		16,607,063,586.41	22,563,660,876.87
Cash payments for distribution of dividends or profits or settlement of interest expenses		3,041,864,571.59	1,970,555,600.83
Cash repayments of bonds		19,335,218,000.00	12,200,219,000.00
Sub-total of cash outflows from financing activities		22,377,082,571.59	14,170,774,600.83
Net Cash Flow from Financing Activities		(5,770,018,985.18)	8,392,886,276.04
Net (Decrease)/Increase in Cash and Cash Equivalents		8,568,109,043.94	(9,506,865,477.29)
Add: Cash and Cash Equivalents as at 31 December 2019	26	4,819,372,688.25	14,326,238,165.54
Closing Balance of Cash and Cash Equivalents	26	13,387,481,732.19	4,819,372,688.25

The accompanying notes are part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020 UNIT: RMB

	2020				
	Paid-in capital	Surplus reserve	General risk reserve	Unappropriated profits	Total owners' equity
I. Balance at 31 December 2019	6,500,000,000.00	875,000,000.00	1,810,945,869.92	8,895,435,504.31	18,081,381,374.23
Add: Changes in accounting policies (Note VI)	-	-	-	-	-
II. Balance at 1 January 2020	6,500,000,000.00	875,000,000.00	1,810,945,869.92	8,895,435,504.31	18,081,381,374.23
III. Changes for the year	-	315,161,782.49	12,959,348.36	984,436,664.16	1,312,557,795.01
(I) Total comprehensive income	-	-	-	3,312,557,795.01	3,312,557,795.01
(II) Owners' contributions and reduction in capital	-	-	-	-	-
(III) Profit distribution	-	315,161,782.49	12,959,348.36	(2,328,121,130.85)	(2,000,000,000.00)
1. Transfer to surplus reserve	-	315,161,782.49	-	(315,161,782.49)	-
2. Transfer to general risk reserve	-	-	12,959,348.36	(12,959,348.36)	-
3. Distribution to owners	-	-	-	(2,000,000,000.00)	(2,000,000,000.00)
(IV) Transfers within owners' equity	-	-	-	-	-
1. Capitalization of surplus reserve	-	-	-	-	-
2. Capitalization of unappropriated profits	-	-	-	-	-
IV. Balance at 31 December 2020	6,500,000,000.00	1,190,161,782.49	1,823,905,218.28	9,879,872,168.47	19,393,939,169.24

(continued)

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY - continued
FOR THE YEAR ENDED 31 DECEMBER 2020 UNIT: RMB

	2019				
	Paid-in capital	Surplus reserve	General risk reserve	Unappropriated profits	Total owners' equity
I. Balance at 31 December 2018	3,500,000,000.00	1,412,379,293.55	1,599,781,009.99	9,482,229,920.11	15,994,390,223.65
Add: Changes in accounting policies	-	-	-	(64,626,674.32)	(64,626,674.32)
II. Balance at 1 January 2019	3,500,000,000.00	1,412,379,293.55	1,599,781,009.99	9,417,603,245.79	15,929,763,549.33
III. Changes for the year	3,000,000,000.00	(537,379,293.55)	211,164,859.93	(522,167,741.48)	2,151,617,824.90
(I) Total comprehensive income	-	-	3,151,617,824.90	3,151,617,824.90	
(II) Owners' contributions and reduction in capital	-	-	-	-	-
(III) Profit distribution	-	292,430,240.27	211,164,859.93	(1,503,595,100.20)	(1,000,000,000.00)
1. Transfer to surplus reserve	-	292,430,240.27	-	(292,430,240.27)	-
2. Transfer to general risk reserve	-	-	211,164,859.93	(211,164,859.93)	-
3. Distribution to owners	-	-	-	(1,000,000,000.00)	(1,000,000,000.00)
(IV) Transfers within owners' equity	3,000,000,000.00	(829,809,533.82)	-	(2,170,190,466.18)	-
1. Capitalization of surplus reserve	829,809,533.82	(829,809,533.82)	-	-	-
2. Capitalization of unappropriated profits	2,170,190,466.18	-	-	(2,170,190,466.18)	-
IV. Balance at 31 December 2019	6,500,000,000.00	875,000,000.00	1,810,945,869.92	8,895,435,504.31	18,081,381,374.23

The accompanying notes are part of the financial statements.

I. GENERAL

SAIC-GMAC Automotive Finance Company Limited (the "Company"), established on 11 August 2004 in Shanghai, PRC, is a sino-foreign joint venture jointly established by Ally Financial Inc. (formerly known as GMAC LLC) and SAIC Finance Co., Ltd., with no fixed operating period. The registered capital of the Company was RMB 500,000,000.00.

On 8 May 2007 and 1 November 2007, Ally Financial Inc., SAIC General Motors Co., Ltd. and SAIC Finance Co., Ltd. made two capital contributions to the Company, totaling RMB 1,000,000,000.00. The registered capital of the Company has been increased to RMB 1,500,000,000.00.

On 2 January 2015, GMAC UK PLC and General Motors Financial Company Inc. respectively received 35% and 5% equity of the Company from Ally Financial Inc. General Motors Financial Company Inc. transferred the 5% equity of the Company to SAIC Finance Co., Ltd.

On 4 February 2016 and 24 June 2016, GMAC UK PLC, SAIC General Motors co., Ltd. and SAIC Finance Co., Ltd. made two capital contributions to the Company, totaling RMB 2,000,000,000.00. The registered capital of the Company accumulated to RMB 3,500,000,000.00.

On 30 September 2017, General Motors Financial Company Inc. received the 35% equity of the Company from GMAC UK PLC.

On 14 October 2019, the Company made capital contribution by transferring RMB 829,809,533.82 of surplus reserve and RMB 2,170,190,466.18 of unappropriated profits, totaling RMB 3,000,000,000.00 to paid-in capital and accordingly the registered capital of the Company thereafter has been increased to RMB 6,500,000,000.00. Details of capital contributions from investors are set out in Note VIII, 15.

The registered office of the Company is Building F, No. 160, Fortune Plaza, PuMing Road, China (Shanghai) Pilot Free Trade Zone. The business scope of the Company is: I. to accept fixed term deposits for over 3 (inclusive) months of wholly-owned subsidiaries in China of foreign shareholders and their groups as well as the domestic shareholders; II. to accept the dealers' security deposits for auto loan and leasers' security deposits for auto lease; III. to issue financial bonds upon approval; IV. to engage in inter-bank borrowings; V. to borrow from financial institutions; VI. to provide auto loans; VII. to provide auto loans and operating equipment loans for dealers (including loans for exhibition hall construction, spare and accessory parts and maintenance equipment, etc.); VIII. to provide auto financing leases (excluding leaseback business); IX. to sell or buy back auto loan receivables and auto financing lease receivables to financial institutions; X. to sell off and process residual value of leased automobiles; XI. to provide consulting and agency business related to auto purchase financing; and XII. to engage in equity investment in financial institutions related to auto finance through approval. (The items which shall be approved by law shall be operated after approval of relevant departments)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company has adopted the *Accounting Standards for Business Enterprises* ("ASBE") and relative regulations issued by the Ministry of Finance ("MoF"). The Company started adopting the *Accounting Standards for Business Enterprises No.14 - Revenue* (the "New Revenue Standards") as revised by the Ministry of Finance in 2017 since 1 January 2020. For the changes in relevant accounting policies, see Note VI.

The financial statements have been prepared on a going concern basis.

III. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company have been prepared in accordance with *Accounting Standards for Business Enterprises* ("ASBE"), and present truly and completely the Company's consolidated financial position as of 31 December 2020, and the consolidated results of operations and cash flows for the year ended.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates are determined in accordance with the ASBE.

1. Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from I January to 31 December.

2. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses RMB as its functional currency. The Company adopts RMB to prepare its financial statements.

3. Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Apart from certain financial instruments measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

3. Basis of accounting and principle of measurement - continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date. Regardless of whether that price is directly observable or estimated using valuation technique, fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

Fair value measurements are categorized into Level l, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than inputs within Level l that are observable for the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

4. Preparation 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, exposures 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. If changes of related facts and situations lead to changes of related elements of control, the Company will conduct reassessment.

The Company originated a special purpose trust (structured entity) for specific business purposes. The Company accesses the nature of the relationship with the special purpose trust and the related risks and rewards to determine whether the Company has the control over the special purpose trust. The Company considers all relevant facts and circumstances in assessing whether or not it has the control over the trust. Once the changes of relevant facts and circumstances result in changes to elements of control, the Company will make reassessment. The relevant facts and circumstances include (l) the purpose to originate the special purpose trust; (2) The relevant activities of the special purpose trust and how decisions on those activities are made; (3) whether the Company's rights enable it to direct relevant activities of the special purpose trust; (4) whether the Company is exposed or, has the rights to, variable returns from its involvement with the special purpose trust; (5) whether the Company has the ability to use its power to affect its return; and (6) relationships with other parties. If the results of assessing relevant factors show that the Company controls the special purpose trust, the Company will consolidate the special purpose trust.

The Company's consolidated financial statements do not differ from its financial statements significantly.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. Cash and Cash equivalents

Cash comprises deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

For all regular way purchases or sales of financial assets, the Company will recognize the assets to be received altogether the liabilities therefrom, or derecognize the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. When the Company initially recognizes the accounts receivable excluding significant financing component or does not consider the financing component in the contract within one year in accordance with the Revenue Standards, the accounts receivable are initially measured at the transaction price defined in the Revenue Standards.

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 expense over each accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or the amortized cost of financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance.

6.1 Classification and measurement of financial assets

Subsequent to initial recognition, the Company's financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.1 Classification and measurement of financial assets - continued

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. These financial assets mainly consist of balances with the central bank, deposits with financial institutions, loans and advances to customers, and other receivables.

Financial assets that meet the following conditions are classified as at fair value through other comprehensive income ("FVTOCI"): the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss consist of those classified as financial assets at fair value through profit or loss and those designated as financial assets at fair value through profit or loss:

- The financial assets are classified as financial assets at fair value through profit or loss if they do not satisfy the condition to be classified as financial assets at amortized cost or financial assets at fair value through other comprehensive income;
- The Company may designate irrevocably the financial assets as those at fair value through profit or loss upon initial recognition in order to eliminate or decrease accounting mismatch significantly.

6.1.1 Classified as financial statements at amortized cost

The financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss. Interest income from financial assets at amortized cost is recognized based on the effective interest method.

6.1.2 Classified as financial assets at fair value through other comprehensive income

Relevant loss or gain on impairment of financial assets at fair value through profit or loss, interest income based on effective interest rate and exchange gain or loss are recognized in profit or loss. Except for the above circumstances, changes in fair value of such financial assets are all recognized in other comprehensive income. Such financial assets' changes that are recognized in profit or loss in each period equal to their changes that are recognized in profit or loss in each period as they are measured at amortized cost from acquisition date. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.1 Classification and measurement of financial assets - continued

6.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

6.2 Impairment of financial assets

The impairment of financial assets at amortized cost and at fair value through other comprehensive income is accounted for and loss allowance is recognized on the basis of expected credit loss ("ECL").

Except for the purchased or originated credit-impaired financial assets, the Company assesses, at each balance sheet date, the changes in the credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Company measures the loss allowance at the full lifetime ECL of the financial instruments; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company recognizes the loss allowance based on the 12-month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss or gain on impairment, except for the financial assets classified as at fair value through other comprehensive income. The Company recognizes credit loss allowance for financial assets at fair value through other comprehensive income in other comprehensive income and recognizes loss or gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Company measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Company measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

6.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.2 Impairment of financial assets - continued

6.2.1 Significant increase in credit risk - continued

(1) Significant changes in internal price indicators as a result of a change in credit risk;
(2) Other changes in the interest rate or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage);
(3) Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life. Changes in market indicators of credit risk include, but are not limited to: (i) the credit spread; (ii) the credit default swap prices for the borrower; (iii) the length of time and the extent to which the fair value of a financial asset has been less than its amortized cost; and (iv) other market information related to the borrower, such as changes in the price of a borrower’s debt and equity instruments;
(4) An actual or expected significant change in the financial instrument’s external credit rating;
(5) An actual or expected internal credit rating downgrade for the borrower;
(6) Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower’s ability to meet its debt obligations;
(7) An actual or expected significant change in the operating results of the borrower;
(8) Significant increases in credit risk on other financial instruments of the same borrower;
(9) An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
(10) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower’s economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
(11) Significant changes that are expected to reduce the borrower’s economic incentive to make scheduled contractual payments;
(12) Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
(13) Significant changes in the expected performance and behavior of the borrower;
(14) Changes in the Company’s credit management approach in relation to the financial instrument.

No matter the credit risk is increased significantly or not after above assessment, it indicates a significant increase in credit risk of the financial instrument if the 30 (inclusive) days has lapsed after payment for financial instrument contract is overdue.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the balance sheet date. The financial instrument is considered to have lower credit risk if the financial instrument has lower default risk, the borrower has strong ability to perform its contract cash flow obligations for a short term, and the adverse change in the economic situation and operating environment over a long period of time, if any, may not necessarily reduce the borrower's performance of its contractual cash obligations.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.2 Impairment of financial assets - continued

6.2.2 Credit-impaired financial asset

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 observable data about the following events:

(1) significant financial difficulty of the issuer or the borrower;
(2) a breach of contract, such as a default or past due event;
(3) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(4) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(5) the disappearance of an active market for that financial asset because of financial difficulties;
(6) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

No matter the credit risk is increased significantly or not after assessment, the Company presumes that a default has occurred to the financial instrument if 60 (inclusive) days has lapsed after payment for financial instrument contract is overdue.

6.2.3 Recognition of expected credit loss

The Company recognizes the credit loss on accounts receivable with impairment matrix on a collective basis. The Company classifies financial instruments into different groups based on shared risk characteristics. Shared credit risk characteristics include type of financial instruments, credit risk rating, type of collateral, the date of initial recognition, remaining contractual maturity, the industry of borrower, the location of the borrower, and the value of the collateral relative to the financial asset etc.

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance sheet date, credit loss is the difference between the book value of the financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Company's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.2 Impairment of financial assets - continued

6.2.4 Write-off of financial assets

The Company shall directly reduce the gross book value of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

6.3 Transfer of financial assets

The Company derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; or (3) although the financial asset has been transferred, the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer of the financial asset and amount derecognized in any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognized on the date of derecognition; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Company continues to recognize the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a liability upon receipt.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.4 Classification and measurement of financial liabilities

Financial instruments issued by the Company are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature but not only its legal form, together with the definition of financial liability and equity instruments.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Company mainly consist of other financial liabilities.

6.5 Other financial liabilities

The financial liabilities other than the financial assets that don't meet the derecognition criteria or the financial liabilities arisen from the continuing involvement in the transferred financial assets are classified as the financial liabilities measured at amortized cost, which are subsequently measured at amortized cost and the gain or loss on derecognition or amortization is recognized in profit or loss. The other financial liabilities of the Company include customer deposits, takings from financial institutions, dealer security deposits, bonds payable and other payables.

6.6 Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

6.7 Offsetting financial assets and financial liabilities

Where the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Company and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life	Estimated net residual value rate	Annual depreciation rate
Electronic equipment, instrument and furniture	5-8 years	0%	12.5%-20%

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset 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 Company reviews the useful life and estimated net residual value of a fixed asset 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.

8. Intangible assets

Intangible assets represent software use rights and self-developed system.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a finite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

10. Impairment of non-financial assets other than goodwill

The Company reviews the fixed assets and intangible assets with a finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Once the impairment loss of above assets is recognized, it is not reversed in any subsequent period.

11. Employee benefits

The short-term benefits incurred during the accounting period in which the employee rendered services are recognized as liabilities by the Company and either included in profit or loss or charged to costs of related assets. The Company's staff welfare is recorded at the amount actually incurred and either included in profit or loss or charged to costs of related assets. Non-monetary staff welfare is measured at fair value.

The Company participates in social security schemes and pays for employees the medical insurance, work injury insurance, maternity insurance etc., and also makes appropriation to union running cost and employee education fund according to relevant provisions. During the accounting period in which the employee has rendered services, the Company determines the amount of employee benefits according to specified basis and proportion of appropriation and recognizes corresponding liabilities which are either included in profit or loss or charged to costs of related assets.

During the accounting period in which the employee has rendered services, the Company recognizes the amount due to defined contribution plan as liabilities which are either included in profit or loss or charged to costs of relevant assets.

Where the Company provides termination benefits to employee, the liabilities arising from employee benefits are recognized and included in profit or loss at the earlier of: (l) when the termination benefits are provided because the Company cannot unilaterally withdraw from the termination plan or the redundancy offer; (2) when the Company recognizes the costs or expenses relating to restructure involving payment for termination benefits.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. General risk reserve

Pursuant to the "Circular on Printing and Distributing the Administrative Measures for Financial Enterprises' Appropriation of Reserves" (Cai Jin [2012] No.20) issued by MoF, at each year end, the financial institutions should make appropriations from net profit to general risk reserve as the part of owners' equity. The proportion of such appropriation is based on balance of assets subject to risk and loss, which specifically include loans and advances to customers, other receivables, etc.

Pursuant to the "Administrative Measures for Financial Enterprises' Appropriation of Reserves" (Cai Jin [2012] No.20) issued by MoF, the balance of general risk reserve should not be less than 1.5% of the closing balance of the Company's risk assets. Such general risk reserve is considered as profit distribution for the period and separately presented in the owners' equity.

13. Interest income and expense

Interest income and expense are calculated based on the amortized costs of relevant financial assets and financial liabilities using effective interest rate method and included in profit or loss for the period. Where there is minor difference between the effective interest rate and the contractual interest rate, the calculation can also be done using the contractual interest rate.

14. Revenue recognition

When a performance obligation in a contract is satisfied, i.e., when the customer obtains control of relevant goods or services, the Company recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. A performance obligation is the Company's promise to transfer to a customer a good or service that is distinct, in a contract with the customer. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts that the Company expects to refund to the customer.

Revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the economic benefits provided as the Company performs;
- the Company’s performance creates or enhances an asset that the customer controls as the Company performs; or
- the Company’s performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Revenue recognition - continued

Contract assets refer to the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are assessed for impairment according to the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments". In contrast, receivables represent the Bank's unconditional right to consideration, that is, only the passage of time is required before the consideration is paid.

Contract liabilities refer to the Company's obligation to transfer goods or services to a customer for which the Company has received consideration or the amount is due from the customer. Contract assets and contract liabilities under the same contract will be presented at their net amount.

If the contract includes two or more performance obligations, at contract inception, the Company allocates the transaction price to each performance obligation on a basis of relative stand-alone selling price, at which an entity would sell a promised good or service separately to a customer. When an entity has observable evidence that the contract discount or the variable consideration relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate the contract discount or the variable consideration to one or more, but not all, performance obligations in the contract. The stand-alone selling price is the price at which the Company would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Company shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

For contracts that contain variable consideration, the Company estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At each balance sheet date, the Company updates the estimated transaction price.

The Company assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Company is a principal or an agent. If the Company controls the specified good or service before that good or service is transferred to a customer, the Company is a principal and recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Company is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled. The amount of fee or commission is determined according to the established commission amount or proportion.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Government grants

Government grants are monetary assets and non-monetary assets from the government to the Company at no consideration. A government grant is recognized only when the Company can comply with the conditions attaching to the grant and the Company will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

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 over the periods in which the related costs 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 for the period.

Government grants relating to the Company's normal operations are included in other income according to the economic substance.

Government grants not relating to the Company's normal operations are included in non-operating income or expenses.

16. Income tax

The income tax expenses include current income tax and deferred income tax.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Income tax - continued

16.1 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 laws.

16.2 Deferred tax assets and deferred tax liabilities

For differences between the carrying amounts of certain assets or liabilities and their tax base, or temporary differences 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.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

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.

Current and deferred tax expenses or incomes are recognized in profit or loss for the period.

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.

16.3 Income tax offsetting

When the Company 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated by applying the spot exchange rate at the dates of the transactions.

At the balance sheet date, foreign currency monetary items are translated to RMB using the spot exchange rate at that date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date when the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

18. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

The Company as lessee under operating leases

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 rents are charged to profit or loss in the period in which they are actually incurred.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of accounting policies as set out in Note IV, the Company is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Company's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effects of changes in accounting estimates are recognized in the period of change if the changes affect the current period only, or in the period of change and future periods if the changes affect both current and future periods.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

1. Critical judgments in applying accounting policies

The followings are the critical judgments that the Company has made in the process of applying the accounting policies and that have the significant impact on the amounts recognized in financial statements:

1.1 Accounting treatment for special-purpose trust

The Company, as the initiating institution, set up a special purpose trust and transferred a part of its retail auto pledged loan portfolio to it as a vehicle for issuing asset-backed securities ("Assets securitization transaction"). Details are set out in Note IX.

