**Supplemental Listing Document**

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

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

**3,400,000 European Style Cash Settled Short Certificates relating to**

**the ordinary shares of WuXi Biologics (Cayman) Inc.**

**with a Daily Leverage of -5x**

**issued by**

**SG Issuer**

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

**unconditionally and irrevocably guaranteed by**

**Société Générale**

**Issue Price: S$1.20 per Certificate**

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

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

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

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

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

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

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 25 October 2021.

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

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

22 October 2021

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

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

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

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

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

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

Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

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

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## RISK FACTORS

The following are risk factors relating to the Certificates:

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

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

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

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

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

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

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

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 31 to 35 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section of this document for more information;

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

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

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

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

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

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

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

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

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

(q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight increase in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday increase in the price of the Underlying

Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 51 to 52 of this document for more information;

(r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 37 to 38 of this document for more information;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(dd) U.S. withholding tax

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

(ee) risk factors relating to the BRRD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

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| Certificates: | 3,400,000 European Style Cash Settled Short Certificates relating to the ordinary shares of WuXi Biologics (Cayman) Inc. (the "**Underlying Stock**") |
| ISIN: | LU2267112527 |
| Company: | WuXi Biologics (Cayman) Inc. (RIC: 2269.HK) |
| Underlying Price[3] and Source: | HK$113.30 (Reuters) |
| Calculation Agent: | Société Générale |
| Strike Level: | Zero |
| Daily Leverage: | -5x (within the Leverage Inverse Strategy as described below) |
| Notional Amount per Certificate: | SGD 1.20 |
| Management Fee (p.a.)[4]: | 0.40% |
| Gap Premium (p.a.)[5]: | 6.90%, is a hedging cost against extreme market movements overnight. |
| Stock Borrowing Cost[6]: | The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock. |
| Rebalancing Cost[6]: | The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock. |
| Launch Date: | 18 October 2021 |
| Closing Date: | 22 October 2021 |

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

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| Expected Listing Date: | 25 October 2021 |
| Last Trading Date: | The date falling 5 Business Days immediately preceding the Expiry Date, currently being 13 October 2022 |
| Expiry Date: | 20 October 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates) |
| Board Lot: | 100 Certificates |
| Valuation Date: | 19 October 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day. |
| Exercise: | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Cash Settlement Amount: | In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:<br><br>Closing Level multiplied by the Notional Amount per Certificate<br><br>Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 42 to 57 of this document for examples and illustrations of the calculation of the Cash Settlement Amount. |
| Hedging Fee Factor: | In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where:<br><br>"**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding |

the Expected Listing Date to the Valuation Date; and

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

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

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

Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 42 to 57 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

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

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

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the "Specific Definitions relating to the Leverage Inverse Strategy" section on pages 20 to 25 below.

Initial Exchange Rate[3]: 0.1729

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore

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| | Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time. |
| Air Bag Mechanism: | The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.<br><br>Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.<br><br>The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero.<br><br>Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 23 to 25 below and the "Description of Air Bag Mechanism" section on pages 48 to 49 of this document for further information of the Air Bag Mechanism. |
| Adjustments and Extraordinary Events: | The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made. |
| Underlying Stock Currency: | Hong Kong Dollar ("**HKD**") |
| Settlement Currency: | Singapore Dollar ("**SGD**") |
| Exercise Expenses: | Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates. |
| Relevant Stock Exchange for the Certificates: | The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") |
| Relevant Stock Exchange for the Underlying Stock: | HKEX |
| Business Day and Exchange | A "**Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for |

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

**<u>Specific Definitions relating to the Leverage Inverse Strategy</u>**

***<u>Description of the Leverage Inverse Strategy</u>***

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

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

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

***Leverage Inverse Strategy Formula***

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

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

On Observation Date(1):

$\mathrm{LSL_1} = 1000$

On each subsequent Observation Date(t):