When making judgements on whether the special-purpose trust should be included in the consolidated financial statement, the management of the Company assesses the nature of the relationship with the special purpose trust and the related risks and rewards so as to determine whether the Company has the control over the special purpose trust. During the assessment, the Company determines whether it has control over the trust by comprehensively considering all relevant facts and circumstances. Once the changes of relevant facts and circumstances result in changes to elements of control, the Company will make reassessment. The relevant facts and circumstances mainly include (1) the purpose to originate the special purpose trust; (2) The relevant activities of the special purpose trust and how decisions on those activities are made; (3) whether the Company's rights enable it to direct relevant activities of the special purpose trust; (4) whether the Company is exposed or, has the rights to, variable returns from its involvement with the special purpose trust; (5) whether the Company has the ability to use its power to affect its return; and (6) relationships with other parties. The Company assessed the facts and circumstances relating to the transfer of trust assets incurred in 2019 and 2020. The result of the assessment shows that the Company has control over the relevant special-purpose trust, and therefore, the Company consolidated the special-purpose trust, including "The Second Phase of 2019 Rongteng Individual Auto Loan Securitization Trust", "The Third Phase of 2019 Rongteng Individual Auto Loan Securitization Trust", "The First Phase of 2020 Rongteng Individual Auto Loan Securitization Trust" , "The Second Phase of 2020 Rongteng Individual Auto Loan Securitization Trust "and "The Third Phase of 2020 Rongteng Individual Auto Loan Securitization Trust".

In addition, when the Company determines whether to derecognize credit assets transferred to the special purpose trust, the Company considers the requirements of "*Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets*" regarding transfer and recognition of financial assets as well as the transfer and recognition of risk return and control.

For "The Third Phase of 2019 Rongteng Individual Auto Loan Securitization Trust" and "The Second Phase of 2020 Rongteng Individual Auto Loan Securitization Trust", the management of the Company believes the transaction approach and content totally satisfy the recognition criteria of financial assets transfer. The Company neither transfers nor retains substantially all the risks and rewards of ownership of related credit asset portfolio and the Company continues to hold certain control over those assets, namely the Company has retained the control over those assets. Hence, the Company continues to recognize assets and liabilities to the extent of its continuing involvement in the transferred financial asset.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

1. Critical judgments in applying accounting policies - continued

1.1 Accounting treatment for special-purpose trust - continued

For "The Second Phase of 2019 Rongteng Individual Auto Loan Securitization Trust", "The First Phase of 2020 Rongteng Individual Auto Loan Securitization Trust" and "The Third Phase of 2020 Rongteng Individual Auto Loan Securitization Trust", the management of the Company believes the transaction approach and content totally satisfy the recognition criteria of financial assets transfer. However, the Company has retained substantially all the risks and rewards of ownership of related assets, hence the Company does not derecognize the transferred credit assets.

2. Key assumptions and uncertainties in accounting estimates

At the balance sheet date, the key assumptions and uncertainties in accounting estimates that are likely to cause significant adjustments to the carrying amounts of assets and liabilities in future period include:

2.1 Measurement of expected credit loss ("ECL")

Significant increase in credit risk: in the recognition of the provision for loss in the ECL model, 12-month ECL is adopted for assets of Phase I while lifetime ECL is adopted for assets of Phase II or Phase III. Assets enter into Phase II upon a significant increase of credit risk after initial recognition. The Company will take qualitative and quantitive reasonable and supportable forward-looking information in assessing whether credit risk of assets is increased significantly. For details, see Note XIII.

Use of model and assumption: The Company adopts different models and assumptions to assess the ECL of financial assets. The Company makes judgments to determine the most applicable model of each category of financial assets and assumptions used by these models, including assumptions related to key driven factors of credit risk. For the information of relevant ECL, see Note XIII.

Looking-forward information: In assessing ECL, the Company used reasonable and supportable looking-forward information which was based on assumptions of future situation of different economic driven factors and how they affect each other. For details, see Note XIII.

Default rate: Default rate is an important input of ECL. Default rate is an estimate on the possibility whether a default may occur in a certain period in the future and its calculation involves historical data, assumption and expectation of future situation. For details, see Note XIII.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

2. Key assumptions and uncertainties in accounting estimates - continued

2.1 Measurement of expected credit loss ("ECL") - continued

Loss given default: Loss given default is an estimate on the loss of default, which is based on the difference between the contractual cash flow and the cash flow expected to be received by the borrower and takes cash flow from collateral and overall credit enhancement into consideration. For details, see Note XIII.

2.2 Income tax

During the normal course of operation of the Company, the final tax treatment and calculation for part of the transactions are subject to certain uncertainties. Whether the part of the items can be expensed before tax is subject to the approval of government authority. If the approved final result of these tax events is different from the originally recorded amounts, the difference will affect the current income tax and deferred income tax for the period of final determination.

VI. CHANGES IN ACCOUNTING POLICIES

Revenue Standards

The Company has adopted the *Accounting Standards for Business Enterprises—Revenue* (the "New Revenue Standards") modified by the Ministry of Finance ("MoF") in 2017 since 1 January 2020. The New Revenue Standards have introduced the 5-step method for recognition and measurement of revenue and added more instructions on specific transactions (or events). See Note IV, 14 for the accounting policies for recognition and measurement of revenue in detail. The New Revenue Standards require the entity to adjust the retained earnings at the beginning of year (i.e. 1 January 2020) of the new standards for the cumulative affected figures and amounts of other relative items in the financial statements, and not to adjust information in comparable period.

The Company's management believes that the adoption of *Accounting Standards for Business Enterprises No. 14 - Revenue* will not have a significant impact on the consolidated financial position of the Company as at 31 December 2020, and the consolidated results of operations and cash flows for the year then ended.

VII. MAJOR TAXES

Enterprise income tax

The Company's income tax rate is 25%.

Value-added tax

The value-added tax (the "VAT") payable is balance output VAT after deducting the input VAT. Output VAT is 6% of sales calculated according to relevant provisions of tax laws.

Other taxes

The Company paid city maintenance and construction tax and educational surtax on a tax basis of 7% and 3% respectively, paid local educational surtax on a tax basis of 2%.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

1. BALANCES WITH THE CENTRAL BANK

	31/12/2020 RMB	31/12/2019 RMB
Statutory reserve deposited with central bank	470,124,647.52	461,680,730.22
Interest receivable	232,673.57	187,147.23
Total	470,357,321.09	461,867,877.45

Since July 2013, the Company was included in the scope of contribution of reserve against deposits with People's Bank of China. The current contribution proportion of the reserve is 6%, bearing interest at 1.62%.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

	31/12/2020 RMB	31/12/2019 RMB
Deposits with domestic financial institutions	13,387,481,732.19	4,819,372,688.25
Interest receivable	5,066,502.50	2,158,929.24
Total	13,392,548,234.69	4,821,531,617.49

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

3. LOANS AND ADVANCES TO CUSTOMERS

(1) Loans and advances categorized by retail and dealer are as follows:

	31/12/2020 RMB	31/12/2019 RMB
Retail loans and advances	94,363,577,031.13	82,101,334,835.37
Dealer loans and advances	34,228,474,731.71	31,621,035,525.25
Subtotal of principal	128,592,051,762.84	113,722,370,360.62
Interest receivable on retail loans and advances	201,090,999.06	158,512,122.53
Interest receivable on dealer loans and advances	139,392,545.50	142,772,809.31
Subtotal of interest receivable	340,483,544.56	301,284,931.84
Total	128,932,535,307.40	114,023,655,292.46
Less: Allowance for expected credit loss	4,054,731,869.51	3,977,179,626.75
- Stage 1 (12-month expected credit loss)	2,745,583,856.84	2,572,696,913.56
- Stage 2 (Lifetime expected credit loss)	869,010,165.50	978,468,608.96
- Stage 3 (Lifetime expected credit impaired)	440,137,847.17	426,014,104.23
Book value	124,877,803,437.89	110,046,475,665.71

(2) Loans and advances categorized by maturity and guarantee type are as follows:

	31/12/2020		
	Within 1 year (inclusive)	1 to 5 years (inclusive)	Total
Total principal of loans and advances	35,188,221,938.55	93,403,829,824.29	128,592,051,762.84

	31/12/2019		
	Within 1 year (inclusive)	1 to 5 years (inclusive)	Total
Total principal of loans and advances	33,922,617,048.49	79,799,753,312.13	113,722,370,360.62

Most of the Company's loans and advances are guaranteed by assets like automobiles.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

3. LOANS AND ADVANCES TO CUSTOMERS - continued

(3) Overdue loans are as follows:

	31/12/2020			
	Overdue 1 to 90 days (inclusive) RMB	Overdue 91 to 360 days RMB	Overdue 360 days to 3 years RMB	Total RMB
Loans and advances	1,627,315,896.24	297,754,885.76	-	1,925,070,782.00

	31/12/2019			
	Overdue 1 to 90 days (inclusive) RMB	Overdue 91 to 360 days RMB	Overdue 360 days to 3 years RMB	Total RMB
Loans and advances	1,795,030,860.39	265,955,904.89	-	2,060,986,765.28

Overdue loans represent the loans of which the principal or interest has become overdue by 1 day or above (including outstanding part).

(4) Loans and advances categorized by ways of assessment of expected credit loss is as follows:

	31/12/2020			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit impaired) RMB	Total RMB
Total principal of loans and advances	118,842,492,344.87	9,213,127,402.98	536,432,014.99	128,592,051,762.84
Less: Allowance for excepted credit loss	2,745,583,856.84	869,010,165.50	440,137,847.17	4,054,731,869.51
Net book value	116,096,908,488.03	8,344,117,237.48	96,294,167.82	124,537,319,893.33

	31/12/2019			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit impaired) RMB	Total RMB
Total principal of loans and advances	103,324,145,127.83	9,831,167,501.41	567,057,731.38	113,722,370,360.62
Less: Allowance for excepted credit loss	2,572,696,913.56	978,468,608.96	426,014,104.23	3,977,179,626.75
Net book value	100,751,448,214.27	8,852,698,892.45	141,043,627.15	109,745,190,733.87

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

3. LOANS AND ADVANCES TO CUSTOMERS - continued

(5) Movements in allowance for excepted credit loss are as follows:

	2020			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit impaired) RMB	Total RMB
Balance at 1 January	2,572,696,913.56	978,468,608.96	426,014,104.23	3,977,179,626.75
Transfer to:				
-Stage 1	31,965,147.91	(31,669,208.60)	(295,939.31)	-
-Stage 2	(19,290,713.23)	19,839,127.81	(548,414.58)	-
-Stage 3	-	(24,103,952.36)	24,103,952.36	-
Provided for the year	160,212,508.60	(73,524,410.31)	366,786,034.37	453,474,132.66
Write-offs	-	-	(435,538,407.71)	(435,538,407.71)
Recoveries of written-off loans and advances	-	-	59,616,517.81	59,616,517.81
Balance at 31 December	2,745,583,856.84	869,010,165.50	440,137,847.17	4,054,731,869.51

	2019			
	Stage 1 (12-month expected credit loss) RMB	Stage 2 (Lifetime expected credit loss) RMB	Stage 3 (Lifetime expected credit impaired) RMB	Total RMB
Balance at 1 January	2,683,491,573.64	621,842,934.89	111,657,725.68	3,416,992,234.21
Transfer to:				
-Stage 1	12,270,053.05	(12,164,058.74)	(105,994.31)	-
-Stage 2	(19,122,428.08)	19,307,801.99	(185,373.91)	-
-Stage 3	-	(13,570,402.70)	13,570,402.70	-
Provided for the year	(103,942,285.05)	363,052,333.52	377,566,867.85	636,676,916.32
Write-offs	-	-	(116,354,767.69)	(116,354,767.69)
Recoveries of written-off loans and advances	-	-	39,865,243.91	39,865,243.91
Balance at 31 December	2,572,696,913.56	978,468,608.96	426,014,104.23	3,977,179,626.75

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

4. FIXED ASSETS

	Electronic equipment, instrument & furniture RMB
Cost	
As at 31 December 2019	37,388,557.49
Additions	6,125,449.92
Disposals	347,900.60
As at 31 December 2020	43,166,106.81
Accumulated depreciation	
As at 31 December 2019	25,151,192.27
Provided for the year	4,588,369.77
Disposals	347,900.60
As at 31 December 2020	29,391,661.44
Net book value	
As at 31 December 2019	12,237,365.22
As at 31 December 2020	13,774,445.37

5. INTANGIBLE ASSETS

	Software license RMB
Cost	
As at 31 December 2019	128,188,961.96
Additions	13,420,590.22
As at 31 December 2020	141,609,552.18
Accumulated amortization	
As at 31 December 2019	100,023,734.74
Provided for the year	5,710,787.17
As at 31 December 2020	105,734,521.91
Net book value	
As at 31 December 2019	28,165,227.22
As at 31 December 2020	35,875,030.27

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

6. DEFERRED TAX ASSETS

(1) Deferred tax assets that are not offset

	Deductible temporary differences		Deferred tax assets	
	31/12/2020 RMB	31/12/2019 RMB	31/12/2020 RMB	31/12/2019 RMB
Interest received in advance	3,649,894,112.02	3,467,719,657.03	912,473,528.01	866,929,914.26
Allowance for excepted credit loss	2,219,471,720.33	2,381,458,502.80	554,867,930.08	595,364,625.70
Loans written off but not yet deducted	1,116,347,239.18	740,425,349.28	279,086,809.80	185,106,337.32
Allowance for excepted credit loss for other assets	161,061,482.23	154,998,795.56	40,265,370.56	38,749,698.89
Amortization of intangible assets	30,731,391.92	36,606,013.88	7,682,847.98	9,151,503.47
Employee long-term development incentive fund	44,473,858.59	41,101,500.69	11,118,464.65	10,275,375.17
Deferred payment of Executive's compensation	5,979,391.70	-	1,494,847.93	-
Net book value	7,227,959,195.97	6,822,309,819.24	1,806,989,799.01	1,705,577,454.81

According to the estimation of future operating results, the management believes that the Company is likely to obtain sufficient taxable income in the future periods to utilize the deductible temporary differences. Therefore, relevant deferred tax assets are recognized.

7. OTHER ASSETS

	31/12/2020 RMB	31/12/2019 RMB
Subsidies of interest receivable	1,846,731,641.58	1,960,882,771.20
Investment in asset-backed securities issued by the Company	1,042,774,117.81	1,570,667,384.56
Continuing involvement assets	781,445,563.95	1,034,956,545.56
Prepaid cost of issuance and underwriting of asset-backed securities	18,418,684.97	34,962,525.43
Other receivables	70,854,341.31	45,488,223.57
Deposits and prepayments	12,306,723.21	10,610,629.24
Prepaid expenses	9,603,377.34	11,894,662.12
Total	3,782,134,450.17	4,669,462,741.68

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

8. DEPOSITS FROM SHAREHOLDERS

	31/12/2020 RMB	31/12/2019 RMB
Deposits from domestic shareholders	2,800,000,000.00	2,800,000,000.00
Interest payable	5,553,333.33	5,390,000.00
Total	2,805,553,333.33	2,805,390,000.00

9. TAKINGS FROM FINANCIAL INSTITUTIONS

	31/12/2020 RMB	31/12/2019 RMB
Takings from domestic financial institutions	68,400,000,000.00	49,400,000,000.00
Interest payable	400,860,861.47	178,800,249.65
Total	68,800,860,861.47	49,578,800,249.65

10. DEALER SECURITY DEPOSITS

Dealer security deposits are deposits from borrowers, bearing interest at the mutually agreed interest rate based on the length of time of the fund occupying.

11. EMPLOYEE BENEFITS PAYABLE

	31/12/2019 RMB	Provision RMB	Payments RMB	31/12/2020 RMB
Short-term compensation				
Wages or salaries, bonus, allowance and subsidies	9,690,130.00	293,885,882.76	281,766,322.76	21,809,690.00
Employee wellfares	41,101,500.69	36,145,786.75	32,773,428.85	44,473,858.59
Social insurance	-	20,557,933.12	20,557,933.12	-
Including: Medical insurance	-	19,957,233.91	19,957,233.91	-
Work-related injury and maternity insurance	-	600,699.21	600,699.21	-
Housing provident fund	-	26,974,140.00	26,974,140.00	-
Union running costs and employee education costs	-	8,749,244.91	8,749,244.91	
Defined contribution plan				
Basic pension	-	20,378,796.94	20,378,796.94	-
Enterprise annuity contribution	-	10,972,124.21	10,972,124.21	-
Unemployment insurance	-	652,655.22	652,655.22	-
Total	50,791,630.69	418,316,563.91	402,824,646.01	66,283,548.59

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

12. TAXES PAYABLE

	31/12/2020 RMB	31/12/2019 RMB
Enterprise income tax	563,558,603.60	420,977,054.56
Value added tax	216,918,773.76	131,900,266.40
Taxes and levies	26,030,252.86	15,828,031.96
Withholding individual income tax	8,074,590.55	8,642,609.97
Stamp duty	610,492.50	527,285.40
Total	815,192,713.27	577,875,248.29

13. BONDS PAYABLE

	31/12/2020 RMB	31/12/2019 RMB
Bonds of non-bank financial institution		
- Par value	18,000,000,000.00	18,000,000,000.00
- Interest adjustment	(31,723,493.08)	(28,279,644.86)
- Interest payable	270,090,958.92	421,325,226.45
Issuance of asset-backed securities		
- Par value	5,744,563,000.00	8,429,781,000.00
- Interest payable	4,595,447.33	7,106,544.75
Total	23,987,525,913.17	26,829,933,126.34

(1) On 22 November 2018, the Company publicly issued fixed-rate bonds of RMB 5 billion in inter-bank bond market, with nominal interest rate of 4.05%. The bonds will be due on 26 November 2021.

(2) On 18 June 2019, the Company publicly issued fixed-rate bonds of RMB 5 billion in inter-bank bond market, with nominal interest rate of 3.80%. The bonds will be due on 20 June 2022.

(3) On 21 April 2020, the Company publicly issued fixed-rate bonds of RMB 8 billion in inter-bank bond market, with nominal interest rate of 2.68%. The bonds will be due on 23 April 2023.

(4) On 6 August 2019, the Company, as an initiator, issued RMB 4.85 billion of floating-rate priority A2 asset-backed securities, with an expected maturity date in May 2021. For details about the issuance of the above asset-backed securities, please refer to Note IX.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

13. BONDS PAYABLE - continued

(5) On 10 March 2020, the Company, as an initiator, issued RMB 1.5 billion of floating-rate priority A1 asset-backed securities, with an expected maturity date in February 2021, and RMB 1.08 billion of floating-rate priority A2 asset-backed securities, with an expected maturity date in November 2021. For details about the issuance of the above asset-backed securities, please refer to Note IX.

(6) On 21 July 2020, the Company, as an initiator, issued RMB 6.07 billion of floating-rate priority asset-backed securities, with an expected maturity date in July 2022. For details about the issuance of the above asset-backed securities, please refer to Note IX.

14. OTHER LIABILITIES

	31/12/2020 RMB	31/12/2019 RMB
Auto financing due to manufacturers	16,628,972,042.06	11,893,757,937.70
Interest received in advance	3,649,894,112.02	3,467,719,657.03
Service fee due to dealers	297,946,953.00	308,538,060.37
Accrued expenses	382,109,168.48	336,841,480.28
De-mortgage service income received in advance	-	48,219,831.04
Continuing involvement liabilities	781,445,563.95	1,034,956,545.56
Others	1,721,792,262.52	1,751,490,831.46
Total	23,462,160,102.03	18,841,524,343.44

15. PAID-IN CAPITAL

The registered capital of the Company is RMB 6,500,000,000.00. As at 31 December 2020, the paid-in capital is RMB 6,500,000,000.00. Details of capital contribution from investors according to the Company's articles are as follows:

		Changes in the year		
	31/12/2019 RMB	Owners' contributions in capital RMB	Owners' reduction in capital RMB	31/12/2020 RMB
SAIC Finance Co., Ltd	2,925,000,000.00	-	-	2,925,000,000.00
General motors Finacial Company Inc.	2,275,000,000.00	-	-	2,275,000,000.00
SAIC General Motors Co., Ltd	1,300,000,000.00	-	-	1,300,000,000.00
Total	6,500,000,000.00	-	-	6,500,000,000.00

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

16. SURPLUS RESERVE

	2020 RMB	2019 RMB
Opening balance	875,000,000.00	1,412,379,293.55
Provided for the year	315,161,782.49	292,430,240.27
Transfer to paid-in capital	-	829,809,533.82
Closing balance	1,190,161,782.49	875,000,000.00

The Company makes appropriation to statutory surplus reserve at 10% of the audited net profit for prior year under ASBE.

17. GENERAL RISK RESERVE

	2020 RMB	2019 RMB
Opening balance	1,810,945,869.92	1,599,781,009.99
Provided for the year	12,959,348.36	211,164,859.93
Closing balance	1,823,905,218.28	1,810,945,869.92

Pursuant to the "Administrative Measures for Financial Enterprises' Appropriation of Reserves" (Cai Jin [2012] No.20) issued by MoF, the balance of general risk reserve should not be less than 1.5% of the closing balance of the Company's risk assets.