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

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

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

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

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

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

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

**CB** means the Cost of Borrowing applicable that is equal to 2.00%.

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

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

**TC** means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:

0.13%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

**Leverage** -5

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| $\mathbf{S_t}$ | means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions. |
| $\mathbf{Rate_t}$ | means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine. |
| $\mathbf{Rfactor_t}$ | means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula :<br>$$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$<br>where<br>$Div_t$ is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered gross of any applicable withholding taxes. |
| **ACT(t-1,t)** | ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded). |
| **DayCountBasis Rate** | 365 |
| **Benchmark Fallback** | upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine. |
| **Reference Rate Event** | means, in respect of the Reference Rate any of the following has occurred or will occur:<br>(i) a Reference Rate Cessation;<br>(ii) an Administrator/Benchmark Event; or<br>(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), |

pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

**Reference Rate Cessation**

means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

**Administrator/ Benchmark Event**

means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

**Reference Rate(s)**

means the rate(s) used in the Leverage Inverse Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

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

**Extraordinary Strategy Adjustment for Performance Reasons**

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

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

$$\mathrm{LSL}_{\mathrm{IRD}} = \mathrm{Max}\left[\mathrm{ILSL}_{\mathrm{IR(n)}} \times \left(1 + \mathrm{ILR}_{\mathrm{IR(n),IR(C)}} - \mathrm{IRC}_{\mathrm{IR(n),IR(C)}}\right), 0\right]$$

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

$$\mathrm{LSL}_{\mathrm{IRD}} = \mathrm{Max}\left[\mathrm{ILSL}_{\mathrm{IR(n)}}, 0\right]$$

**$\mathrm{ILSL}_{\mathrm{IR(k)}}$** means, in respect of IR(k), the Intraday Leverage Inverse Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\mathrm{ILSL}_{\mathrm{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL}_{\mathrm{IRD-1}} \times \left(1 + \mathrm{ILR}_{\mathrm{IR(0),IR(1)}} - \mathrm{FC}_{\mathrm{IRD-1,IRD}} - \mathrm{SB}_{\mathrm{IRD-1,IRD}} - \mathrm{IRC}_{\mathrm{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL}_{\mathrm{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL}_{\mathrm{IR(k-1)}} \times \left(1 + \mathrm{ILR}_{\mathrm{IR(k-1),IR(k)}} - \mathrm{IRC}_{\mathrm{IR(k-1),IR(k)}}\right), 0\right]$$

**$\mathrm{ILR}_{\mathrm{IR(k-1),IR(k)}}$** means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR}_{\mathrm{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS}_{\mathrm{IR(k)}}}{\mathrm{IS}_{\mathrm{IR(k-1)}}} - 1\right)$$

**$\mathrm{IRC}_{\mathrm{IR(k-1),IR(k)}}$** means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

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

**$\mathrm{IS}_{\mathrm{IR(k)}}$** means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\mathrm{IS}_{\mathrm{IR(0)}} = \mathrm{S}_{\mathrm{IRD-1}} \times \mathrm{Rfactor}_{\mathrm{IRD}}$$

(2) for k=1 to n

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

(3) with respect to IR(C)

$$\mathrm{IS}_{\mathrm{IR(C)}} = \mathrm{S}_{\mathrm{IRD}}$$

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

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

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

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

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

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) ranking:

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this Condition:

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

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

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

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

2. **Certificate Rights and Exercise Expenses**

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

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

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

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

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

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

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

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

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

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

**3. Expiry Date**

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

**4. Exercise of Certificates**

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

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

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

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

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

## 5. Warrant Agent

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

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

## 6. Adjustments

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

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

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

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

(iii) an extraordinary dividend;

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

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

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

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

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

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

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

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

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

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

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

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

**7. Purchases**

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

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

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

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

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

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

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

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

## 9. Notices

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

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

## 10. Liquidation

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

## 11. Further Issues

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

## 12. Delisting

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

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

## 13. Early Termination

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

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

For the purposes of this Condition:

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

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

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

For the purposes of this Condition:

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

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

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

## 14. Substitution of the Issuer

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

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

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

## 15. Governing Law

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

## 16. Prescription

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

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

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

## SUMMARY OF THE ISSUE

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

| | |
|---|---|
| Issuer: | SG Issuer |
| Company: | WuXi Biologics (Cayman) Inc. |
| The Certificates: | European Style Cash Settled Short Certificates relating to the Underlying Stock |
| Number: | 3,400,000 Certificates |
| Form: | The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent. |
| Cash Settlement Amount: | In respect of each Certificate, is the amount (if positive) equal to:<br>Notional Amount per Certificate x Closing Level |
| Denominations: | Certificates are represented by a global warrant in respect of all the Certificates. |
| Exercise: | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Exercise and Trading Currency: | SGD |
| Board Lot: | 100 Certificates |

| | |
|---|---|
| Transfers of Certificates: | Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP. |
| Listing: | Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 25 October 2021. |
| Governing Law: | The laws of Singapore |
| Warrant Agent: | The Central Depository (Pte) Limited<br>11 North Buona Vista Drive<br>#06-07 The Metropolis Tower 2<br>Singapore 138589 |
| Further Issues: | Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST. |