18. UNAPPROPRIATED PROFITS

	2020 RMB	2019 RMB
Unappropriated profits at the end of last year	8,895,435,504.31	9,482,229,920.11
Impact of changes in accounting policies	-	(64,626,674.32)
Unappropriated profits at the beginning of the year	8,895,435,504.31	9,417,603,245.79
Net profit for the year	3,312,557,795.01	3,151,617,824.90
Less: Transfer to statutory surplus reserve (note)	315,161,782.49	292,430,240.27
Transfer to general risk reserve (note)	12,959,348.36	211,164,859.93
Distribution to owners (note)	2,000,000,000.00	1,000,000,000.00
Transfer to paid-in capital	-	2,170,190,466.18
Unappropriated profits at the end of the year	9,879,872,168.47	8,895,435,504.31

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

18. UNAPPROPRIATED PROFITS - continued

Note: As approved by the board meeting on 3 July 2020, the Company transferred the statutory reserve for the profit in 2019. The Company makes appropriation of RMB 315,161,782.49 and RMB 12,959,348.36 from the net profit for 2019 to statutory surplus reserve and general risk reserve respectively.

As approved by the board meeting on 15 September 2020, the Company distributes unappropriated profits of RMB 2,000,000,000.00 to shareholders as dividends.

19. NET INTEREST INCOME

	2020 RMB	2019 RMB
Interest income		
- Loans and advances to customers	8,454,151,329.00	8,579,755,740.96
- Investment in asset-backed securities issued by the Company	441,107,179.85	437,306,668.70
- Deposits with central bank and financial institutions	123,748,662.35	57,424,315.00
Sub-total of interest income	9,019,007,171.20	9,074,486,724.66
Sub-total of interest expenses	2,932,014,510.49	2,942,067,507.23
Net interest income	6,086,992,660.71	6,132,419,217.43

20. NET FEE AND COMMISSION INCOME

	2020 RMB	2019 RMB
Fee and commission income	792,398,697.04	981,531,709.76
Fee and commission expenses	53,181,235.16	50,193,652.54
Net fee and commission income	739,217,461.88	931,338,057.22

21. TAXES AND LEVIES

	2020 RMB	2019 RMB
City construction & maintenance tax	34,810,056.84	32,062,257.20
Education surcharge	24,864,326.33	20,531,206.41
Stamp duty	5,599,651.60	4,681,223.20
Total	65,274,034.77	57,274,686.81

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

22. BUSINESS AND ADMINISTRATIVE EXPENSES

	2020 RMB	2019 RMB
Marketing fees	1,302,789,981.09	1,361,635,531.07
Employee benefits and welfare	418,316,563.91	438,496,830.31
Professional service fee, legal service fee and other service fee	299,121,779.73	252,783,383.89
Travel and conference expenses	77,285,745.09	109,380,594.52
Daily administrative expenses	55,922,817.93	57,049,672.06
Information technology fee	53,544,303.87	52,062,064.85
Depreciation and amortization	20,759,986.85	19,444,682.87
Others	2,099,675.14	4,049,759.25
Total	2,229,840,853.61	2,294,902,518.82

23. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2020 RMB	2019 RMB
Expected credit losses of loans	453,474,132.66	636,676,916.32
Expected credit losses of investment in asset-backed securities issued by the Company	558,725.26	(26,654,692.90)
Expected credit losses of other receivables	5,503,961.41	-
Total	459,536,819.33	610,022,223.42

24. NON-OPERATING INCOME

	2020 RMB	2019 RMB
Government grants	203,425.60	76,000,000.00
Others	418,407.17	323,525.97
Total	621,832.77	76,323,525.97

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

25. INCOME TAX EXPENSES

	2020 RMB	2019 RMB
Current tax expense	1,206,645,815.45	1,050,333,695.41
Deferred tax expense	(101,412,344.20)	1,432,845.87
Total	1,105,233,471.25	1,051,766,541.28

Reconciliation of income tax expenses to accounting profit is as follows:

	2020 RMB	2019 RMB
Profit before tax	4,417,791,266.26	4,203,384,366.18
Income tax expenses calculated at 25%	1,104,447,816.57	1,050,846,091.55
Effect of expenses that are not deductible for tax purposes	2,353,470.93	920,449.73
Effect of final settlement in previous years	(1,567,816.25)	-
Total	1,105,233,471.25	1,051,766,541.28

26. CASH AND CASH EQUIVALENTS

	31/12/2020 RMB	31/12/2019 RMB
Original maturity within three months:		
Deposits with financial institutions	13,387,481,732.19	4,819,372,688.25
Total	13,387,481,732.19	4,819,372,688.25

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

27. SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT

	2020 RMB	2019 RMB
Reconciliation of net profit to cash flows from operating activities		
Net profit	3,312,557,795.01	3,151,617,824.90
Add: Expected credit loss	459,536,819.33	610,022,223.42
Interest expenses of funding	888,764,226.64	964,884,433.97
Increase in accrued expenses	45,267,688.20	62,559,500.48
Amortization of intangible assets	5,710,787.17	9,383,879.48
Amortization of commission of issuing bonds and underwriting fees	20,001,434.80	48,092,568.93
Amortization of long-term prepaid expenses	56,834,278.40	54,331,465.81
Depreciation of fixed assets	4,588,369.77	5,181,438.46
Net gains on disposal of fixed assets and intangible assets	(80,735.85)	(144,952.83)
Interest income of investment	(441,107,179.85)	(437,306,668.70)
Increase / (decrease) in deferred tax assets	(101,412,344.20)	1,432,845.87
Increase in operating receivables	(15,232,160,391.64)	(10,045,681,459.86)
Decrease / (increase) in operating payables	24,370,650,864.29	(12,451,146,825.67)
Net cash flow from operating activities	13,389,151,612.07	(18,026,773,725.74)
Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	13,387,481,732.19	4,819,372,688.25
Less: Cash and cash equivalents as at 31 December 2019	4,819,372,688.25	14,326,238,165.54
Net (decrease)/increase in cash and cash equivalents	8,568,109,043.94	(9,506,865,477.29)

IX. EQUITY IN THE STRUCTURED ENTITY

The structured entities included in the scope of consolidated financial statements are the special purpose trusts originated by the Company.

In August 2019, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 10,000,000,000.00 to the special purpose trust named as "The Second Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 1,150,000,000.00.

In November 2019, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 6,000,000,000.00 to the special purpose trust named as "The Third Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 6,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 300,000,000.00.

In March 2020, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 3,000,000,000.00 to the special purpose trust named as "The First Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" which was established by Shanghai International Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 3,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 420,000,000.00.

In April 2020, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 10,000,000,000.00 to the special purpose trust named as "The Second Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 590,000,000.00.

In July 2020, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 7,000,000,000.00 to the special purpose trust named as "The Third Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 7,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 930,000,000.00.

In above five phases of asset securitization transactions, for the repayment from original debtors, the senior asset-backed securities have priority to be paid before the subordinate asset-backed securities. The Company continues to provide loan services for the above transferred credit assets.

For "The Third Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" and "The Second Phase of 2020 Rongteng Retail Auto Loan Securitization Trust", the Company neither retains nor transfers substantial risks and rewards, and continues to maintain certain control over the financial assets, i.e. the Company does not give up the control over the above credit assets completely. Therefore, the Company recognizes the assets and liabilities to the extent of its continuing involvement.

IX. EQUITY IN THE STRUCTURED ENTITY - continued

With regard to "The Second Phase of 2019 Rongteng Retail Auto Loan Securitization Trust", "The First Phase of 2020 Rongteng Retail Auto Loan Securitization Trust" and "The Third Phase of 2020 Rongteng Retail Auto Loan Securitization Trust", the Company has retained substantially all risks and rewards relating to the ownership of the transferred credit assets, so the Company does not derecognize the transferred credit assets.

X. COMMITMENTS

Operating lease commitments

At the balance sheet date, the Company as lessee has outstanding commitments in respect of non-cancelable operating leases, which fall due as follows:

	31/12/2020 RMB'000	31/12/2019 RMB'000
The minimum lease payments under non-cancelable operating leases:		
1st year subsequent to the balance sheet date	12,986.88	28,141.53
2nd year subsequent to the balance sheet date	10,772.39	12,072.24
3rd year subsequent to the balance sheet date	67.57	11,823.98
Total	23,826.84	52,037.75

XI. SEGMENT REPORTING

According to the Company's organizational structure, management requirements and internal reporting system, the Company classifies the operating businesses into two reporting segments based on their respective organizational structure. Management conducts regular evaluation on their operating results to determine resource allocations and assess their performance. The two segments of the Company are as follows: retail financing segment and wholesale financing segment.

Segment reporting information is disclosed based on the accounting policies and measurement basis used when reporting to the management. This measurement basis remains consistent with the accounting policies and measurement basis applied in preparing the financial statements.

Segment reporting information

	2020		Unit: RMB
Item	Retail financing	Wholesale financing	Total
Operating income	6,205,459,097.22	966,362,790.15	7,171,821,887.37
Net interest income	5,167,764,216.63	919,228,444.08	6,086,992,660.71
Net fee and commission income	697,295,284.92	41,922,176.96	739,217,461.88
Investment income	329,236,056.40	-	329,236,056.40
Other income	11,163,539.27	5,212,169.11	16,375,708.38
Operating expenses	2,592,419,626.80	162,232,080.91	2,754,651,707.71
Operating profit	3,613,039,470.42	804,130,709.24	4,417,170,179.66
Total assets	105,990,970,356.06	38,388,512,362.43	144,379,482,718.49
Total liabilities	91,753,612,021.83	33,231,931,527.42	124,985,543,549.25

	2020		Unit: RMB
Item	Retail financing	Wholesale financing	Total
Supplementary information			
Loans and advances to customers	91,674,518,519.52	33,203,284,918.37	124,877,803,437.89
Interest income	7,725,294,950.97	1,293,712,220.23	9,019,007,171.20
Interest expenses	2,557,530,734.34	374,483,776.15	2,932,014,510.49
Fee and commission income	744,552,130.48	47,846,566.56	792,398,697.04
Realised gains on investments	329,236,056.40	-	329,236,056.40
Expected credit losses recognized in the current year	463,929,485.49	(4,392,666.16)	459,536,819.33
Other operating income	10,106,676.05	5,050,605.74	15,157,281.79

XI. SEGMENT REPORTING - continued

	2019		Unit: RMB
Item	Retail financing	Wholesale financing	Total
Operating income	6,168,106,954.86	921,153,314.40	7,089,260,269.26
Net interest income	5,276,468,913.05	855,950,304.38	6,132,419,217.43
Net fee and commission income	884,070,063.15	47,267,994.07	931,338,057.22
Other income	7,567,978.66	17,935,015.95	25,502,994.61
Operating expenses	2,797,092,687.82	165,106,741.23	2,962,199,429.05
Operating profit	3,371,014,267.04	756,046,573.17	4,127,060,840.21
Total assets	87,898,003,109.60	33,847,314,839.98	121,745,317,949.58
Total liabilities	74,843,560,088.51	28,820,376,486.84	103,663,936,575.35

	2019		Unit: RMB
Item	Retail financing	Wholesale financing	Total
Supplementary information:			
Loans and advances to customers	79,451,642,356.15	30,594,833,309.56	110,046,475,665.71
Interest income	7,854,890,391.55	1,219,596,333.11	9,074,486,724.66
Interest expenses	2,578,421,478.50	363,646,028.73	2,942,067,507.23
Fee and commission income	928,918,091.69	52,613,618.07	981,531,709.76
Expected credit losses recognized in the current year	631,021,636.88	(20,999,413.46)	610,022,223.42
Other operating income	7,046,287.77	17,858,437.47	24,904,725.24

There was no income from any other countries in 2020 and 2019, and all non-current assets are located in China. The Company has no such customer that is not a related party but whose net income accounts for 10% or above of the Company's net income for 2020 and 2019.

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

(1) The relationships between the Company and the related parties

Name of related parties	Relationship with the Company
SAIC Finance Co., Ltd. ("SAICFC")	Investor
SAIC General Motors Co., Ltd. ("SGM")	Investor
General Motors Financial Company Inc.	Investor
SAIC Motor Corporation Limited ("SAIC")	Indirect controlling shareholder
SAIC GM Wuling Co., Ltd. ("SGMW")	Subsidiary of indirect controlling shareholder
SAIC General Motors Sales Co., Ltd. ("SGMS")	Subsidiary of investor
SAIC Activity Center Co., Ltd. ("SAICAC")	Subsidiary of indirect controlling shareholder
Shanghai Automotive Industry Real Estate Co., Ltd.	Subsidiary of indirect controlling shareholder
SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd.	Subsidiary of investor
SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	Subsidiary of investor
Shanghai Yingke Information Technology Co., Ltd	Subsidiary of indirect controlling shareholder
Shanghai Automobile Industry Sales Co., Ltd	Subsidiary of indirect controlling shareholder
Global Car Rental Co., Ltd. and its subsidiaries	Subsidiary of indirect controlling shareholder

The Company's related parties also include auto dealers under SAIC Motor Corporation Limited ("SAIC").

(2) Significant transactions between the Company and related parties for the current year are as follows:

(a) Interest income and investment income

	2020 RMB	2019 RMB
Interest income of deposits with financial institutions		
SAIC Finance Co., Ltd.	1,288,115.11	818,170.33

The interest rate is 1.62% in 2020 (the interest rate of 2019 is 1.62%).

	2020 RMB	2019 RMB
Interest gain of loans and advances to customers		
Subsidiaries of SAIC Motor Corporation Limited		
- Wholesale	957,122,021.43	872,653,179.61
- Retail	3,627,485,075.36	3,908,845,855.30
Global Car Rental Co., Ltd. and its subsidiaries	33,561,149.25	17,519,990.67
Total	4,618,168,246.04	4,799,019,025.58

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows: - continued

(a) Interest income - continued

Interest for wholesale auto loans during the interest free period was mainly paid by SGMS and SGMW to the Company. Besides, SGMS and SGMW also made up part of interest payment while issuing discounted-interest loans for sales promotion, with interest calculated based on respective fund occupied days and contractual interest rate of retail auto loans.

(b) Interest expenses

	2020 RMB	2019 RMB
Interest expense of deposits from shareholders		
SGM	58,963,333.33	102,050,000.00

The interest is calculated according to the length of time for which deposits are used and market rate of time deposits.

(c) Fee and commission income

	2020 RMB	2019 RMB
Loan fee income		
SGMS	47,489,271.74	51,545,862.64
SGMW	341,660.38	1,061,396.27
SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	14,716.93	5,754.71
Total	47,845,649.05	52,613,013.62

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows: - continued

(c) Fee and commission income - continued

	2020 RMB	2019 RMB
Service fee income		
SGMS	4,534,827.00	2,202,200.00
Shanghai Yingke Information Technology Co., Ltd.	113,326,991.49	61,859,433.95
Total	117,861,818.49	64,061,633.95

(d) Business and administrative expenses

	2020 RMB	2019 RMB
Operating lease expenses		
SAIC	15,747,720.00	14,997,828.00

	2020 RMB	2019 RMB
Marketing expenses		
SAICAC	19,182,478.15	23,783,182.72

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows - continued

(d) Business and administrative expenses - continued

	2020 RMB	2019 RMB
Salary		
General Motors Financial Company Inc.	8,822,854.38	7,984,891.80

	2020 RMB	2019 RMB
Information technology service fees		
General Motors Financial Company Inc.	1,666,281.92	2,272,711.47

	2020 RMB	2019 RMB
Maintenance expenses		
Shanghai Automotive Industry Real Estate Co., Ltd	1,499,031.16	1,643,611.72

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows - continued

(e) Amounts due from / to related parties

Accounts	Related parties	31/12/2020 RMB	31/12/2019 RMB
Deposits with financial institutions	SAICFC	110,308,034.45	52,728,860.13

Accounts	Related parties	31/12/2020 RMB	31/12/2019 RMB
Interest receivable	SGMS	110,128,031.52	114,417,129.63
	SGMW	380,158.53	727,716.67
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd	32,033.38	3,063.33
	Global Car Rental Co., Ltd. and its subsidiaries	2,719,636.00	3,086,840.09

Accounts	Related parties	31/12/2020 RMB	31/12/2019 RMB
Loans and advances to customers	SAIC's auto dealers	241,424,653.12	838,919,221.70
	Global Car Rental Co., Ltd. and its subsidiaries	657,090,999.04	494,591,118.00

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows - continued

(e) Amounts due from / to related parties - continued

Accounts	Related parties	31/12/2020 RMB	31/12/2019 RMB
Other receivables	SGMS	1,419,341,604.02	1,567,059,013.12
	SGMW	440,308,952.59	401,064,538.08
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles	5,300.00	1,620.00
	Shanghai Yingke Information Technology Co., Ltd.	45,819,540.00	31,181,640.00

Accounts	Related parties	31/12/2020 RMB	31/12/2019 RMB
Customer deposits	SGM	2,805,553,333.33	2,805,390,000.00

Accounts	Related parties	31/12/2020 RMB	31/12/2019 RMB
Other payables	SGMS	16,591,662,584.08	11,890,283,191.70
	Shanghai Automobile Industry Sales Co., Ltd.	1,945,123.98	-
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	35,364,334.00	3,474,746.00
	General Motors Financial Company Inc.	780,901.23	2,474,325.51

(f) Compensation of key management personnel

	2020 RMB	2019 RMB
Compensation of key management personnel	11,980,065.69	13,261,837.14

XIII. RISK MANAGEMENT

(1) Overview of risk management

Overview of risk

The Company is exposed to various risks in its financial business operations. The Company monitors all types of risk through ongoing risk identification and assessment. The Company's business is mainly exposed to credit risk, liquidity risk, market risk and operation risk. Therein, the market risks include exchange rate risk, interest rate risk and other price risk.

The Company's risk management objectives are to achieve a proper balance between risks and yield, ensuring safe and sound operation under reasonable risk level.

Frame of risk management

The Board of Directors is responsible for the Company's overall risk management strategy; overseeing the Company's risk management and internal control system; and assessment of the Company's overall risk. Senior management of the Company establishes and sets up operation management frame matching comprehensive risk management according to the risk management strategy established by board of directors, and promotes the implementation of corresponding risk management policies, system and procedures. The Company's Credit Department, Risk Management Department, Finance Department and Compliance Department jointly form the major risk management department, specifically implementing the Company's risk management policies and systems. Internal Audit Department of the Company is responsible for independent review of the risk management and control environment.

(2) Credit risk

Credit risk is the risk of the borrower's failure to meet the contractual obligation or undertake the risk when it falls due. Credit risk mainly arises from wholesale and retail loans business. The Company monitors all the financial assets that meet the requirement of Accounting Standards for Business Enterprises No 22 - Recognition and Measurement of Financial Instruments to assess whether the credit risk has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the Company measures the loss allowance at the full lifetime expected credit loss; if the credit risk has not increased significantly, the Company recognizes the loss allowance based on the 12-month expected credit loss.

XIII. RISK MANAGEMENT - continued

(2) Credit risk - continued

Credit risk management

The Company implements standard credit risk management in credit business including investigation and reporting, credit review and approval, loan release, post-loan monitoring and non-performing loans management, and establishes five-level classification standards in managing credit risk according to the "Guidelines for the Risk Classification of Assets of Non-banking Financial Institutions (Trial)" issued by CBRC.

The Company's credit officers are responsible for collection of application materials, pre-loan approval investigation, and preliminary assessment on credit risk of applicant and business. In determining credit limit, the Company will consider the applicant's creditability, financial position, collateral or guarantee condition, credit risk for loans portfolio, macro-control policies, laws and regulations etc. The Company also integrates macro-control policies in strengthening guidelines for credit business policies and reasonableness of the Company's loan structure. As for non-performing loans, the Company primarily manages credit risk through (1) collection; (2) loan restructure; (3) disposal of collateral or claim against guarantor; (4) litigation or arbitration; (5) write-off of loan in accordance with regulations and etc., to manage non-performing loans and reduce potential loss derived from credit risk as possible.

The Company manages and classifies retail credit assets based on overdue days. For non-overdue retail customers, the Company shall strengthen management through regular visits. As for overdue retail customers, various debt collection methods shall be taken according to the lengh of time overdue. For retail loans overdue a certain period, the Company shall classify them as impaired assets and make impairment provison accordingly.

Impairment assessment

Measurement of expected credit loss

In accordance with the New Standards of Financial Instruments, the Company classifies its loans into three stages, and makes provision for the expected credit loss depending on whether the credit risk of the financial instruments has increased significnatly since initial recognition. For the details of these stages, please refer to Note IV.

In order to minimise credit risk, the Company develops and maintains the Company's credit risk rating, and categorises the exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

XIII. RISK MANAGEMENT - continued

(2) Credit risk - continued

Significant increase of credit risk

In determining whether the credit risk of financial instruments has increased significantly since initial recognition, the Company's considerations include whether the borrower's business, financial, and economic conditions have changed significantly and have any adverse impacts, whether impairment of collateral (limited to pledge loans and mortgage loans only) has been identified, whether the early indicators of cash flow / liquidity problems have been identified, such as overdue payments of accounts payable / loan repayments, whether the financial instruments are overdue for more than 30 days, or whether the market prices fall gradually due to the deterioration of the quality of assets.

Definition of default

When any of the following criteria is met, the Company determines that the borrower is in default:

(i) the principal or interest of the loan is overdue for more than 60 days;
(ii) the borrower cannot fully perform its credit obligations to the Company, and the Company has no recourse right, such as settlement of collateral etc.; or
(iii) the borrower has experienced the events described in (i) (ii) above at other financial institutions.

Generally, financial assets are considered to be credit-impaired if:

- overdue for more than 60 days;
- the Company, for economic, legal or other factors, makes a concession when the borrower is in financial difficulty, which is impossible to occur under normal circumstances;
- the borrower may be unable to pay its debts or implement other financial restructuring;
- the financial assets cannot be traded in active market any more due to severe financial difficulties;
- other objective evidence indicating that the financial assets have been impaired;
- the borrowers have problems in repaying the loans and they cannot rely entirely on normal operating income to repay the principal and interest, and losses may occur even if collateral or guarantee is executed;
- the borrower cannot repay the principal and interest in full, and significant losses should be recognized even if the collateral or guarantee is executed;
- after taking all possible measures and legal remedies, only a small portion of principal and interest can be recovered, or no principal and interest can be recovered.

XIII. RISK MANAGEMENT - continued

(2) Credit risk - continued

Description of parameters, assumptions and estimate techniques

Expected credit loss is measured at an amount equivalent to 12-month expected credit loss or lifetime expected credit loss, which depends on whether the credit risk has been increased significantly since initial recognition or whether an asset is considered to be credit-impaired. The expected credit loss is the probability of default, multiplied by loss given default and exposure at default, taking into account the time value of money. The definitions are as follows:

- Probability of default is an estimated value calculated based on the possibility of default over 12 months or the full lifetime.
- Loss given default is the proportion of loss on default of a debt to the default exposure.
- Exposure at default is an estimate of future risk exposure of default when a default occurs. It considers the amount of principal and interest that is expected to be repaid subsequent to the reporting date, and the expected changes in withdrawal amount based on commitment measures.

The Company monitors and reviews the assumptions regarding the changes in maturity based on the calculation of expected credit loss (such as probability of default and loss given default) on a regualr basis. Such information usually derives from internally developed data models and other historical data, and is adjusted to reflect the forward-looking factors weighted by probability.

Forward-looking factors included in expected credit loss

According to the different risk characteristics of assets, the Company classifies its assets into different asset groups to identify the macro-indexes relating to credit risk and establish the migration models. The Company makes macroeconomic assumptions based on the forward-looking factors that are available without undue cost or effort. The external information includes macroeconimic informaiton and forecast information released by the government or regulators, such as: GDP, investment in fixed assets, total social consumption, consumer price index, consumer confidence index, growth rate of nongovernmental financing, unemployment rate, and growth rate of retail sales of automobiles compared with last month etc.

Maximum credit risk exposure

Without consideration of collaterals or other creditability enhancement measures, the maximum credit risk exposure reflects the worst situation of credit risk exposure at the balance sheet date, in which the maximum credit risk exposure at the balance sheet date is represented by the carrying amount of financial assets less the amounts of the following: 1) Amount written-off according to provisions of "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments"; 2) Impairment loss recognized for the financial assets.

XIII. RISK MANAGEMENT - continued

(2) Credit risk - continued

Information on maximum credit risk exposure of the Company is as follows:

	31/12/2020 RMB	31/12/2019 RMB
Loans and advances to customers	124,877,803,437.89	110,046,475,665.71
Amounts due from financial institutions	13,392,548,234.69	4,821,531,617.49
Other financial assets (note)	3,751,413,012.88	4,616,285,458.94
Total	142,021,764,685.46	119,484,292,742.14

Note：Other financial assets include other receivables, investment in asset-backed securities issued by the Company and continuing involvement in assets etc.

Analysis of credit risk concentration of financial assets

The Company's credit risk concentration of loans and advances represents that the borrowers are concentrated in an industry or region, or have some common economic characteristics, which result in the increase in credit risk. (1) As the Company is an auto financial company, most loans concentrate in auto industry. Industrial concentration is relatively high. (2) The Company's business scope covers China Mainland, with wholesalers and retailers in different provinces across China. Regional credit risk concentration is relatively low.

(3) Liquidity risk

Liquidity risk is the risk that no sufficient fund will be available for debt repayment when it falls due. Liquidity risk of the Company mainly arises from delay in loan repayment by borrowers and amount or maturity mismatch of assets and liabilities.

The cash flows of the Company's financial assets and financial liabilities based on the outstanding period from the balance sheet date to the contractual maturity date are presented as follows. The disclosed amounts are undiscounted contractual cash flows:

XIII. RISK MANAGEMENT - continued

(3) Liquidity risk - continued

	31/12/2020						
	Overdue/ indefinite RMB	Repayment on demand RMB	Within 1 month RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Total RMB
Financial assets							
Balances with the central bank	470,357,321.09	-	-	-	-	-	470,357,321.09
Deposits with financial institutions	-	13,392,548,234.69	-	-	-	-	13,392,548,234.69
Loans and advances to customers (note)	399,393,968.45	-	21,071,985,831.61	23,057,948,245.35	42,245,361,349.30	49,007,319,994.78	135,782,009,389.49
Other financial assets	-	24,019,350.78	1,193,288,271.37	713,985,658.54	-	1,828,323,068.57	3,759,616,349.26
Total financial assets	869,751,289.54	13,416,567,585.47	22,265,274,102.98	23,771,933,903.89	42,245,361,349.30	50,835,643,063.35	153,404,531,294.53
Financial liabilities							
Deposits from shareholders	-	-	-	-	2,854,226,666.67	-	2,854,226,666.67
Takings from financial institutions	-	-	6,707,321,944.44	10,283,945,388.89	43,950,945,416.67	8,887,126,944.44	69,829,339,694.44
Dealer security deposits	-	-	-	-	-	5,047,967,077.39	5,047,967,077.39
Bonds payable	-	-	-	-	7,477,630,882.24	17,497,227,565.09	24,974,858,447.33
Other financial liabilities	-	-	18,221,636,282.57	463,255,397.14	343,217,278.32	784,157,031.98	19,812,265,990.01
Total financial liabilities	-	-	24,928,958,227.01	10,747,200,786.03	54,626,020,243.90	32,216,478,618.90	122,518,657,875.84
Net book value	869,751,289.54	13,416,567,585.47	(2,663,684,124.03)	13,024,733,117.86	(12,380,658,894.60)	18,619,164,444.45	30,885,873,418.69

XIII. RISK MANAGEMENT - continued

(3) Liquidity risk - continued

	31/12/2019						
	Overdue/ indefinite RMB	Repayment on demand RMB	Within 1 month RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Total RMB
Financial assets							
Balances with the central bank	461,867,877.45	-	-	-	-	-	461,867,877.45
Deposits with financial institutions	-	4,821,531,617.49	-	-	-	-	4,821,531,617.49
Loans and advances to customers (note)	364,146,857.24	-	17,935,902,203.12	22,221,950,577.05	38,233,376,732.24	40,835,169,026.16	119,590,545,395.81
Other financial assets	-	12,889,007.53	1,967,880,089.66	32,109,140.00	-	2,609,727,316.94	4,622,605,554.13
Total financial assets	826,014,734.69	4,834,420,625.02	19,903,782,292.78	22,254,059,717.05	38,233,376,732.24	43,444,896,343.10	129,496,550,444.88
Financial liabilities							
Deposits from shareholders	-	-	-	-	2,854,390,000.00	-	2,854,390,000.00
Takings from financial institutions	-	-	900,842,500.00	8,846,217,222.22	40,082,874,628.82	534,481,944.44	50,364,416,295.48
Dealer security deposits	-	-	-	-	-	4,979,621,976.94	4,979,621,976.94
Bonds payable	-	-	-	5,833,923,159.34	11,375,964,385.41	10,582,500,000.00	27,792,387,544.75
Other financial liabilities	-	-	13,632,256,486.52	359,154,349.45	294,054,434.33	1,040,119,585.07	15,325,584,855.37
Total financial liabilities	-	-	14,533,098,986.52	15,039,294,731.01	54,607,283,448.56	17,136,723,506.45	101,316,400,672.54
Net book value	826,014,734.69	4,834,420,625.02	5,370,683,306.26	7,214,764,986.04	(16,373,906,716.32)	26,308,172,836.65	28,180,149,772.34

XIII. RISK MANAGEMENT - continued

(3) Liquidity risk - continued

Note: Considering from the point of view of liquidity risk management, for loans overdue within 3 months, the amount of overdue loans and advances to customers disclosed above represent the overdue principal at the balance sheet date, not including the part of principal that is not yet due; for loans overdue over 3 months, the amount of overdue loans and advances to customers disclosed above represent all the outstanding principal. Retail loans repaid on an installment basis are disclosed according to the split period of the installment date.

(4) Market risk

Market risk refer to the risk of losses in the Company's on-sheet and off-sheet business due to adverse changes in market prices. The Company's market risks mainly include interest rate risk, exchange rate risk and other price risk. The Company's market risk is mainly interest rate risk.

The Company's Financial Department, as special functional management department, has implemented concentration management on market risk. At present, the Company has established preliminary market risk management system, and formulated procedures and reporting system for market risk management.

Sensitivity analysis is the Company's major measure to assess and measure the market risks. Sensitivity analysis considers effects on relevant market risk when it is assumed that only one single variable changes. As any risk variable seldom changes alone and the relevance between variables will have significant effects on the final effect amount of changes of one certain risk variable, the results of sensitivity analysis can only provide limited information about market risk.

Foreign exchange risk

According to the "Administrative Measures for Auto Financing Companies", the Company is only allowed to conduct RMB business. Therefore, the Company has limited foreign exchange risk exposure.

Interest rate risk

Interest rate risk mainly arises from the maturity mismatch and interest repricing of the assets and liabilities of the Company. The Company manages the interest rate risk by implementing regular monitoring on the gap of interest repricing of the assets and liabilities and adjusting proportion and term of assets and liabilities that are sensitive to interest rate.

At the balance sheet date, the earlier of repricing day or maturity of the interest-bearing assets and liabilities of the Company is summarized as follows:

XIII. RISK MANAGEMENT - continued

(4) Market risk - continued

Interest rate risk - continued

	31/12/2020					
	Within 1 month RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Non-interest-bearing RMB	Total RMB
Financial assets						
Balances with the central bank	470,357,321.09	-	-	-	-	470,357,321.09
Deposits with financial institutions	13,392,548,234.69	-	-	-	-	13,392,548,234.69
Loans and advances to customers	33,810,730,370.72	3,050,085,728.80	12,779,338,704.26	79,292,380,503.62		128,932,535,307.40
Other financial assets	-	-	-	1,824,219,681.76	1,927,193,331.12	3,751,413,012.88
Total financial assets	47,673,635,926.50	3,050,085,728.80	12,779,338,704.26	81,116,600,185.38	1,927,193,331.12	146,546,853,876.06
Financial liabilities						
Deposits from shareholders	-	-	2,805,553,333.33	-	-	2,805,553,333.33
Takings from financial institutions	6,804,833,889.13	10,324,232,944.47	43,163,510,416.78	8,508,283,611.09	-	68,800,860,861.47
Bonds payable	-	-	6,886,514,365.50	17,101,011,547.67	-	23,987,525,913.17
Dealer security deposits	5,047,967,077.39	-	-	-	-	5,047,967,077.39
Other financial liabilities	-	-	-	781,445,563.95	19,030,820,426.06	19,812,265,990.01
Total financial liabilities	11,852,800,966.52	10,324,232,944.47	52,855,578,115.61	26,390,740,722.71	19,030,820,426.06	120,454,173,175.37
Net book value	35,820,834,959.98	(7,274,147,215.67)	(40,076,239,411.35)	54,725,859,462.67	(17,103,627,094.94)	26,092,680,700.69

XIII. RISK MANAGEMENT - continued

(4) Market risk - continued

Interest rate risk - continued

	31/12/2019					
	Within 1 month RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Non-interest-bearing RMB	Total RMB
Financial assets						
Balances						
with the central bank	461,867,877.45	-	-	-	-	461,867,877.45
Deposits with financial institutions	4,821,531,617.49	-	-	-	-	4,821,531,617.49
Loans and advances to customers	31,331,854,154.51	8,254,269,281.93	10,932,942,558.01	63,504,589,298.01	-	114,023,655,292.46
Other financial assets	-	-	-	2,605,811,077.35	2,010,474,381.59	4,616,285,458.94
Total financial assets	36,615,253,649.45	8,254,269,281.93	10,932,942,558.01	66,110,400,375.36	2,010,474,381.59	123,923,340,246.34
Financial liabilities						
Deposits from shareholders	-	-	2,805,390,000.00	-	-	2,805,390,000.00
Takings from financial institutions	908,856,944.49	8,839,150,138.74	39,330,227,888.64	500,565,277.78	-	49,578,800,249.65
Bonds payable	-	5,816,350,236.00	10,916,476,825.32	10,097,106,065.02	-	26,829,933,126.34
Dealer security deposits	4,979,621,976.94	-	-	-	-	4,979,621,976.94
Other financial liabilities	-	-	-	1,034,956,545.56	14,290,628,309.81	15,325,584,855.37
Total financial liabilities	5,888,478,921.43	14,655,500,374.74	53,052,094,713.96	11,632,627,888.36	14,290,628,309.81	99,519,330,208.30
Net book value	30,726,774,728.02	(6,401,231,092.81)	(42,119,152,155.95)	54,477,772,487.00	(12,280,153,928.22)	24,404,010,038.04

XIII. RISK MANAGEMENT - continued

(4) Market risk - continued

Interest rate risk - continued

Sensitivity analysis of interest rate

The following table illustrates the impact of the increase or decrease of the yield rate of all currencies by 100 basis points in parallel on the net profit of the Company, based on the structure of interest-bearing assets and liabilities at the balance sheet date.

Changes in interest rate	2020 Impact on net profit RMB'000	2019 Impact on net profit RMB'000
Increase by 100 basis points	99,284	62,380
Decrease by100 basis points	(99,284)	(62,380)

The above impact on net profit includes the impact on net interest income.

The analysis of the impact on net interest income is based on the assumption that the Company can continue to obtain the net interest income calculated with the changed interest rate after the repricing date.

The Company considers that this assumption does not represent the current policies on capital utilization, interest rate management and pricing, therefore, above impact may differ from actual situation.

(5) Operation Risk

Operation risk refers to the risk of direct or indirect loss due to imperfect internal operation procedure, persons, systems or external affairs. The major reasons resulting in operation risk include: man-made problem, computer system failure, improper working procedure or internal control.

For operation risk, the Company designs clear organizational structure and assigns special administrators, ensuring that staff are of clear responsibilities and duties and perform their own functions, and operating steps of each business process are implemented as per the business operation manual and management system. Under the Company's current operation situation and monitor system, the greater operation risk can be prevented.

XIV. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Method of determining fair value

In determining the fair value of financial instruments, for those traded in an active market, the Company will determine their fair value on the basis of market price or market interest rate. For those without market price or market interest rate, the Company adopts present value or other valuation technique to determine the fair value of financial assets and financial liabilities. Regardless whether using present value or other valuation techniques, the balance sheet date and the market situation of financial assets and financial liabilities are considered.

Fair value information of various types of financial assets and financial liabilities

The financial assets and financial liabilities of the Company include balances with the central bank, deposits with financial institutions, loans and advances to customers, deposits from shareholders, takings from financial institutions and bonds payable etc. The carrying amount of the Company's major financial assets and financial liabilities approximate their fair values due to the short term or floating interest rate etc.

XV. CAPITAL MANAGEMENT

By reference to related regulations of CBRC on capital management, the “Administrative Measures on the Capital of Commercial Banks (Trial)” issued on 8 June 2012 and other relevant requirements, the Company takes the principle of “scientific planning, rational allocation, conservative using and risk-reward balance” to manage its capital. The goal of the Company’s capital management is to achieve capital efficiency, to meet the requirement of risk management, to satisfy the regulatory capital requirements, and to maximize the return of risk-adjusted capital by building up a comprehensive risk management framework and establishing internal assessment procedures on capital adequacy. The Board of Directors takes the primary responsibility of capital management. The senior management of the Company is responsible for organizing and supervising that all departments have performed their duties of capital management, and is responsible for organizing the implementation of asset management based on business strategy and risk preference to ensure that the Company's capital management commensurates with its business development and risk levels.

XVI. COMPARATIVE FIGURES

Due to the change of presentation method, the comparative figures in the financial statements have been represented using the presentation method for 2020.

XVII. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Company's management on 26 February 2021.

* * *END OF FINANCIAL STATEMENTS* * *

SAIC-GMAC AUTOMOTIVE
FINANCE COMPANY LIMITED

Financial Statements and Auditors' Report
For the year ended 31 December 2019
[Translation]

SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED

FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS	PAGE (S)

AUDITORS' REPORT

De Shi Bao (Shen) Zi (20) No.P00088

TO THE BOARD OF DIRECTORS OF
SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED:

1. Opinion

We have audited the financial statements of SAIC-GMAC Automotive Finance Company Limited (the "Company"), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2019, and the consolidated results of its operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional 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 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 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. **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives 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 auditors' 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 China Standards on Auditing 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 China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(l) 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 the internal control.

(3) Evaluate the appropriateness of accounting policies used and the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

4. Auditors' Responsibilities for the Audit of the Consolidated Financial Statements - continued

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

Deloitte Touche Tohmatsu CPA LLP	Chinese Certified Public Accountant:
Shanghai, China	Shi, Sabrina Man
	Chinese Certified Public Accountant:
	Gong, Gordon Mingliang
	4 March 2020

The auditors ' report and the accompanying financial statements are English translations of the Chinese auditors ' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2019 UNIT: RMB

	Note VIII	31/12/2019	31/12/2018
ASSETS			
Balances with the central bank	1	461,867,877.45	835,452,133.22
Deposits with financial institutions	2	4,821,531,617.49	14,326,238,165.54
Loans and advances to customers	3	110,046,475,665.71	99,956,943,663.93
Fixed assets	4	12,237,365.22	11,355,029.00
Intangible assets	5	28,165,227.22	9,054,487.75
Deferred tax assets	6	1,705,577,454.81	1,685,468,075.91
Other assets	7	4,669,462,741.68	4,640,231,478.60
TOTAL ASSETS		121,745,317,949.58	121,464,743,033.95
LIABILITIES			
Customer deposits	8	2,805,390,000.00	6,800,000,000.00
Takings from financial institutions	9	49,578,800,249.65	51,770,000,000.00
Dealer security deposits	10	4,979,621,976.94	5,248,568,876.22
Employee benefits payable	11	50,791,630.69	70,072,465.24
Taxes payable	12	577,875,248.29	655,829,759.50
Bonds payable	13	26,829,933,126.34	15,961,421,566.19
Other liabilities	14	18,841,524,343.44	24,964,460,143.15
TOTAL LIABILITIES		103,663,936,575.35	105,470,352,810.30
OWNERS' EQUITY			
Paid-in capital	15	6,500,000,000.00	3,500,000,000.00
Surplus reserve	16	875,000,000.00	1,412,379,293.55
General risk reserve	17	1,810,945,869.92	1,599,781,009.99
Unappropriated profits	18	8,895,435,504.31	9,482,229,920.11
Total equity attributable to owners of the Company		18,081,381,374.23	15,994,390,223.65
Minority interests		-	-
TOTAL OWNERS' EQUITY		18,081,381,374.23	15,994,390,223.65
TOTAL LIABILITIES AND OWNERS' EQUITY		121,745,317,949.58	121,464,743,033.95

The accompanying notes are part of the financial statements.

The financial statements on pages 4 to 56 were signed by the followings:

Legal Representative

Chief Accountant

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019 UNIT: RMB

	Note VIII	2019	2018
I. Operating income		7,089,260,269.26	6,372,541,751.25
Net interest income	19	6,132,419,217.43	5,142,686,361.84
Interest income	19	9,074,486,724.66	7,793,676,804.70
Interest expense	19	2,942,067,507.23	2,650,990,442.86
Net fee and commission income	20	931,338,057.22	1,203,241,249.08
Fee and commission income	20	981,531,709.76	1,268,694,096.08
Fee and commission expenses	20	50,193,652.54	65,452,847.00
Exchange losses		(76,617.33)	(536,399.41)
Gains from disposal of assets		144,952.83	94,773.58
Other income		529,933.87	958,716.43
Other operating income		24,904,725.24	26,097,049.73
II. Operating costs		2,962,199,429.05	2,571,897,863.90
Taxes and levies	21	57,274,686.81	56,042,213.23
Business and administrative expenses	22	2,294,902,518.82	1,979,919,458.66
Impairment losses of credit	23	610,022,223.42	/
Impairment losses of assets	23	/	497,459,946.02
Other operating costs		-	38,476,245.99
III. Operating profit		4,127,060,840.21	3,800,643,887.35
Add: Non-operating income	24	76,323,525.97	101,593,280.68
Less: Non-operating expenses		-	524,155.01
IV. Total profit		4,203,384,366.18	3,901,713,013.02
Less: Income tax expenses	25	1,051,766,541.28	977,410,610.33
V. Net profit		3,151,617,824.90	2,924,302,402.69
(I) Categorized by the nature of continuing operation			
1. Net profit from continuing operations		3,151,617,824.90	2,924,302,402.69
2. Net profit from discontinued operations		-	-
(II) Categorized by ownership:			
1. Net profit attributable to owners of the Company		3,151,617,824.90	2,924,302,402.69
2. Profit or loss attributable to minority interests		-	-
VI. Other comprehensive income, net of tax		-	-
VII. Total comprehensive income		3,151,617,824.90	2,924,302,402.69
Total comprehensive income attributable to owners of the Company		3,151,617,824.90	2,924,302,402.69
Total comprehensive income attributable to minority interests		-	-

The accompanying notes are part of the financial statements.