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

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

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

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

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

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

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

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

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

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

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

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

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

### B) Trading the Certificates before Expiry

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

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

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

### Illustration of the Calculation of Hedging Fee Factor

| | | |
|---|---|---|
| Hedging Fee Factor | = | Product of the Daily Fees |

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

### Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

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

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

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

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

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

**Hedging Fee Factor**

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

HFF(0) = 100%

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

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

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

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

Assuming 2$^{\text{nd}}$ Underlying Stock Business Day falls 3 Calendar Days after 1$^{\text{st}}$ Underlying Stock Business Day:

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

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

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

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

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

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

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

**Cash Settlement Amount**

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

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

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

= 119.64%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.64% x 1.20 SGD

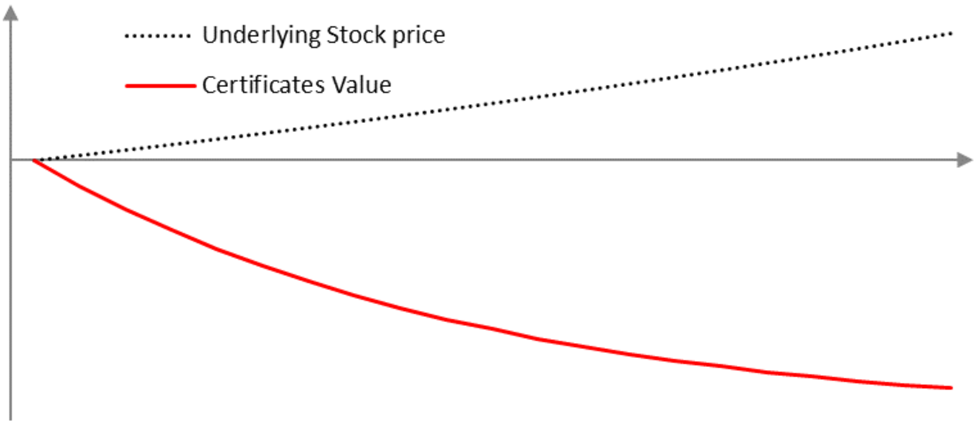
**= 1.436 SGD**

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

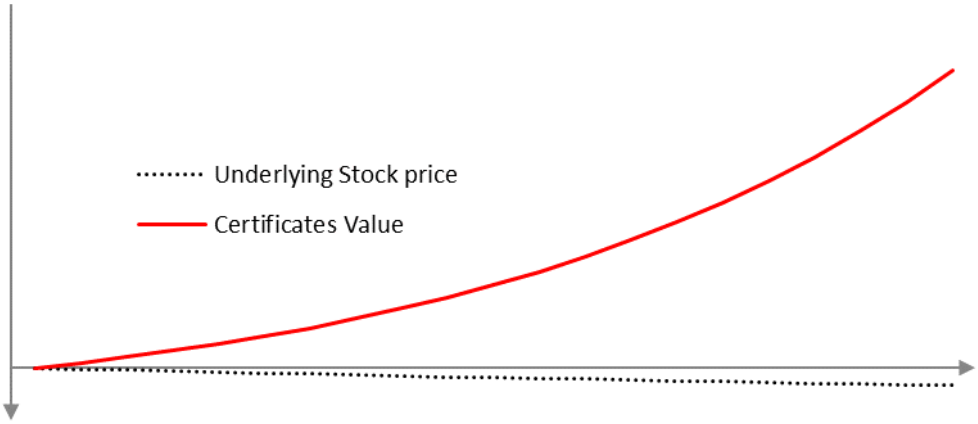
*The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. <u>Illustrative examples</u>