SAIC-GMAC AUTOMOTIVE FINANCE COMPANY LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

UNIT: RMB

	Note VIII	2019	2018
Cash Flow from Operating Activities			
Net decrease in balances with the central bank		373,771,403.00	-
Cash receipts from interest, fee and commission		9,773,200,403.01	8,618,537,519.60
Cash receipts from takings from financial institutions		115,794,973,889.29	119,858,207,465.79
Net increase in receipts from dealer security deposits		-	390,025,972.32
Cash receipts from written-off loans		39,865,243.91	34,332,508.53
Other cash receipts relating to operating activities		29,577,138,320.37	36,246,726,774.84
Sub-total of cash inflows from operating activities		155,558,949,259.58	165,147,830,241.08
Net increase in balances with the central bank		-	125,481,054.80
Cash repayments of takings from financial institutions		118,164,973,889.29	103,018,707,465.79
Cash repayments of deposits from shareholders		4,000,000,000.00	3,700,000,000.00
Net increase in loans and advances to customers		21,117,931,591.62	35,385,378,589.29
Net decrease in receipts from dealer security deposits		270,622,538.89	-
Cash payments for interest, fee and commission		2,126,661,203.25	2,150,197,577.46
Cash payments to and on behalf of employees		446,741,547.64	412,793,400.68
Payments of various types of taxes		1,647,377,273.07	2,023,565,190.09
Other cash payments relating to operating activities		25,811,414,941.56	24,154,177,196.46
Sub-total of cash outflows from operating activities		173,585,722,985.32	170,970,300,474.57
Net Cash Flow from Operating Activities		(18,026,773,725.74)	(5,822,470,233.49)
Cash Flow from Investing Activities			
Cash receipts from gains from investment		246,737,265.87	102,309,637.21
Cash receipts from disposals and recovery of investments		214,698,147.34	-
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		144,952.83	94,773.58
Sub-total of cash inflows from investing activities		461,580,366.04	102,404,410.79
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		34,558,393.63	16,699,346.86
Cash payments to acquire investment		300,000,000.00	860,000,000.00
Sub-total of cash outflows from investing activities		334,558,393.63	876,699,346.86
Net Cash Flow from Investing Activities		127,021,972.41	(774,294,936.07)
Cash Flows from Financing Activities			
Cash receipts from issue of bonds		22,563,660,876.87	9,960,915,094.32
Sub-total of cash inflows from financing activities		22,563,660,876.87	9,960,915,094.32
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,970,555,600.83	319,173,093.31
Cash repayments of bonds		12,200,219,000.00	3,861,456,600.00
Sub-total of cash outflows from financing activities		14,170,774,600.83	4,180,629,693.31
Net Cash Flow from Financing Activities		8,392,886,276.04	5,780,285,401.01
Net (Decrease)/lncrease in Cash and Cash Equivalents		(9,506,865,477.29)	(816,479,768.55)
Add: Cash and Cash Equivalents as at 31 December 2018	26	14,326,238,165.54	15,142,717,934.09
Closing Balance of Cash and Cash Equivalents	26	4,819,372,688.25	14,326,238,165.54

The accompanying notes are part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019 UNIT: RMB

	2019				
	Paid-in capital	Surplus reserve	General risk reserve	Unappropriated profits	Total owners' equity
I. Balance at 31 December 2018	3,500,000,000.00	1,412,379,293.55	1,599,781,009.99	9,482,229,920.11	15,994,390,223.65
Add: Changes in accounting policies (Note VI)	-	-	-	(64,626,674.32)	(64,626,674.32)
II. Balance at 1 January 2019	3,500,000,000.00	1,412,379,293.55	1,599,781,009.99	9,417,603,245.79	15,929,763,549.33
III. Changes for the year	3,000,000,000.00	(537,379,293.55)	211,164,859.93	(522,167,741.48)	2,151,617,824.90
(I) Total comprehensive income	-	-	-	3,151,617,824.90	3,151,617,824.90
(II) Owners' contributions and reduction in capital	-	-	-	-	-
(III) Profit distribution	-	292,430,240.27	211,164,859.93	(1,503,595,100.20)	(1,000,000,000.00)
1. Transfer to surplus reserve	-	292,430,240.27	-	(292,430,240.27)	-
2. Transfer to general risk reserve	-	-	211,164,859.93	(211,164,859.93)	-
3. Distribution to owners	-	-	-	(1,000,000,000.00)	(1,000,000,000.00)
(IV) Transfers within owners' equity	3,000,000,000.00	(829,809,533.82)	-	(2,170,190,466.18)	-
1. Capitalization of surplus reserve	829,809,533.82	(829,809,533.82)	-	-	-
2. Capitalization of unappropriated profits	2,170,190,466.18	-	-	(2,170,190,466.18)	-
IV. Balance at 31 December 2019	6,500,000,000.00	875,000,000.00	1,810,945,869.92	8,895,435,504.31	18,081,381,374.23

	2018				
	Paid-in capital	Surplus reserve	General risk reserve	Unappropriated profits	Total owners' equity
I. Balance at 1 January 2018	3,500,000,000.00	1,152,011,787.44	1,170,597,552.35	7,247,478,481.17	13,070,087,820.96
II. Changes for the year	-	260,367,506.11	429,183,457.64	2,234,751,438.94	2,924,302,402.69
(I) Total comprehensive income	-	-	-	2,924,302,402.69	2,924,302,402.69
(II) Owners' contributions and reduction in capital	-	-	-	-	-
(III) Profit distribution	-	260,367,506.11	429,183,457.64	(689,550,963.75)	-
1. Transfer to surplus reserve	-	260,367,506.11	-	(260,367,506.11)	-
2. Transfer to general risk reserve	-	-	429,183,457.64	(429,183,457.64)	-
3. Distribution to owners	-	-	-	-	-
III. Balance at 31 December 2018	3,500,000,000.00	1,412,379,293.55	1,599,781,009.99	9,482,229,920.11	15,994,390,223.65

The accompanying notes are part of the financial statements.

I. GENERAL

SAIC-GMAC Automotive Finance Company Limited (the "Company"), established on 11 August 2004 in Shanghai, PRC, is a sino-foreign joint venture jointly established by Ally Financial Inc. (formerly known as GMAC LLC) and SAIC Finance Co., Ltd., with no fixed operating period. The registered capital of the Company was RMB 500,000,000.

On 8 May 2007 and 1 November 2007, Ally Financial Inc., SAIC General Motors Co., Ltd. and SAIC Finance Co., Ltd. made two capital contributions to the Company, totaling RMB 1,000,000,000. The registered capital of the Company has been increased to RMB 1,500,000,000.

On 2 January 2015, GMAC UK PLC and General Motors Financial Company Inc. respectively received 35% and 5% equity of the Company from Ally Financial Inc. General Motors Financial Company Inc. transferred the 5% equity of the Company to SAIC Finance Co., Ltd.

On 4 February 2016 and 24 June 2016, GMAC UK PLC, SAIC General Motors co., Ltd. and SAIC Finance Co., Ltd. made two capital contributions to the Company, totaling RMB 2,000,000,000. The registered capital of the Company accumulated to RMB 3,500,000,000.

On 30 September 2017, General Motors Financial Company Inc. received the 35% equity of the Company from GMAC UK PLC.

On 14 October 2019, the Company made capital contribution by transferring RMB 829,809,533.82 of surplus reserve and RMB 2,170,190,466.18 of unappropriated profits, totaling RMB 3,000,000,000.00 to paid-in capital and accordingly the registered capital of the Company thereafter has been increased to RMB 6,500,000,000. Details of capital contributions from investors are set out in Note VIII, 15.

The registered office of the Company is Building F, No. 160, Fortune Plaza, PuMing Road, China (Shanghai) Pilot Free Trade Zone. The business scope of the Company is: I. to accept fixed term deposits for over 3 (inclusive) months of wholly-owned subsidiaries in China of foreign shareholders and their groups as well as the domestic shareholders; II. to accept the dealers' security deposits for auto loan and leasers' security deposits for auto lease; III. to issue financial bonds upon approval; IV. to engage in inter-bank borrowings; V. to borrow from financial institutions; VI. to provide auto loans; VII. to provide auto loans and operating equipment loans for dealers (including loans for exhibition hall construction, spare and accessory parts and maintenance equipment, etc.); VIII. to provide auto financing leases (excluding leaseback business); IX. to sell or buy back auto loan receivables and auto financing lease receivables to financial institutions; X. to sell off and process residual value of leased automobiles; XI. to provide consulting and agency business related to auto purchase financing; and XII. to engage in equity investment in financial institutions related to auto finance through approval. (The items which shall be approved by law shall be operated after approval of relevant departments)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company performs the Accounting Standards for Business Enterprises issued by the Ministry of Finance and the regulations thereon. The Company starts to perform the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets, the Accounting Standards for Business Enterprises No. 24 - Hedge Accounting and Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments as revised by the Ministry of Finance in 2017 since 1 January 2019. For the changes in relevant accounting policies, see Note 6.

The financial statements have been prepared on a going concern basis.

III. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises ("ASBE"), and present truly and completely the Company's consolidated financial position as of 31 December 2019, and the consolidated results of operations and cash flows for the year ended.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates are determined in accordance with the ASBE.

1. Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from I January to 31 December.

2. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses RMB as its functional currency. The Company adopts RMB to prepare its financial statements.

3. Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Apart from certain financial instruments measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

3. Basis of accounting and principle of measurement - continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date. Regardless of whether that price is directly observable or estimated using valuation technique, fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

Fair value measurements are categorized into Level l, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than inputs within Level l that are observable for the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

4. Preparation 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, exposures 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. If changes of related facts and situations lead to changes of related elements of control, the Company will conduct reassessment.

The Company originated a special purpose trust (structured entity) for specific business purposes. The Company accesses the nature of the relationship with the special purpose trust and the related risks and rewards to determine whether the Company has the control over the special purpose trust. The Company considers all relevant facts and circumstances in assessing whether or not it has the control over the trust. Once the changes of relevant facts and circumstances result in changes to elements of control, the Company will make reassessment. The relevant facts and circumstances include (l) the purpose to originate the special purpose trust; (2) The relevant activities of the special purpose trust and how decisions on those activities are made; (3) whether the Company's rights enable it to direct relevant activities of the special purpose trust; (4) whether the Company is exposed or, has the rights to, variable returns from its involvement with the special purpose trust; (5) whether the Company has the ability to use its power to affect its return; and (6) relationships with other parties. If the results of assessing relevant factors show that the Company controls the special purpose trust, the Company will consolidate the special purpose trust.

The Company's consolidated financial statements do not differ from its financial statements significantly.

5. Cash and Cash equivalents

Cash comprises deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

For all regular way purchases or sales of financial assets, the Company will recognize the assets to be received altogether the liabilities therefrom, or derecognize the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

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 expense over each accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or the amortized cost of financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance.

6.1 Classification and measurement of financial assets

Subsequent to initial recognition, the Company's financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. These financial assets mainly consist of balances with the central bank, deposits with financial institutions, loans and advances to customers, and other receivables.

Financial assets that meet the following conditions are classified as at fair value through other comprehensive income ("FVTOCI"): the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.1 Classification and measurement of financial assets - continued

Financial assets at fair value through profit or loss consist of those classified as financial assets at fair value through profit or loss and those designated as financial assets at fair value through profit or loss:

- The financial assets are classified as financial assets at fair value through profit or loss if they do not satisfy the condition to be classified as financial assets at amortized cost or financial assets at fair value through other comprehensive income;
- The Company may designate irrevocably the financial assets as those at fair value through profit or loss upon initial recognition in order to eliminate or decrease accounting mismatch significantly.

6.1.1 Classified as financial statements at amortized cost

The financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss. Interest income from financial assets at amortized cost is recognized based on the effective interest method.

6.1.2 Classified as financial assets at fair value through other comprehensive income

Relevant loss or gain on impairment of financial assets at fair value through profit or loss, interest income based on effective interest rate and exchange gain or loss are recognized in profit or loss. Except for the above circumstances, changes in fair value of such financial assets are all recognized in other comprehensive income. Such financial assets' changes that are recognized in profit or loss in each period equal to their changes that are recognized in profit or loss in each period as they are measured at amortized cost from acquisition date. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in profit or loss.

6.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

6.2 Impairment of financial assets

The impairment of financial assets at amortized cost and at fair value through other comprehensive income is accounted for and loss allowance is recognized on the basis of expected credit loss ("ECL").

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.2 Impairment of financial assets - continued

Except for the purchased or originated credit-impaired financial assets, the Company assesses, at each balance sheet date, the changes in the credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Company measures the loss allowance at the full lifetime ECL of the financial instruments; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company recognizes the loss allowance based on the 12-month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss or gain on impairment, except for the financial assets classified as at fair value through other comprehensive income. The Company recognizes credit loss allowance for financial assets at fair value through other comprehensive income in other comprehensive income and recognizes loss or gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Company measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Company measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

6.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

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

(1) Significant changes in internal price indicators as a result of a change in credit risk;
(2) Other changes in the interest rate or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage);
(3) Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life. Changes in market indicators of credit risk include, but are not limited to: (i) the credit spread; (ii) the credit default swap prices for the borrower; (iii) the length of time and the extent to which the fair value of a financial asset has been less than its amortized cost; and (iv) other market information related to the borrower, such as changes in the price of a borrower’s debt and equity instruments;
(4) An actual or expected significant change in the financial instrument’s external credit rating;
(5) An actual or expected internal credit rating downgrade for the borrower;
(6) Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower’s ability to meet its debt obligations;
(7) An actual or expected significant change in the operating results of the borrower;
(8) Significant increases in credit risk on other financial instruments of the same borrower;

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.2 Impairment of financial assets - continued

6.2.1 Significant increase in credit risk - continued

(9) An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
(10) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
(11) Significant changes that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
(12) Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
(13) Significant changes in the expected performance and behavior of the borrower;
(14) Changes in the Company's credit management approach in relation to the financial instrument.

No matter the credit risk is increased significantly or not after above assessment, it indicates a significant increase in credit risk of the financial instrument if the 30 (inclusive) days has lapsed after payment for financial instrument contract is overdue.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the balance sheet date. The financial instrument is considered to have lower credit risk if the financial instrument has lower default risk, the borrower has strong ability to perform its contract cash flow obligations for a short term, and the adverse change in the economic situation and operating environment over a long period of time, if any, may not necessarily reduce the borrower's performance of its contractual cash obligations.

6.2.2 Credit-impaired financial asset

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 observable data about the following events:

(1) significant financial difficulty of the issuer or the borrower;
(2) a breach of contract, such as a default or past due event;
(3) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(4) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(5) the disappearance of an active market for that financial asset because of financial difficulties;
(6) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

No matter the credit risk is increased significantly or not after assessment, the Company presumes that a default has occurred to the financial instrument if 60 (inclusive) days has lapsed after payment for financial instrument contract is overdue.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.2 Impairment of financial assets - continued

6.2.3 Recognition of expected credit loss

The Company recognizes the credit loss on accounts receivable with impairment matrix on a collective basis. The Company classifies financial instruments into different groups based on shared risk characteristics. Shared credit risk characteristics include type of financial instruments, credit risk rating, type of collateral, the date of initial recognition, remaining contractual maturity, the industry of borrower, the location of the borrower, and the value of the collateral relative to the financial asset etc.

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance sheet date, credit loss is the difference between the book value of the financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Company's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

6.2.4 Write-off of financial assets

The Company shall directly reduce the gross book value of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

6.3 Transfer of financial assets

The Company derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; or (3) although the financial asset has been transferred, the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.3 Transfer of financial assets - continued

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer of the financial asset and amount derecognized in any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognized on the date of derecognition; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Company continues to recognize the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a liability upon receipt.

6.4 Classification and measurement of financial liabilities

Financial instruments issued by the Company are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature but not only its legal form, together with the definition of financial liability and equity instruments.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Company mainly consist of other financial liabilities.

6.5 Other financial liabilities

The financial liabilities other than the financial assets that don't meet the derecognition criteria or the financial liabilities arisen from the continuing involvement in the transferred financial assets are classified as the financial liabilities measured at amortized cost, which are subsequently measured at amortized cost and the gain or loss on derecognition or amortization is recognized in profit or loss. The other financial liabilities of the Company include customer deposits, takings from financial institutions, dealer security deposits, interest payable, bonds payable and other payables.

6.6 Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Financial instruments - continued

6.6 Derecognition of financial liabilities - continued

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

6.7 Offsetting financial assets and financial liabilities

Where the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

7. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Company and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life	Estimated net residual value rate	Annual depreciation rate
Electronic equipment, instrument and furniture	5-8 years	0%	12.5%-20%

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Fixed assets - continued

The Company reviews the useful life and estimated net residual value of a fixed asset 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.

8. Intangible assets

Intangible assets represent software use rights and self-developed system.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a finite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

At the end of current year, the Company changes the estimated useful life of intangible assets without agreed useful life from 3 years to 10 years.

9. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

10. Impairment of non-financial assets other than goodwill

The Company reviews the fixed assets and intangible assets with a finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Once the impairment loss of above assets is recognized, it is not reversed in any subsequent period.

11. Employee benefits

The short-term benefits incurred during the accounting period in which the employee rendered services are recognized as liabilities by the Company and either included in profit or loss or charged to costs of related assets. The Company's staff welfare is recorded at the amount actually incurred and either included in profit or loss or charged to costs of related assets. Non-monetary staff welfare is measured at fair value.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Employee benefits - continued

The Company participates in social security schemes and pays for employees the medical insurance, work injury insurance, maternity insurance etc., and also makes appropriation to union running cost and employee education fund according to relevant provisions. During the accounting period in which the employee has rendered services, the Company determines the amount of employee benefits according to specified basis and proportion of appropriation and recognizes corresponding liabilities which are either included in profit or loss or charged to costs of related assets.

During the accounting period in which the employee has rendered services, the Company recognizes the amount due to defined contribution plan as liabilities which are either included in profit or loss or charged to costs of relevant assets.

Where the Company provides termination benefits to employee, the liabilities arising from employee benefits are recognized and included in profit or loss at the earlier of: (l) when the termination benefits are provided because the Company cannot unilaterally withdraw from the termination plan or the redundancy offer; (2) when the Company recognizes the costs or expenses relating to restructure involving payment for termination benefits.

12. General risk reserve

Pursuant to the "Circular on Printing and Distributing the Administrative Measures for Financial Enterprises' Appropriation of Reserves" (Cai Jin [2012] No.20) issued by MOF, at each year end, the financial institutions should make appropriations from net profit to general risk reserve as the part of owners' equity. The proportion of such appropriation is based on balance of assets subject to risk and loss, which specifically include loans and advances to customers, other receivables, etc.

The Company makes appropriation to general risk reserve at 1.5% of the balance of assets subject to risk and loss at the balance sheet date. Such general risk reserve is considered as profit distribution for the period and separately presented in the owners' equity.

13. Interest income and expense

Interest income and expense are calculated based on the amortized costs of relevant financial assets and financial liabilities using effective interest rate method and included in profit or loss for the period. Where there is minor difference between the effective interest rate and the contractual interest rate, the calculation can also be done using the contractual interest rate.

14. Fee and commission income

Fee and commission income are recognized upon rendering of service using accrual basis.

15. Government grants

Government grants are monetary assets and non-monetary assets from the government to the Company at no consideration. A government grant is recognized only when the Company can comply with the conditions attaching to the grant and the Company will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Government grants - continued

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

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 over the periods in which the related costs 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 for the period.

Government grants relating to the Company's normal operations are included in other income according to the economic substance.

Government grants not relating to the Company's normal operations are included in non-operating income or expenses.

16. Income tax

The income tax expenses include current income tax and deferred income tax.

16.1 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 laws.

16.2 Deferred tax assets and deferred tax liabilities

For differences between the carrying amounts of certain assets or liabilities and their tax base, or temporary differences 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.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

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.

Current and deferred tax expenses or incomes are recognized in profit or loss for the period.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Income tax - continued

16.2 Deferred tax assets and deferred tax liabilities - continued

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.

16.3 Income tax offsetting

When the Company 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.

17. Transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated by applying the spot exchange rate at the dates of the transactions.

At the balance sheet date, foreign currency monetary items are translated to RMB using the spot exchange rate at that date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date when the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

18. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

The Company as lessee under operating leases

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 rents are charged to profit or loss in the period in which they are actually incurred.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of accounting policies as set out in Note IV, the Company is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Company's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effects of changes in accounting estimates are recognized in the period of change if the changes affect the current period only, or in the period of change and future periods if the changes affect both current and future periods.

1. Critical judgments in applying accounting policies

The followings are the critical judgments that the Company has made in the process of applying the accounting policies and that have the significant impact on the amounts recognized in financial statements:

1.1 Accounting treatment for special-purpose trust

The Company, as the initiating institution, set up a special purpose trust and transferred a part of its retail auto pledged loan portfolio to it as a vehicle for issuing asset-backed securities ("Assets securitization transaction"). Details are set out in Note IX.