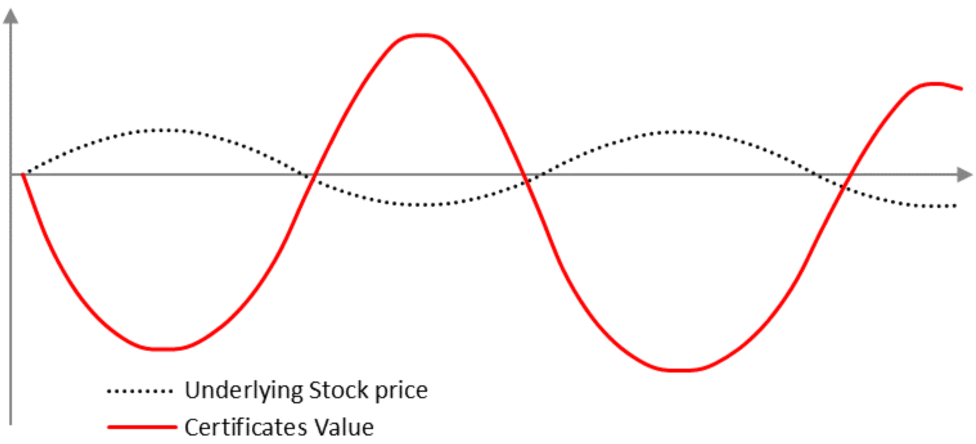
*<u>Scenario 1 – Upward Trend</u>*




*<u>Scenario 2 – Downward Trend</u>*




*<u>Scenario 3 – Volatile Market</u>*



2. Numerical Examples

*Scenario 1 – Upward Trend*

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

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

*Scenario 2 – Downward Trend*

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

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

*Scenario 3 – Volatile Market*

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

| Value of the Certificates | | | | | | |
|---|---|---|---|---|---|---|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | -10.0% | 10.0% | -10.0% | 10.0% | -10.0% |
| Price at end of day | 1.2 | 1.08 | 1.19 | 1.07 | 1.18 | 1.06 |
| Accumulated Return | | -10.00% | -1.00% | -10.90% | -1.99% | -11.79% |

**Description of Air Bag Mechanism**

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

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

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

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

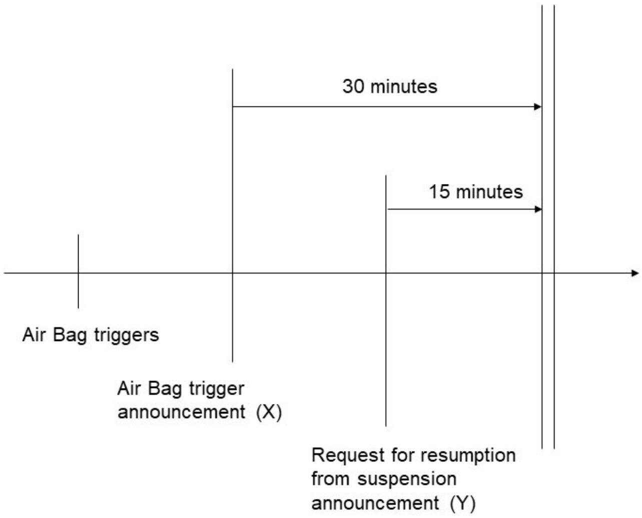
The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

Air Bag Mechanism timeline

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

With **Market Close** defined as:

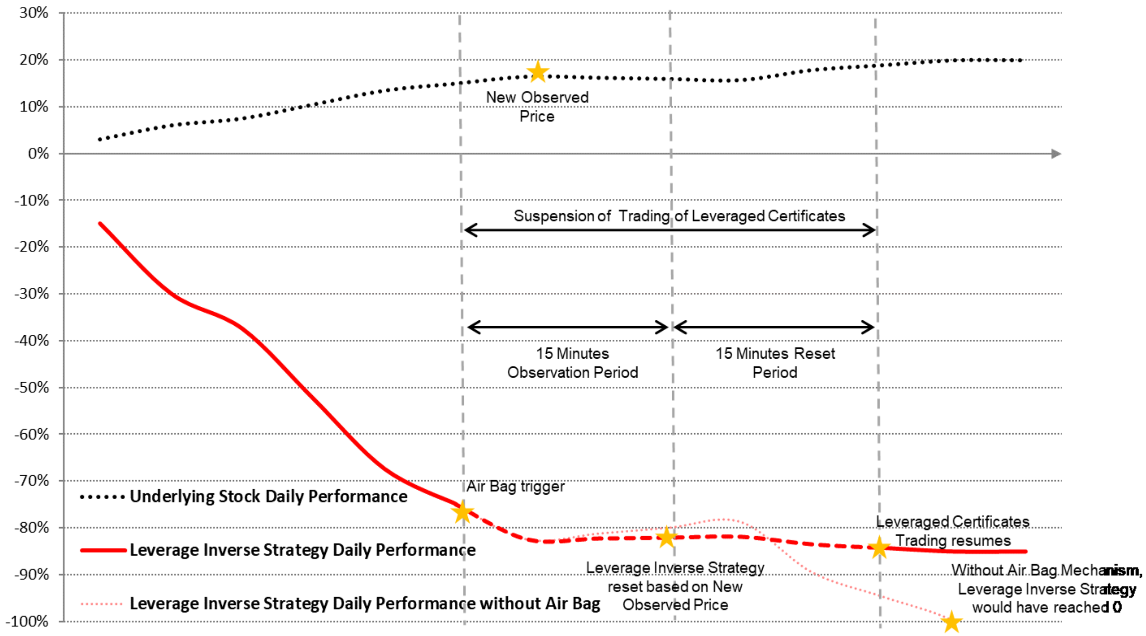
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



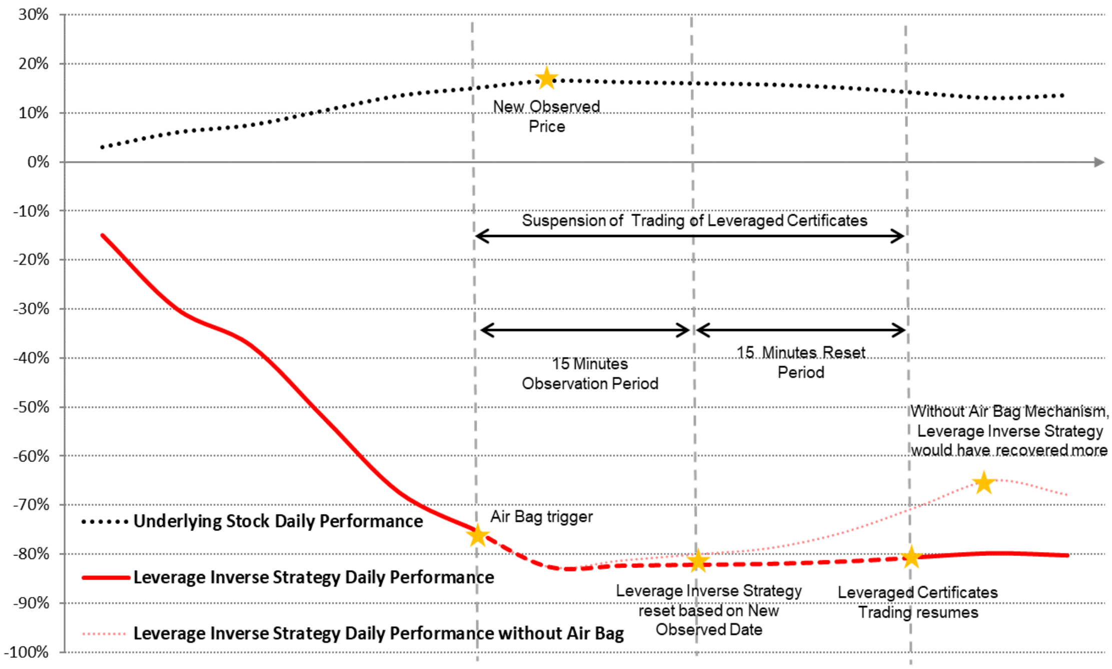

- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates.
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing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

Illustrative examples of the Air Bag Mechanism[9]