When making judgements on whether the special-purpose trust should be included in the consolidated financial statement, the management of the Company assesses the nature of the relationship with the special purpose trust and the related risks and rewards so as to determine whether the Company has the control over the special purpose trust. During the assessment, the Company determines whether it has control over the trust by comprehensively considering all relevant facts and circumstances. Once the changes of relevant facts and circumstances result in changes to elements of control, the Company will make reassessment. The relevant facts and circumstances mainly include (1) the purpose to originate the special purpose trust; (2) The relevant activities of the special purpose trust and how decisions on those activities are made; (3) whether the Company's rights enable it to direct relevant activities of the special purpose trust; (4) whether the Company is exposed or, has the rights to, variable returns from its involvement with the special purpose trust; (5) whether the Company has the ability to use its power to affect its return; and (6) relationships with other parties. The Company assessed the facts and circumstances relating to the transfer of trust assets incurred in 2018 and 2019. The result of the assessment shows that the Company has control over the relevant special-purpose trust, and therefore, the Company consolidated the special-purpose trust, including "The First Phase of 2018 Rongteng Individual Auto Loan Securitization Trust", "The Second Phase of 2018 Rongteng Individual Auto Loan Securitization Trust", "The First Phase of 2019 Rongteng Individual Auto Loan Securitization Trust", "The Second Phase of 2019 Rongteng Individual Auto Loan Securitization Trust" and "The the Third Phase of 2019 Rongteng Individual Auto Loan Securitization Trust".

In addition, when the Company determines whether to derecognize credit assets transferred to the special purpose trust, the Company considers the requirements of "Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets" regarding transfer and recognition of financial assets as well as the transfer and recognition of risk return and control.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

1. Critical judgments in applying accounting policies - continued

1.1 Accounting treatment for special-purpose trust - continued

For "The First Phase of 2018 Rongteng Individual Auto Loan Securitization Trust", "The Second Phase of 2018 Rongteng Individual Auto Loan Securitization Trust" and "The Third Phase of 2019 Rongteng Individual Auto Loan Securitization Trust", the management of the Company believes the transaction approach and content totally satisfy the recognition criteria of financial assets transfer. The Company neither transfers nor retains substantially all the risks and rewards of ownership of related credit asset portfolio and the Company continues to hold certain control over those assets, namely the Company has retained the control over those assets. Hence, the Company continues to recognize assets and liabilities to the extent of its continuing involvement in the transferred financial asset.

For "The First Phase of 2019 Rongteng Individual Auto Loan Securitization Trust" and "The Second Phase of 2019 Rongteng Individual Auto Loan Securitization Trust", the management of the Company believes the transaction approach and content totally satisfy the recognition criteria of financial assets transfer. However, the Company has retained substantially all the risks and rewards of ownership of related assets, hence the Company does not derecognize the transferred credit assets.

2. Key assumptions and uncertainties in accounting estimates

At the balance sheet date, the key assumptions and uncertainties in accounting estimates that are likely to cause significant adjustments to the carrying amounts of assets and liabilities in future period include:

2.1 Measurement of expected credit loss ("ECL")

Significant increase in credit risk: in the recognition of the provision for loss in the ECL model, 12-month ECL is adopted for assets of Phase I while lifetime ECL is adopted for assets of Phase II or Phase III. Assets enter into Phase II upon a significant increase of credit risk after initial recognition. The Company will take qualitative and quantitive reasonable and supportable forward-looking information in assessing whether credit risk of assets is increased significantly. For details, see Note XIII.

Use of model and assumption: The Company adopts different models and assumptions to assess the ECL of financial assets. The Company makes judgments to determine the most applicable model of each category of financial assets and assumptions used by these models, including assumptions related to key driven factors of credit risk. For the information of relevant ECL, see Note XIII.

Looking-forward information: In assessing ECL, the Company used reasonable and supportable looking-forward information which was based on assumptions of future situation of different economic driven factors and how they affect each other. For details, see Note XIII.

Default rate: Default rate is an important input of ECL. Default rate is an estimate on the possibility whether a default may occur in a certain period in the future and its calculation involves historical data, assumption and expectation of future situation. For details, see Note XIII.

Loss given default: Loss given default is an estimate on the loss of default, which is based on the difference between the contractual cash flow and the cash flow expected to be received by the borrower and takes cash flow from collateral and overall credit enhancement into consideration. For details, see Note XIII.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

2. Key assumptions and uncertainties in accounting estimates - continued

2.2 Income tax

During the normal course of operation of the Company, the final tax treatment and calculation for part of the transactions are subject to certain uncertainties. Whether the part of the items can be expensed before tax is subject to the approval of government authority. If the approved final result of these tax events is different from the originally recorded amounts, the difference will affect the current income tax and deferred income tax for the period of final determination.

VI. CHANGES OF ACCOUNTING POLICIES

1. Changes and effects if new standards of financial instruments are applied

The Company has adopted the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets, the Accounting Standards for Business Enterprises No.24 - Hedge Accounting and the Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments (collectively referred to as "New Standards of Financial Instruments) amended by the Ministry of Finance ("MoF") in 2017 since 1 January 2019.

For the classification and measurement of financial assets, in accordance with requirements of the New Standards of Financial Instruments, an entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss on the basis of the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. The original classifications of financial assets, such as loans and receivables, held-to-maturity investments and-available-for-sale financial assets are no longer adopted. For investments in equity instruments, the entity shall generally classify them as measured at fair value through profit or loss, and for investments in unquoted equity instruments, the entity is allowed to designate them as measured at fair value through other comprehensive income provide that such designation is irrevocable and the accumulated changes in fair value initially recorded in other comprehensive income cannot be carried forward to profit or loss upon disposal.

In terms of the impairment of financial assets, requirements relative to impairments in the New Standards of Financial Instruments are applicable to financial assets measured at amortized cost and fair value through other comprehensive income, lease receivables, accounts receivable, contract assets and specific financial commitment and financial guarantee contracts not utilized. The New Standards of Financial Instruments require to replace the previous incurred credit loss model with the expected credit loss model. As required by the new impairment model, a three-phase model shall be adopted, so that provisions for credit losses will be recognized as the expected credit losses within 12 months or over the entire duration based on whether credit risks of relevant items have been increased significantly from the initial recognition. For accounts receivable, contract assets and lease receivables with simplified methods, it is always allowed to recognize the impairment based on the full lifetime expected credit losses.

VI. CHANGES OF ACCOUNTING POLICIES - continued

1. Changes and effects if new standards of financial instruments are applied - continued

For the requirements of the recognition and measurement of financial instruments inconsistent with those of the New Standards of Financial Instruments before 1 January 2019, the Company makes adjustments in accordance with the New Standards of Financial Instruments. The Company makes no adjustments for the previous comparative data inconsistent with the requirements of the New Standards of Financial Instruments. The difference between the original book value of the financial instruments and the new book value at the date implementation the New Standards of Financial Instruments is recognized in the retained earnings or other comprehensive income as at 1 January 2019.

2. Changes and effects if amended formats of financial statements of financial enterprises are applied

In accordance with the Notice of Issuing the Amended Formats of Financial Statements of Financial Enterprises for 2018 (Cai Kuai [2018] No. 36), except for performance of presentation changes in the New Standards of Financial Instruments, the Company will include the interest of financial instruments provided based on effective interest method in the carrying amount of corresponding financial instrument and reflects it in relevant items of "Balances with the central bank", "Deposits with financial institutions", "Loans and advances to customers", "Customer deposits", "Takings from financial institutions", "Dealer security deposits" and "Bonds payable", and reflects the interest due receivable or payable but not yet received or paid as at the balance sheet date of relevant financial instrument in the "Interest receivable" and "Interest payable" and presents in "Other assets" and "Other liabilities". The changes in presentation of financial statements have no impact on the consolidated net profit and owners' equity.

The above changes in accounting policies may have changes and effects on the Company as below:

	Carrying amount presented prior to revision of standards 31 December 2018	Reclassification of interest receivable/payable (Note 1)	Remeasurement (Note 2)	Carrying amount presented after revision of standards 1 January 2019
Balances with the central bank	835,452,133.22	413,548.81	-	835,865,682.03
Deposits with financial institutions	14,326,238,165.54	8,870,367.05	-	14,335,108,532.59
Loans and advances to customers	99,956,943,663.93	226,589,608.55	(86,168,899.09)	100,097,364,373.39
Fixed assets	11,355,029.00	-	-	11,355,029.00
Intangible assets	9,054,487.75	-	-	9,054,487.75
Deferred tax assets	1,685,468,075.91	-	21,542,224.77	1,707,010,300.68
Other assets	4,640,231,478.60	(235,873,524.41)	-	4,404,357,954.19
TOTAL ASSETS	121,464,743,033.95	-	(64,626,674.32)	121,400,116,359.63
Customer deposits	6,800,000,000.00	12,765,000.00	-	6,812,765,000.00
Takings from financial institutions	51,770,000,000.00	340,658,288.27	-	52,110,658,288.27
Dealer security deposits	5,248,568,876.22	1,687,298.76	-	5,250,256,174.98
Employee benefits payable	70,072,465.24	-	-	70,072,465.24
Taxes payable	655,829,759.50	-	-	655,829,759.50
Bonds payable	15,961,421,566.19	412,752,054.79	-	16,374,173,620.98
Other liabilities	24,964,460,143.15	(767,862,641.82)	-	24,196,597,501.33
TOTAL LIABILITIES	105,470,352,810.30	-	-	105,470,352,810.30
Paid-in capital	3,500,000,000.00	-	-	3,500,000,000.00
Surplus reserve	1,412,379,293.55	-	-	1,412,379,293.55
General risk reserve	1,599,781,009.99	-	-	1,599,781,009.99
Unappropriated profits	9,482,229,920.11	-	(64,626,674.32)	9,417,603,245.79
Total equity attributable to the owners of the Company	15,994,390,223.65	-	(64,626,674.32)	15,929,763,549.33
Minority interests	-	-	-	-
TOTAL OWNERS' EQUITY	15,994,390,223.65	-	(64,626,674.32)	15,929,763,549.33
TOTAL LIABILIIES AND OWNERS' EQUITY	121,464,743,033.95	-	(64,626,674.32)	121,400,116,359.63

VI. CHANGES OF ACCOUNTING POLICIES - continued

2. Changes and effects if amended formats of financial statements of financial enterprises are applied - continued

Note : The Company will include the interest of financial instrument provided based on effective interest method in the account balance of that financial instrument.

Note 2 On 1 January 2019, the Company recognized ECL impairment provision on the financial assets such as loans and advances to customers in accordance with the New Standards of Financial Instruments. For loans and advances to customers, the Company adopts a three-phase model to measure ECL in accordance with the New Standards of Financial Instruments so that provisions for credit losses will be recognized as the expected credit losses within 12 months or the full lifetime based on whether credit risks of relevant items have been increased significantly from the initial recognition, resulting in an increase in loss provision of RMB 86,168,899.09 as at 1 January 2019, and reduction of retained earnings of RMB 64,626,674.32 considering effects of deferred income tax.

VII. MAJOR TAXES

Enterprise income tax

The Company's income tax rate is 25%.

Value-added tax

The value-added tax (the "VAT") payable is balance output VAT after deducting the input VAT. Output VAT is 6% of sales calculated according to relevant provisions of tax laws.

Other taxes

The Company paid city maintenance and construction tax and educational surtax on a tax basis of 7% and 3% respectively. The Company paid local educational surtax on a tax basis of 1% over the period from January to June of 2019 but 2% after 1 July 2019.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

1. BALANCES WITH THE CENTRAL BANK

	31/12/2019 RMB	31/12/2018 RMB
Statutory reserve deposited with central bank	461,680,730.22	835,452,133.22
Interest receivable	187,147.23	/
Total	461,867,877.45	835,452,133.22

Since July 2013, the Company was included in the scope of contribution of reserve against deposits with People's Bank of China. The current contribution proportion of the reserve is 6%, bearing interest at 1.62%.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

	31/12/2019 RMB	31/12/2018 RMB
Deposits with domestic financial institutions	4,819,372,688.25	14,326,238,165.54
Interest receivable	2,158,929.24	/
Total	4,821,531,617.49	14,326,238,165.54

3. LOANS AND ADVANCES TO CUSTOMERS

(1) Loans and advances categorized by individual person and enterprise are as follows:

	31/12/2019 RMB	31/12/2018 RMB
Retail loans and advances	82,101,334,835.37	72,432,945,302.49
Dealer loans and advances	31,621,035,525.25	30,854,821,696.56
Subtotal of principal	113,722,370,360.62	103,287,766,999.05
Interest receivable on retail loans and advances	158,512,122.53	/
Interest receivable on dealer loans and advances	142,772,809.31	/
Subtotal of interest receivable	301,284,931.84	/
Total	114,023,655,292.46	103,287,766,999.05
Less: Loan loss provision	3,977,179,626.75	3,330,823,335.12
- Stage 1 (12-month expected credit loss)	2,572,696,913.56	/
- Stage 2 (Lifetime expected credit loss)	978,468,608.96	/
- Stage 3 (Lifetime expected credit loss-impaired)	426,014,104.23	/
- Collective assessment	/	3,330,823,335.12
Book value	110,046,475,665.71	99,956,943,663.93

(2) Loans and advances categorized by maturity and guarantee type are as follows:

	31/12/2019		
	Within 1 year (inclusive)	1 to 5 years (inclusive)	Total
Total principal of loans and advances	30,794,971,088.87	82,927,399,271.75	113,722,370,360.62

	31/12/2018		
	Within 1 year (inclusive)	1 to 5 years (inclusive)	Total
Total principal of loans and advances	30,068,878,325.64	73,218,888,673.41	103,287,766,999.05

Most of the Company's loans and advances are guaranteed by assets like automobiles.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

3. LOANS AND ADVANCES TO CUSTOMERS - continued

(3) Overdue loans are as follows:

	31/12/2019			
	Overdue 1 to 90 days (inclusive)	Overdue 91 to 360 days	Overdue 360 days to 3 years	Total
	RMB	RMB	RMB	RMB
Retail loans	1,674,281,149.46	265,955,904.89	-	1,940,237,054.35

	31/12/2018			
	Overdue 1 to 90 days (inclusive)	Overdue 91 to 360 days	Overdue 360 days to 3 years	Total
	RMB	RMB	RMB	RMB
Retail loans	953,318,676.67	70,006,676.15	-	1,023,325,352.82

Overdue loans represent the loans of which the principal or interest has become overdue by 1 day or above (including outstanding part).

(4) Assessment of loans and advances by expected credit loss is as follows:

	31/12/2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss-impaired)	Total
	RMB	RMB	RMB	RMB
Total principal of loans and advances	103,324,145,127.83	9,831,167,501.41	567,057,731.38	113,722,370,360.62
Less: Loan loss allowance	2,572,696,913.56	978,468,608.96	426,014,104.23	3,977,179,626.75
Net book value	100,751,448,214.27	8,852,698,892.45	141,043,627.15	109,745,190,733.87

(5) Movements in loan loss allowance are as follows:

	2019			
	Stage 1 (12-month expected credit loss)	Stage 2 (Lifetime expected credit loss)	Stage 3 (Lifetime expected credit loss-impaired)	Total
	RMB	RMB	RMB	RMB
Balance at 1 January	2,683,491,573.64	621,842,934.89	111,657,725.68	3,416,992,234.21
Transfer to:				
-Stage 1	12,270,053.05	(12,164,058.74)	(105,994.31)	-
-Stage 2	(19,122,428.08)	19,307,801.99	(185,373.91)	-
-Stage 3	-	(13,570,402.70)	13,570,402.70	-
Provision for the year	(103,942,285.05)	363,052,333.52	377,566,867.85	636,676,916.32
Write off	-	-	(116,354,767.69)	(116,354,767.69)
Recovery of written-off loans and advances	-	-	39,865,243.91	39,865,243.91
Balance at 31 December	2,572,696,913.56	978,468,608.96	426,014,104.23	3,977,179,626.75

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

3. LOANS AND ADVANCES TO CUSTOMERS - continued

(5) Movements in loan loss allowance are as follows: - continued

	2018 Collective assessment RMB
Opening balance	2,984,123,726.15
Provision for the year	378,259,946.02
Write off	(65,892,845.58)
Reversal	34,332,508.53
Including: Recovery of written-off loans and advances	34,332,508.53
Closing balance	3,330,823,335.12

4. FIXED ASSETS

	Electronic equipment, instrument & furniture RMB
Cost	
31 December 2018	39,424,688.77
Addition	6,063,774.68
Disposal	(8,099,905.96)
31 December 2019	37,388,557.49
Accumulated depreciation	
31 December 2018	28,069,659.77
Charge for the year	5,181,438.46
Eliminated on disposal	(8,099,905.96)
31 December 2019	25,151,192.27
Net book value	
31 December 2018	11,355,029.00
31 December 2019	12,237,365.22

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

5. INTANGIBLE ASSETS

	Software use rights RMB
Cost	
31 December 2018	99,694,343.01
Addition	28,494,618.95
31 December 2019	128,188,961.96
Accumulated amortization	
31 December 2018	90,639,855.26
Charge for the year	9,383,879.48
31 December 2019	100,023,734.74
Net book value	
31 December 2018	9,054,487.75
31 December 2019	28,165,227.22

6. DEFERRED TAX ASSETS

	Deductible temporary differences		Deferred tax assets	
	31/12/2019 RMB	31/12/2018 RMB	31/12/2019 RMB	31/12/2018 RMB
Interest received in advance	3,467,719,657.03	3,886,052,334.76	866,929,914.26	971,513,083.69
Loan loss allowance	2,381,458,502.80	1,935,298,003.93	595,364,625.70	483,824,500.98
Loans written off but not yet deducted	740,425,349.28	663,935,825.51	185,106,337.32	165,983,956.38
Impairment provision for other assets	154,998,795.56	181,653,488.48	38,749,698.89	45,413,372.12
Amortization of intangible assets	36,606,013.88	37,973,069.12	9,151,503.47	9,493,267.28
Employee long-term development incentive fund	41,101,500.69	36,959,581.84	10,275,375.17	9,239,895.46
Net book value	6,822,309,819.24	6,741,872,303.64	1,705,577,454.81	1,685,468,075.91

According to the estimation of future operating results, the management believes that the Company is likely to obtain sufficient taxable income in the future periods to utilize the deductible temporary differences. Therefore, relevant deferred tax assets are recognized.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

7. OTHER ASSETS

	31/12/2019 RMB	31/12/2018 RMB
Subsidies of interest receivable	1,967,197,671.20	2,151,164,114.64
Investment in asset-backed securities issued by the Company	1,570,667,384.56	1,268,141,436.17
Continuing involvement in assets	1,034,956,545.56	923,000,000.00
Interest receivable	/	235,873,524.41
Prepaid cost of issuance and underwriting of asset-backed securities	34,962,525.43	20,463,984.45
Other receivables	39,173,323.57	30,054,437.61
Deposits and prepayments	10,610,629.24	11,500,944.19
Prepaid decoration costs	11,894,662.12	33,037.13
Total	4,669,462,741.68	4,640,231,478.60

8. DEPOSITS FROM SHAREHOLDERS

	31/12/2019 RMB	31/12/2018 RMB
Deposits from domestic shareholders	2,800,000,000.00	6,800,000,000.00
Interest payable	5,390,000.00	/
Total	2,805,390,000.00	6,800,000,000.00

9. TAKINGS FROM FINANCIAL INSTITUTIONS

	31/12/2019 RMB	31/12/2018 RMB
Takings from domestic financial institutions	49,400,000,000.00	51,770,000,000.00
Interest payable	178,800,249.65	/
Total	49,578,800,249.65	51,770,000,000.00

10. DEALER SECURITY DEPOSITS

Dealer security deposits are deposits from borrowers, bearing interest at the mutually agreed interest rate based on the length of time of the fund occupying.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

11. EMPLOYEE BENEFITS PAYABLE

	31/12/2018 RMB	Provision RMB	Payments RMB	31/12/2019 RMB
Short-term compensation				
Wages or salaries, bonus, allowance and subsidies	33,112,883.40	301,936,463.00	325,359,216.40	9,690,130.00
Employee benefits	36,959,581.84	35,714,109.02	31,572,190.17	41,101,500.69
Social insurance	-	23,263,128.05	23,263,128.05	-
Including: Medical insurance	-	21,018,394.37	21,018,394.37	-
Work-related injury and maternity insurance	-	2,244,733.68	2,244,733.68	-
Housing fund	-	24,454,291.56	24,454,291.56	-
Union running costs and employee education costs	-	8,396,069.62	8,396,069.62	-
Defined contribution plan				
Basic pension	-	34,018,543.11	34,018,543.11	-
Enterprise annuity contribution	-	9,639,547.17	9,639,547.17	-
Unemployment insurance	-	1,074,678.78	1,074,678.78	-
Total	70,072,465.24	438,496,830.31	457,777,664.86	50,791,630.69

12. TAXES PAYABLE

	31/12/2019 RMB	31/12/2018 RMB
Enterprise income tax	420,977,054.56	471,344,699.75
VAT	131,900,266.40	161,206,361.18
Taxes and levies	15,828,031.96	17,732,699.73
Individual income tax	8,642,609.97	4,860,476.14
Stamp duty	527,285.40	685,522.70
Total	577,875,248.29	655,829,759.50

13. BONDS PAYABLE

	31/12/2019 RMB	31/12/2018 RMB
Bonds of non-bank financial institution		
-Face value	18,000,000,000.00	16,000,000,000.00
-Interest adjustment	(28,279,644.86)	(38,578,433.81)
-Interest payable	421,325,226.45	/
Issuance of asset-backed securities		
- Face value	8,429,781,000.00	-
- Interest payable	7,106,544.75	/
Total	26,829,933,126.34	15,961,421,566.19

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

13. BONDS PAYABLE - continued

(1) On 14 February 2017, the Company publicly issued fixed-rate bonds of RMB 3 billion in inter-bank bond market, with nominal interest rate of 4.35%. The bonds will be due on 16 February 2020.

(2) On 2 April 2018, the Company publicly issued fixed-rate bonds of RMB 5 billion in inter-bank bond market, with nominal interest rate of 5.00%. The bonds will be due on 4 April 2020.

(3) On 22 November 2018, the Company publicly issued fixed-rate bonds of RMB 5 billion in inter-bank bond market, with nominal interest rate of 4.05%. The bonds will be due on 26 November 2021.

(4) On 18 June 2019, the Company publicly issued fixed-rate bonds of RMB 5 billion in inter-bank bond market, with nominal interest rate of 3.80%. The bonds will be due on 20 June 2022.

(5) On 6 March 2019, the Company, as an initiator, issued RMB 5 billion of fixed-rate priority A1 asset-backed securities, with an expected maturity date in February 2020, and RMB 3.78 billion of floating-rate priority A2 asset-backed securities, with an expected maturity date in October 2020. For details about the issuance of the above asset-backed securities, please refer to Note IX.

(6) On 6 August 2019, the Company, as an initiator, issued RMB 4 billion of fixed-rate priority A1 asset-backed securities, with an expected maturity date in June 2020, and RMB 4.85 billion of floating-rate priority A2 asset-backed securities, with an expected maturity date in May 2021. For details about the issuance of the above asset-backed securities, please refer to Note IX.

14. OTHER LIABILITIES

	31/12/2019 RMB	31/12/2018 RMB
Auto financing due to manufacturers	11,890,283,191.70	16,443,356,031.01
Interest received in advance	3,467,719,657.03	3,886,052,334.77
Interest payable	/	767,968,968.27
Service fee due to dealers	308,538,060.37	392,638,228.51
Accrued expenses	336,841,480.28	274,281,979.80
De-mortgage service income received in advance	48,219,831.04	147,121,435.60
Continuing involvement in liabilities	1,034,956,545.56	923,000,000.00
Others	1,754,965,577.46	2,130,041,165.19
Total	18,841,524,343.44	24,964,460,143.15

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

15. PAID-IN CAPITAL

The registered capital of the Company is RMB 6,500,000,000.00, of which RMB 3,000,000,000.00 was contributed in October 2019. As at 31 December 2019, the paid-in capital is RMB 6,500,000,000.00. Details of capital contribution from investors according to the Company's articles are as follows:

		Changes in the year		
	31/12/2018 RMB	Owners' contributions in capital RMB	Owners' reduction in capital RMB	31/12/2019 RMB
SAIC Finance Co., Ltd.	1,575,000,000.00	1,350,000,000.00	-	2,925,000,000.00
General motors Financial Company Inc.	1,225,000,000.00	1,050,000,000.00	-	2,275,000,000.00
SAIC General Motors Co., Ltd.	700,000,000.00	600,000,000.00	-	1,300,000,000.00
Total	3,500,000,000.00	3,000,000,000.00	-	6,500,000,000.00

The actual contribution of the above increased capital has been verified by Zhonghua Certified Public Accountants LLP with the capital verification report numbered Zhong Kuai Zi (2019) No. 6535.

16. SURPLUS RESERVE

	2019 RMB	2018 RMB
Opening balance	1,412,379,293.55	1,152,011,787.44
Provision for the year	292,430,240.27	260,367,506.11
Transfer to paid-in capital	829,809,533.82	-
Closing balance	875,000,000.00	1,412,379,293.55

The Company makes appropriation to statutory surplus reserve at 10% of the audited net profit for prior year under ASBE.

17. GENERAL RISK RESERVE

	2019 RMB	2018 RMB
Opening balance	1,599,781,009.99	1,170,597,552.35
Provision for the year	211,164,859.93	429,183,457.64
Closing balance	1,810,945,869.92	1,599,781,009.99

As at 31 December 2019, the general risk reserve provided by the Company has reached 1.5% of the balance of assets subject to risk and loss at the prior balance sheet date.

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

18. UNAPPROPRIATED PROFITS

	2019 RMB	2018 RMB
Unappropriated profits at the end of last year	9,482,229,920.11	7,247,478,481.17
Impact of changes in accounting policies	(64,626,674.32)	/
Unappropriated profits at the beginning of the year	9,417,603,245.79	7,247,478,481.17
Net profit for the year	3,151,617,824.90	2,924,302,402.69
Less: Transfer to statutory surplus reserve (note)	292,430,240.27	260,367,506.11
Transfer to general risk reserve (note)	211,164,859.93	429,183,457.64
Distribution to owners (note)	1,000,000,000.00	-
Transfer to paid-in capital (note)	2,170,190,466.18	-
Unappropriated profits at the end of the year	8,895,435,504.31	9,482,229,920.11

Note：As approved by the board meeting on 18 July 2019, the Company distributes the profit for 2018. The Company makes appropriation of RMB 292,430,240.27 and RMB 211,164,859.93 from the net profit for 2018 to statutory surplus reserve and general risk reserve respectively. At the same time, the Company transfers surplus reserve of RMB 829,809,533.82 and unappropriated profits of RMB 2,170,190,466.18, amounting to RMB 3,000,000,000.00 to paid-in capital and distributes unappropriated profits of RMB 1,000,000,000.00 to shareholders as dividends.

19. NET INTEREST INCOME

	2019 RMB	2018 RMB
Interest income		
- Loans and advances to customers	8,579,755,740.96	7,263,321,448.57
- Investment in asset-backed securities issued by the Company	437,306,668.70	397,620,460.26
- Deposits with central bank and financial institutions	57,424,315.00	132,734,895.87
Sub-total of interest income	9,074,486,724.66	7,793,676,804.70
Sub-total of interest expenses	2,942,067,507.23	2,650,990,442.86
Net interest income	6,132,419,217.43	5,142,686,361.84

20. NET FEE AND COMMISSION INCOME

	2019 RMB	2018 RMB
Fee and commission income	981,531,709.76	1,268,694,096.08
Fee and commission expenses	50,193,652.54	65,452,847.00
Net fee and commission income	931,338,057.22	1,203,241,249.08

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

21. TAXES AND LEVIES

	2019 RMB	2018 RMB
City construction & maintenance tax	32,062,257.20	31,257,559.58
Education surcharge	20,531,206.41	19,934,372.45
Stamp duty	4,681,223.20	4,850,281.20
Total	57,274,686.81	56,042,213.23

22. BUSINESS AND ADMINISTRATIVE EXPENSES

	2019 RMB	2018 RMB
Marketing fees	1,361,635,531.07	1,071,911,832.34
Employee benefits and welfare	438,496,830.31	445,485,122.91
Consultation and administrative expenses	252,783,383.89	233,239,695.40
Travel and conference expenses	109,380,594.52	104,664,591.99
Daily administrative expenses	57,049,672.06	48,878,833.90
Information technology fee	52,062,064.85	48,845,396.84
Depreciation and amortization	19,444,682.87	19,701,027.87
Others	4,049,759.25	7,192,957.41
Total	2,294,902,518.82	1,979,919,458.66

23. IMPAIRMENT LOSSES OF CREDIT/ASSETS

	2019 RMB	2018 RMB
Impairment losses of loans	636,676,916.32	378,259,946.02
Impairment losses of investment in asset-backed securities issued by the Company	(26,654,692.90)	119,200,000.00
Total	610,022,223.42	497,459,946.02

24. NON-OPERATING INCOME

	2019 RMB	2018 RMB
Government grants	76,000,000.00	100,647,384.00
Others	323,525.97	945,896.68
Total	76,323,525.97	101,593,280.68

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

25. INCOME TAX EXPENSES

	2019 RMB	2018 RMB
Current tax expense	1,074,214,327.59	1,078,451,325.29
Annual filing difference	(23,880,632.18)	(29,611,363.45)
Deferred tax expense	1,432,845.87	(71,429,351.51)
Total	1,051,766,541.28	977,410,610.33

Reconciliation of income tax expenses to accounting profit is as follows:

	2019 RMB	2018 RMB
Profit before tax	4,203,384,366.18	3,901,713,013.02
Income tax expenses calculated at 25%	1,050,846,091.55	975,428,253.26
Effect of expenses that are not deductible for tax purposes	920,449.73	1,982,357.07
Total	1,051,766,541.28	977,410,610.33

26. CASH AND CASH EQUIVALENTS

	31/12/2019 RMB	31/12/2018 RMB
Original maturity within three months:		
Deposits with financial institutions	4,819,372,688.25	14,326,238,165.54
Total	4,819,372,688.25	14,326,238,165.54

VIII. NOTES TO ITEMS IN THE FINANCIAL STATEMENTS - continued

27. SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT

	2019 RMB	2018 RMB
Reconciliation of net profit to cash flows from operating activities		
Net profit	3,151,617,824.90	2,924,302,402.69
Add: Credit risk loss/Impairment losses of assets	610,022,223.42	497,459,946.02
Interest expenses of funding	964,884,433.97	446,425,883.00
Increase / (decrease) in accrued expenses	62,559,500.48	(22,348,139.17)
Amortization of intangible assets	9,383,879.48	6,964,462.43
Amortization of commission of issuing bonds and underwriting fees	48,092,568.93	39,084,905.68
Amortization of long-term prepaid expenses	54,331,465.81	37,740,396.10
Depreciation of fixed assets	5,181,438.46	5,099,212.33
Net gains on disposal of fixed assets and intangible assets	(144,952.83)	(94,773.58)
Interest income of investment	(437,306,668.70)	(397,620,460.26)
Decrease / (increase) in deferred tax assets	1,432,845.87	(71,429,351.51)
Increase in operating receivables	(10,045,681,459.86)	(14,399,158,027.77)
Increase / (decrease) in operating payables	(12,451,146,825.67)	5,111,103,310.55
Net cash flow from operating activities	(18,026,773,725.74)	(5,822,470,233.49)
Net changes in cash and cash equivalents		
Closing balance of cash and cash equivalents	4,819,372,688.25	14,326,238,165.54
Less: Opening balance of cash and cash equivalents	14,326,238,165.54	15,142,717,934.09
Net (decrease)/increase in cash and cash equivalents	(9,506,865,477.29)	(816,479,768.55)

IX. EQUITY IN THE STRUCTURED ENTITY

The structured entities included in the scope of consolidated financial statements are the special purpose trusts originated by the Company.

In March 2018, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a carrying amount of RMB 3,000,000,000.00 to the special purpose trust named as "The First Phase of 2018 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 3,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 210,000,000.00.

IX. EQUITY IN THE STRUCTURED ENTITY - continued

In June 2018, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a carrying amount of RMB 10,000,000,000.00 to the special purpose trust named as "The Second Phase of 2018 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 650,000,000.00.

In March 2019, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 10,000,000,002.11 to the special purpose trust named as "The First Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" which was established by Shanghai International Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 10,000,000,002.11. The value of subordinate notes held by the Company reached to RMB 1,220,000,002.11.

In August 2019, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 10,000,000,000.00 to the special purpose trust named as "The Second Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 10,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 1,150,000,000.00.

In November 2019, the Company originated a special purpose trust and transferred its retail auto loan portfolio with a total face value of RMB 6,000,000,000.00 to the special purpose trust named as "The Third Phase of 2019 Rongteng Retail Auto Loan Securitization Trust" which was established by COFCO Trust Co., Ltd. as the trustee. There are two tranches of the asset-backed securities, including senior notes and subordinate notes, with a total face value of RMB 6,000,000,000.00. The value of subordinate notes held by the Company reached to RMB 300,000,000.00.

In above five phases of asset securitization transactions, for the repayment from original debtors, the senior asset-backed securities have priority to be paid before the subordinate asset-backed securities. The Company continues to provide loan services for the above transferred credit assets.

For The First Phase of 2018 Rongteng Retail Auto Loan Securitization Trust, The Second Phase of 2018 Rongteng Retail Auto Loan Securitization Trust and The Third Phase of 2019 Rongteng Retail Auto Loan Securitization Trust, the Company neither retains nor transfers substantial risks and rewards, and continues to maintain certain control over the financial assets, i.e. the Company does not give up the control over the above credit assets completely. Therefore, the Company recognizes the assets and liabilities to the extent of its continuing involvement.

With regard to The First Phase of 2019 Rongteng Retail Auto Loan Securitization Trust and The Second Phase of 2019 Rongteng Retail Auto Loan Securitization Trust, the Company has retained substantially all risks and rewards relating to the ownership of the transferred credit assets, so the Company does not derecognize the transferred credit assets.

X. COMMITMENTS

Operating lease commitments

At the balance sheet date, the Company as lessee has outstanding commitments in respect of non-cancelable operating leases, which fall due as follows:

	31/12/2019 RMB'000	31/12/2018 RMB'000
The minimum lease payments under non-cancelable operating leases:		
1st year subsequent to the balance sheet date	28,141.53	26,404.06
2nd year subsequent to the balance sheet date	12,072.24	26,888.87
3rd year subsequent to the balance sheet date	11,823.98	10,950.31
	52,037.75	64,243.24

XI. SEGMENT REPORTING

According to the Company's organizational structure, management requirements and internal reporting system, the Company classifies the operating businesses into two reporting segments based on their respective organizational structure. Management conducts regular evaluation on their operating results to determine resource allocations and assess their performance. The two segments of the Company are as follows: retail financing segment and wholesale financing segment.

Segment reporting information is disclosed based on the accounting policies and measurement basis used when reporting to the management. This measurement basis remains consistent with the accounting policies and measurement basis applied in preparing the financial statements.

Segment reporting information

	2019		Unit: RMB
Item	Retail financing	Wholesale financing	Total
Operating income	6,420,598,479.88	668,661,789.38	7,089,260,269.26
Net interest income	5,524,643,783.96	607,775,433.47	6,132,419,217.43
Net fee and commission income	888,386,717.26	42,951,339.96	931,338,057.22
Other income	7,567,978.66	17,935,015.95	25,502,994.61
Operating costs	2,797,092,687.82	165,106,741.23	2,962,199,429.05
Operating profit	3,623,505,792.06	503,555,048.15	4,127,060,840.21
Total assets	87,898,003,109.60	33,847,314,839.98	121,745,317,949.58
Total liabilities	74,843,560,088.51	28,820,376,486.84	103,663,936,575.35

XI. SEGMENT REPORTING – continued

Segment reporting information - continued

Item	Retail financing (2019)	Wholesale financing (2019)	Total (2019) Unit: RMB
Supplementary information:			
Loans and advances to customers	79,451,642,356.15	30,594,833,309.56	110,046,475,665.71
Interest income	7,854,890,391.55	1,219,596,333.11	9,074,486,724.66
Interest expenses	2,330,246,607.59	611,820,899.64	2,942,067,507.23
Fee and commission income	928,918,091.69	52,613,618.07	981,531,709.76
Impairment losses recognized in the current year	631,021,636.88	(20,999,413.46)	610,022,223.42
Other operating income	7,046,287.77	17,858,437.47	24,904,725.24

Item	Retail financing (2018)	Wholesale financing (2018)	Total (2018) Unit: RMB
Operating income	5,584,090,345.28	788,451,405.97	6,372,541,751.25
Net interest income	4,426,392,635.09	716,293,726.75	5,142,686,361.84
Net fee and commission income	1,151,627,328.37	51,613,920.71	1,203,241,249.08
Other income	6,070,381.82	20,543,758.51	26,614,140.33
Operating costs	2,135,881,215.49	436,016,648.41	2,571,897,863.90
Operating profit	3,448,209,129.79	352,434,757.56	3,800,643,887.35
Total assets	85,377,441,386.79	36,087,301,647.16	121,464,743,033.95
Total liabilities	74,135,001,154.93	31,335,351,655.37	105,470,352,810.30

Item	Retail financing (2018)	Wholesale financing (2018)	Total (2018) Unit: RMB
Supplementary information:			
Loans and advances to customers	70,259,631,607.54	29,697,312,056.39	99,956,943,663.93
Interest income	6,640,234,753.92	1,153,442,050.78	7,793,676,804.70
Interest expenses	2,213,842,118.83	437,148,324.03	2,650,990,442.86
Fee and commission income	1,206,287,000.90	62,407,095.18	1,268,694,096.08
Impairment losses recognized in the current year	256,115,185.35	241,344,760.67	497,459,946.02
Other operating income	5,623,615.54	20,473,434.19	26,097,049.73

There was no income from any other countries in 2019 and 2018, and all non-current assets are located in China. The Company has no such customer that is not a related party but whose net income accounts for 10% or above of the Company's net income for 2019 and 2018.

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

(1) The relationships between the Company and the related parties

Name of related parties	Relationship with the Company
SAIC Finance Co., Ltd. ("SAICFC")	Parent Company
SAIC General Motors Co., Ltd. ("SGM")	Investor
General Motors Financial Company Inc.	Investor
SAIC Motor Corporation Limited ("SAIC")	Indirect controlling shareholder
SAIC GM Wuling Co., Ltd. ("SGMW")	Subsidiary of indirect controlling shareholder
SAIC General Motors Sales Co., Ltd. ("SGMS")	Subsidiary of investor's parent company
SAIC Activity Center Co., Ltd. ("SAICAC")	Subsidiary of indirect controlling shareholder
Shanghai Automotive Industry Real Estate Co., Ltd.	Subsidiary of indirect controlling shareholder
SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd.	Subsidiary of investor's parent company
SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	Subsidiary of investor's parent company

The Company's related parties also include auto dealers under SAIC Motor Corporation Limited ("SAIC").

(2) Significant transactions between the Company and related parties for the current year are as follows:

(a) Interest income

	2019 RMB	2018 RMB
Interest income of deposits with financial institutions		
SAIC Finance Co., Ltd.	818,170.33	3,555,724.97

The interest rate is 1.62%% in 2019 (The interest rate of 2018 is 1.62%).

	2019 RMB	2018 RMB
Interest income of loans and advances to customers		
Subsidiaries of SAIC Motor Corporation Limited		
- Wholesale	872,653,179.61	749,965,604.26
- Retail	3,908,845,855.30	3,734,796,826.08
	4,781,499,034.91	4,484,762,430.34

Interest for wholesale auto loans during the interest free period was mainly paid by SGMS and SGMW to the Company. This interest calculation was based on the fund occupied days and prime interest rate for loan within six months published by People's Bank of China. Besides, SGMS and SGMW also made up part of interest payment while issuing discounted-interest loans for sales promotion, with interest calculated based on respective fund occupied days and contractual interest rate of retail auto loans.

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows - continued

(b) Interest expenses

	2019 RMB	2018 RMB
Interest expense of deposits from shareholders		
SGM	102,050,000.00	148,701,666.67
Interest expense of deposits from financial institutions		
SAICFC	-	345,194.46

The interest is calculated according to the length of time for which deposits are used and market rate of time deposits.

(c) Fee and commission income

	2019 RMB	2018 RMB
Loan fee income		
SGMS	51,545,862.64	60,847,359.18
SGMW	1,061,396.27	1,484,226.49
SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	5,754.71	-
	52,613,013.62	62,331,585.67
Service fee income		
SGMS	2,202,200.00	5,237,050.00

(d) Business and administrative expenses

	2019 RMB	2018 RMB
Operating lease expenses		
SAIC	14,997,828.00	14,283,648.00
Marketing fees		
SAICAC	23,783,182.72	2,212,985.13
Salary		
General Motors Financial Company Inc.	7,984,891.80	5,730,858.88
Information technology service fees		
General Motors Financial Company Inc.	2,272,711.47	6,999,754.90
Maintenance expenses		
Shanghai Automotive Industry Real Estate Co., Ltd	1,643,611.72	1,601,556.48

XII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS - continued

(2) Significant transactions between the Company and related parties for the current year are as follows - continued

(e) Amounts due from / to related parties

Accounts	Related parties	31/12/2019 RMB	31/12/2018 RMB
Deposits with financial institutions	SAICFC	52,644,940.83	33,322,959.83
Interest receivable	SGMS	114,417,129.63	91,911,166.62
	SGMW	727,716.67	1,223,215.43
	SAICFC	83,919.30	19,067.89
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	3,063.33	-
Loans and advances to customers	SAIC's auto dealers	1,333,510,339.70	890,341,691.88
Other receivables	SGMS	1,567,059,013.12	2,146,293,098.57
	SGMW	401,064,538.08	6,036,937.10
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	1,620.00	-
Deposits from shareholders	SGM	2,800,000,000.00	6,800,000,000.00
Interest payable	SGM	5,390,000.00	12,765,000.00
Other payables	SGMS	11,339,420,701.35	16,412,450,277.96
	SGMW	-	30,905,753.05
	SAIC GM New Energy Automobiles Sales Service (Shenzhen) Co., Ltd. and SAIC GM New Energy Automobiles Sales Service (Guangzhou) Co., Ltd.	3,474,746.00	-
	General Motors Financial Company Inc.	2,474,325.51	4,975,637.06

(f) Compensation of key management personnel

	2019 RMB	2018 RMB
Compensation of key management personnel	13,261,837.14	19,279,273.04

XIII. RISK MANAGEMENT

(1) Overview of risk management

Overview of risk

The Company is exposed to various risks in its financial business operations. The Company monitors all types of risk through ongoing risk identification and assessment. The Company's business is mainly exposed to credit risk, liquidity risk, market risk and operation risk. Therein, the market risks include exchange rate risk, interest rate risk and other price risk.