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




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



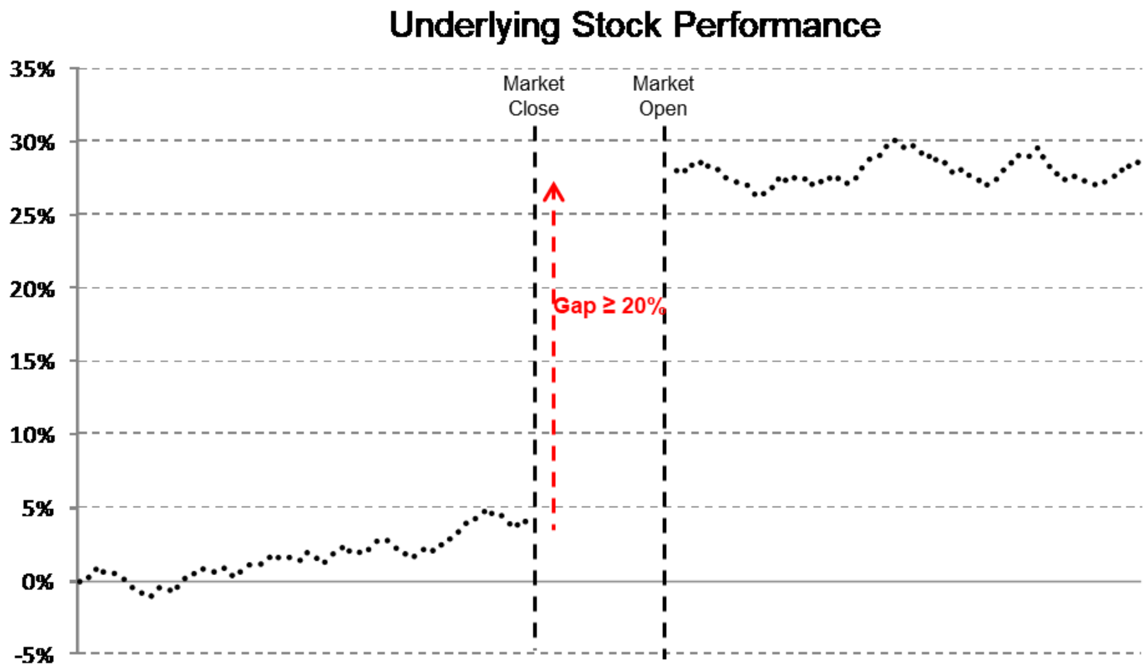

[9] The illustrative examples are not exhaustive.

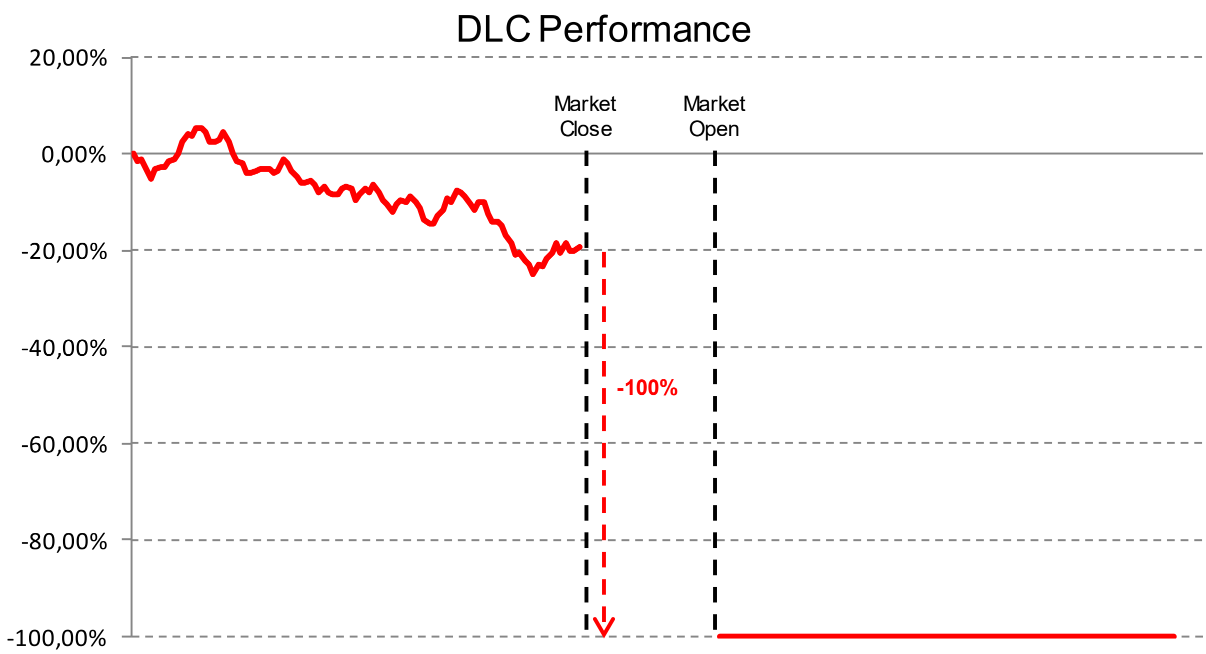
**Scenarios where the investor may lose the entire value of the investment**