XIII. RISK MANAGEMENT - continued

(1) Overview of risk management - continued

Overview of risk - continued

The Company's risk management objectives are to achieve a proper balance between risks and yield, ensuring safe and sound operation under reasonable risk level.

Frame of risk management

The Board of Directors is responsible for the Company's overall risk management strategy; overseeing the Company's risk management and internal control system; and assessment of the Company's overall risk. Senior management of the Company establishes and sets up operation management frame matching comprehensive risk management according to the risk management strategy established by board of directors, and promotes the implementation of corresponding risk management policies, system and procedures. The Company's Credit Department, Risk Management Department, Finance Department and Compliance Department jointly form the major risk management department, specifically implementing the Company's risk management policies and systems. Internal Audit Department of the Company is responsible for independent review of the risk management and control environment.

(2) Credit risk

Credit risk is the risk of the borrower's failure to meet the contractual obligation or undertake the risk when it falls due. Credit risk mainly arises from wholesale and retail loans business. The Company monitors all the financial assets that meet the impairment requirement to assess whether the credit risk has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the Company measures the loss allowance at the full lifetime expected credit loss; if the credit risk has not increased significantly, the Company recognizes the loss allowance based on the 12-month expected credit loss.

Credit risk management

The Company implements standard credit risk management in credit business including investigation and reporting, credit review and approval, loan release, post-loan monitoring and non-performing loans management, and estabilishes five-level classification standards in managing credit risk according to the "Guidelines for the Risk Classification of Assets of Non-banking Financial Institutions (Trial)" issued by CBRC.

The Company's credit officers are responsible for collection of application materials, pre-loan approval investigation, and preliminary assessment on credit risk of applicant and business. In determining credit limit, the Company will consider the applicant's creditability, financial position, collateral or guarantee condition, credit risk for loans portfolio, macro-control policies, laws and regulations etc. The Company also integrates macro-control policies in strengthening guidelines for credit business policies and reasonableness of the Company’s loan structure. As for non-performing loans, the Company primarily manages credit risk through (1) collection; (2) loan restructure; (3) disposal of collateral or claim against guarantor; (4) litigation or arbitration; (5) write-off of loan in accordance with regulations and etc., to manage non-performing loans and reduce potential loss derived from credit risk as possible.

XIII. RISK MANAGEMENT - continued

(2) Credit risk - continued

Credit risk management - continued

The Company manages and classifies retail credit assets based on overdue days. For non-overdue retail customers, the Company shall strengthen management through regular visits. As for overdue retail customers, various debt collection methods shall be taken according to the lengh of time overdue. For retail loans overdue a certain period, the Company shall classify them as impaired assets and make impairment provison accordingly.

Impairment assessment

Measurement of expected credit loss

In accordance with the New Standards of Financial Instruments, the Company classifies its loans into three stages, and makes provision for the expected credit loss depending on whether the credit risk of the financial instruments has increased significnatly since initial recognition. For the details of these stages, please refer to Note IV.

In order to minimise credit risk, the Company develops and maintains the Company's credit risk rating, and categorises the exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

Significant increase of credit risk

In determining whether the credit risk of financial instruments has increased significantly since initial recognition, the Company's considerations include whether the borrower's business, financial, and economic conditions have changed significantly and have any adverse impacts, whether impairment of collateral (limited to pledge loans and mortgage loans only) has been identified, whether the early indicators of cash flow / liquidity problems have been identified, such as overdue payments of accounts payable / loan repayments, whether the financial instruments are overdue for more than 30 days, or whether the market prices fall gradually due to the deterioration of the quality of assets.

Definition of default

When any of the following criteria is met, the Company determines that the borrower is in default:

(i) the principal or interest of the loan is overdue for more than 60 days;
(ii) the borrower cannot fully perform its credit obligations to the Company, and the Company has no recourse right, such as settlement of collateral etc.; or
(iii) the borrower has experienced the events described in (i) (ii) above at other financial institutions.

XIII. RISK MANAGEMENT - continued

(2) Credit risk - continued

Definition of default - continued

Generally, financial assets are considered to be credit-impaired if:

- overdue for more than 60 days;
- the Company, for economic, legal or other factors, makes a concession when the borrower is in financial difficulty, which is impossible to occur under normal circumstances;
- the borrower may be unable to pay its debts or implement other financial restructuring;
- the financial assets cannot be traded in active market any more due to severe financial difficulties;
- other objective evidence indicating that the financial assets have been impaired;
- the borrowers have problems in repaying the loans and they cannot rely entirely on normal operating income to repay the principal and interest, and losses may occur even if collateral or guarantee is executed;
- the borrower cannot repay the principal and interest in full, and significant losses should be recognized even if the collateral or guarantee is executed;
- after taking all possible measures and legal remedies, only a small portion of principal and interest can be recovered, or no principal and interest can be recovered.

Description of parameters, assumptions and estimate techniques

Expected credit loss is measured at an amount equivalent to 12-month expected credit loss or lifetime expected credit loss, which depends on whether the credit risk has been increased significantly since initial recognition or whether an asset is considered to be credit-impaired. The expected credit loss is the probability of default, multiplied by loss given default and exposure at default, taking into account the time value of money. The definitions are as follows:

- Probability of default is an estimated value calculated based on the possibility of default over 12 months or the full lifetime.
- Loss given default is the proportion of loss on default of a debt to the risk exposure of the debt in default.
- Exposure at default is an estimate of future risk exposure of default when a default occurs. It considers the amount of principal and interest that is expected to be repaid subsequent to the reporting date, and the expected changes in withdrawal amount based on commitment measures.

The Company monitors and reviews the assumptions regarding the changes in maturity based on the calculation of expected credit loss (such as probability of default and loss given default) on a regualr basis. Such information usually derives from internally developed data models and other historical data, and is adjusted to reflect the forward-looking factors weighted by probability.

XIII. RISK MANAGEMENT - continued

(2) Credit risk - continued

Forward-looking factors included in expected credit loss

According to the different risk characteristics of assets, the Company classifies its assets into different asset groups to identify the macro-indexes relating to credit risk and establish the migration models. The Company makes macroeconomic assumptions based on the forward-looking factors that are available without undue cost or effort. The external information includes macroeconimic informaiton and forecast information released by the government or regulators, such as: GDP, investment in fixed assets, total social consumption, consumer price index, consumer confidence index, growth rate of nongovernmental financing, unemployment rate, and growth rate of retail sales of automobiles compared with last month etc.

Maximum credit risk exposure

Without consideration of collaterals or other creditability enhancement measures, the maximum credit risk exposure reflects the worst situation of credit risk exposure at the balance sheet date, in which the maximum credit risk exposure at the balance sheet date is represented by the carrying amount of financial assets less the amounts of the following: 1) Amount written-off according to provisions of "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments"; 2) Impairment loss recognized for the financial assets.

Information on maximum credit risk exposure of the Company is as follows:

	31/12/2019 RMB	31/12/2018 RMB
Loans and advances to customers	110,046,475,665.71	99,956,943,663.93
Amounts due from financial institutions	4,821,531,617.49	14,326,238,165.54
Other financial assets (note)	4,616,285,458.94	4,612,124,939.56
Total	119,484,292,742.14	118,895,306,769.03

Note Other financial assets include other receivables, investment in asset-backed securities issued by the Company and continuing involvement in assets etc.

In general, the Company requires guarantee on financing. In addition, to minimize credit risks, the Company also requires the borrowers for additional guarantee when there is indication of impairment for loans or prepayments. The amount of retail loans issued is normally 70% of the value of collateral.

Analysis of credit risk concentration of financial assets

The Company's credit risk concentration of loans and advances represents that the borrowers are concentrated in an industry or region, or have some common economic characteristics, which result in the increase in credit risk. (1) As the Company is an auto financial company, most loans concentrate in auto industry. Industrial concentration is relatively high. (2) The Company's business scope covers China Mainland, with wholesalers and retailers in different provinces across China. Regional credit risk concentration is relatively low.

XIII. RISK MANAGEMENT - continued

(3) Liquidity risk

Liquidity risk is the risk that no sufficient fund will be available for debt repayment when it falls due. Liquidity risk of the Company mainly arises from delay in loan repayment by borrowers and amount or maturity mismatch of assets and liabilities.

The cash flows of the Company's financial assets and financial liabilities based on the outstanding period from the balance sheet date to the contractual maturity date are presented as follows. The disclosed amounts are undiscounted contractual cash flows:

XIII. RISK MANAGEMENT - continued

(3) Liquidity risk - continued

	31/12/2019						
	Overdue/ indefinite RMB	Repayment on demand RMB	Within 1 month RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Total RMB
Financial assets							
Balances with the central bank	461,867,877.45	-	-	-	-	-	461,867,877.45
Deposits with financial institutions	-	4,821,531,617.49	-	-	-	-	4,821,531,617.49
Loans and advances to customers (note)	364,146,857.24	-	17,935,902,203.12	22,221,950,577.05	38,233,376,732.24	40,835,169,026.16	119,590,545,395.81
Other financial assets	-	12,889,007.53	1,967,880,089.66	32,109,140.00	-	2,609,727,316.94	4,622,605,554.13
Total financial assets	826,014,734.69	4,834,420,625.02	19,903,782,292.78	22,254,059,717.05	38,233,376,732.24	43,444,896,343.10	129,496,550,444.88
Financial liabilities							
Deposits from shareholders	-	-	-	-	2,854,390,000.00	-	2,854,390,000.00
Takings from financial institutions	-	-	900,842,500.00	8,846,217,222.22	40,082,874,628.82	534,481,944.44	50,364,416,295.48
Dealer security deposits	-	-	-	-	-	4,979,621,976.94	4,979,621,976.94
Bonds payable	-	-	-	5,833,923,159.34	11,375,964,385.41	10,582,500,000.00	27,792,387,544.75
Other financial liabilities	-	-	13,632,256,486.52	359,154,349.45	294,054,434.33	1,040,119,585.07	15,325,584,855.37
Total financial liabilities	-	-	14,533,098,986.52	15,039,294,731.01	54,607,283,448.56	17,136,723,506.45	101,316,400,672.54
Net book value	826,014,734.69	4,834,420,625.02	5,370,683,306.26	7,214,764,986.04	(16,373,906,716.32)	26,308,172,836.65	28,180,149,772.34

XIII. RISK MANAGEMENT - continued

(3) Liquidity risk - continued

	31/12/2018						
	Overdue/ indefinite RMB	Repayment on demand RMB	Within 1 month RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Total RMB
Financial assets							
Balances with the central bank	835,865,682.03	-	-	-	-	-	835,865,682.03
Deposits with financial institutions	-	14,335,522,081.40	-	-	-	-	14,335,522,081.40
Loans and advances to customers (note)	136,935,506.45	-	18,417,043,748.42	21,810,480,009.75	35,370,265,285.17	31,844,187,106.34	107,578,911,656.13
Other financial assets	-	13,297,500.63	2,167,908,363.22	12,688.40	-	2,195,032,862.90	4,376,251,415.15
Total financial assets	972,801,188.48	14,348,819,582.03	20,584,952,111.64	21,810,492,698.15	35,370,265,285.17	34,039,219,969.24	127,126,550,834.71
Financial liabilities							
Deposits from shareholders	-	-	-	4,015,375,000.00	2,854,226,666.67	-	6,869,601,666.67
Takings from financial institutions	-	-	2,052,914,583.33	5,437,127,847.22	44,509,729,377.78	1,072,727,777.78	53,072,499,586.11
Dealer security deposits	-	-	-	-	-	5,248,568,876.22	5,248,568,876.22
Bonds payable	-	-	3,097,500,000.00	-	583,000,000.00	13,785,500,000.00	17,466,000,000.00
Other financial liabilities	-	-	18,826,941,841.53	343,071,765.50	832,455,222.06	928,817,543.69	20,931,286,372.78
Total financial liabilities	-	-	23,977,356,424.86	9,795,574,612.72	48,779,411,266.51	21,035,614,197.69	103,587,956,501.78
Net book value	972,801,188.48	14,348,819,582.03	(3,392,404,313.22)	12,014,918,085.43	(13,409,145,981.34)	13,003,605,771.55	23,538,594,332.93

Note: Considering from the point of view of liquidity risk management, for loans overdue within 3 months, the amount of overdue loans and advances to customers disclosed above represent the overdue principal at the balance sheet date, not including the part of principal that is not yet due; for loans overdue over 3 months, the amount of overdue loans and advances to customers disclosed above represent all the outstanding principal.

XIII. RISK MANAGEMENT - continued

(4) Market risk

Market risk refer to the risk of losses in the Company's on-sheet and off-sheet business due to adverse changes in market prices. The Company's market risks mainly include interest rate risk, exchange rate risk and other price risk. The Company's market risk is mainly interest rate risk.

The Company's Financial Department, as special functional management department, has implemented concentration management on market risk. At present, the Company has established preliminary market risk management system, and formulated procedures and reporting system for market risk management.

Sensitivity analysis is the Company's major measure to assess and measure the market risks. Sensitivity analysis considers effects on relevant market risk when it is assumed that only one single variable changes. As any risk variable seldom changes alone and the relevance between variables will have significant effects on the final effect amount of changes of one certain risk variable, the results of sensitivity analysis can only provide limited information about market risk.

Foreign exchange risk

According to the "Administrative Measures for Auto Financing Companies", the Company is only allowed to conduct RMB business. Therefore, the Company has limited foreign exchange risk exposure.

Interest rate risk

Interest rate risk mainly arises from the maturity mismatch and interest repricing of the assets and liabilities of the Company. The Company manages the interest rate risk by implementing regular monitoring on the gap of interest repricing of the assets and liabilities and adjusting proportion and term of assets and liabilities that are sensitive to interest rate.

At the balance sheet date, the earlier of repricing day or maturity of the interest-bearing assets and liabilities of the Company is summarized as follows:

XIII. RISK MANAGEMENT - continued

(4) Market risk - continued

Interest rate risk - continued

	31/12/2019					
	Within 1 month RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Non-interest-bearing RMB	Total RMB
Financial assets						
Cash and balances with the central bank	461,867,877.45	-	-	-	-	461,867,877.45
Deposits with financial institutions	4,821,531,617.49	-	-	-	-	4,821,531,617.49
Loans and advances to customers	31,331,854,154.51	8,254,269,281.93	10,932,942,558.01	63,504,589,298.01	-	114,023,655,292.46
Other financial assets	-	-	-	2,069,913,091.12	2,546,372,367.82	4,616,285,458.94
Total financial assets	36,615,253,649.45	8,254,269,281.93	10,932,942,558.01	65,574,502,389.13	2,546,372,367.82	123,923,340,246.34
Financial liabilities						
Deposits from shareholders	-	-	2,805,390,000.00	-	-	2,805,390,000.00
Takings from financial institutions	908,856,944.49	8,839,150,138.74	39,330,227,888.64	500,565,277.78	-	49,578,800,249.65
Bonds payable	-	5,816,350,236.00	10,916,476,825.32	10,097,106,065.02	-	26,829,933,126.34
Dealer security deposits	4,979,621,976.94	-	-	-	-	4,979,621,976.94
Other financial liabilities	-	-	-	1,034,956,545.56	14,290,628,309.81	15,325,584,855.37
Total financial liabilities	5,888,478,921.43	14,655,500,374.74	53,052,094,713.96	11,632,627,888.36	14,290,628,309.81	99,519,330,208.30
Net book value	30,726,774,728.02	(6,401,231,092.81)	(42,119,152,155.95)	53,941,874,500.77	(11,744,255,941.99)	24,404,010,038.04

XIII. RISK MANAGEMENT - continued

(4) Market risk - continued

Interest rate risk - continued

	31/12/2018					
	Within 1 months RMB	1-3 months RMB	3-12 months RMB	1-5 years RMB	Non-interest-bearing RMB	Total RMB
Financial assets						
Cash and balances with the central bank	835,452,133.22	-	-	-	-	835,452,133.22
Deposits with financial institutions	14,326,238,165.54	-	-	-	-	14,326,238,165.54
Loans and advances to customers	30,391,131,564.68	8,675,499,035.25	13,441,224,887.90	50,779,911,511.22	-	103,287,766,999.05
Other financial assets	-	-	-	1,846,000,000.00	2,766,124,939.56	4,612,124,939.56
Total financial assets	45,552,821,863.44	8,675,499,035.25	13,441,224,887.90	52,625,911,511.22	2,766,124,939.56	123,061,582,237.37
Financial liabilities						
Deposits from shareholders	-	4,000,000,000.00	2,800,000,000.00	-	-	6,800,000,000.00
Takings from financialinstitutions	2,050,000,000.00	5,400,000,000.00	43,320,000,000.00	1,000,000,000.00	-	51,770,000,000.00
Bonds payable	2,978,822,539.76	-	-	12,982,599,026.43	-	15,961,421,566.19
Dealer security deposits	5,248,568,876.22	-	-	-	-	5,248,568,876.22
Other financial liabilities	-	-	-	923,000,000.00	20,008,286,372.78	20,931,286,372.78
Total financial liabilities	10,277,391,415.98	9,400,000,000.00	46,120,000,000.00	14,905,599,026.43	20,008,286,372.78	100,711,276,815.19
Net book value	35,275,430,447.46	(724,500,964.75)	(32,678,775,112.10)	37,720,312,484.79	(17,242,161,433.22)	22,350,305,422.18

XIII. RISK MANAGEMENT - continued

(4) Market risk - continued

Interest rate risk - continued

Sensitivity analysis of interest rate

The following table illustrates the impact of the increase or decrease of the yield rate of all currencies by 100 basis points in parallel on the net profit of the Company, based on the structure of interest-bearing assets and liabilities at the balance sheet date.

	2019	2018
Changes in interest rate	Impact on net profit	Impact on net profit
	RMB'000	RMB'000
Increase by 100 basis points	62,380	157,105
Decrease by100 basis points	(62,380)	(157,105)

The above impact on net profit includes the impact on net interest income.

The analysis of the impact on net interest income is based on the assumption that the Company can continue to obtain the net interest income calculated with the changed interest rate after the repricing date.

The Company considers that this assumption does not represent the current policies on capital utilization and interest rate management, therefore, above impact may differ from actual situation.

(5) Operation Risk

Operation risk refers to the risk of direct or indirect loss due to imperfect internal operation procedure, persons, systems or external affairs. The major reasons resulting in operation risk include: man-made problem, computer system failure, improper working procedure or internal control.

For operation risk, the Company designs clear organizational structure and assigns special administrators, ensuring that staff are of clear responsibilities and duties and perform their own functions, and operating steps of each business process are implemented as per the business operation manual and management system. Under the Company's current operation situation and monitor system, the greater operation risk can be prevented.

XIV. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Method of determining fair value

In determining the fair value of financial instruments, for those traded in an active market, the Company will determine their fair value on the basis of market price or market interest rate. For those without market price or market interest rate, the Company adopts present value or other valuation technique to determine the fair value of financial assets and financial liabilities. Regardless whether using present value or other valuation techniques, the balance sheet date and the market situation of financial assets and financial liabilities are considered.

XIV. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES - continued

Fair value information of various types of financial assets and financial liabilities

The financial assets and financial liabilities of the Company include balances with the central bank, deposits with financial institutions, loans and advances to customers, deposits from shareholders, takings from financial institutions and bonds payable etc. The carrying amount of the Company's major financial assets and financial liabilities approximate their fair values due to the short term or floating interest rate etc.

XV. CAPITAL MANAGEMENT

According to related regulations of CBRC on capital management, the “Administrative Measures on the Capital of Commercial Banks (Trial)” issued on 8 June 2012 and other relevant requirements, the Company takes the principle of “scientific planning, rational allocation, conservative using and risk-reward balance” to manage its capital. The goal of the Company’s capital management is to achieve capital efficiency, to meet the requirement of risk management, to satisfy the regulatory capital requirements, and to maximize the return of risk-adjusted capital by building up a comprehensive risk management framework and establishing internal assessment procedures on capital adequacy. The Board of Directors takes the primary responsibility of capital management. The senior management of the Company is responsible for organizing and supervising that all departments have performed their duties of capital management, and is responsible for organizing the implementation of asset management based on business strategy and risk preference to ensure that the Company's capital management commensurates with its business development and risk levels.

XVI. COMPARATIVE FIGURES

Due to the change of presentation method, the comparative figures in the financial statements have been represented using the presentation method for 2019.

XVII. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Company's management on 4 March 2020.

* * *END OF FINANCIAL STATEMENTS* * *

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