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

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

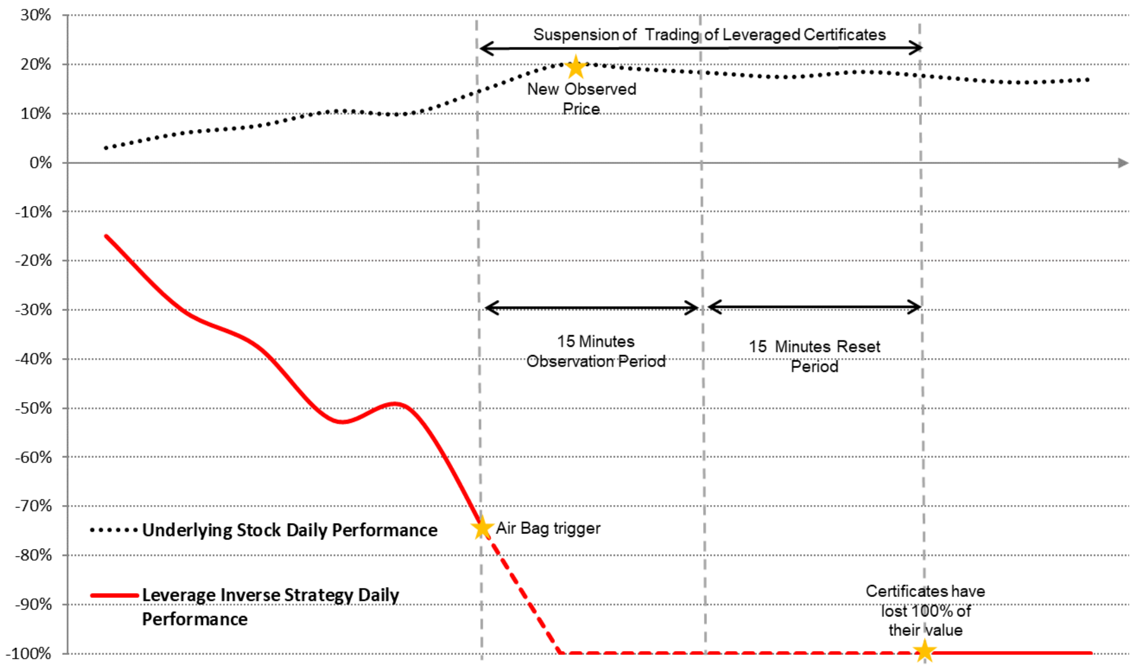
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more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



*Scenario 2 – Sharp intraday rise of the Underlying Stock*

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



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

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

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

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

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

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

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

Where:

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

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

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

1. <u>Stock split</u>

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

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

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 1.20 | 1.08 | -10% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $57.5, which is 15% above$50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

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

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

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 1.20 | 1.14 | -5% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $230, which is 15% above $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

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

$S_{t-1}$ = $100

$S_t$ = $84

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

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

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

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

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

As a consequence:

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

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

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 1.20 | 0.90 | -25% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $80, the Underlying Stock Reference Price.

4. Bonus Issues

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

$\mathrm{S}_{t-1}$ = \$100

$\mathrm{S}_{t}$ = \$85

$\mathrm{Div}_{t} = \$0$

$\mathrm{DivExc}_{t} = \$0$

R = \$0

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

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

As a consequence:

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

| $\mathrm{S}_{t-1}$ | $\mathrm{S}_{t-1} \times Rfactor_t$ | $\mathrm{S}_t$ | Adjusted Underlying Stock Performance |
|---|---|---|---|
| 100 | 83.33 | 85 | 2% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 1.20 | 1.08 | -10% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

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

$\mathrm{S}_{t-1}$ = \$100

$\mathrm{S}_{t}$ = \$84

$\mathrm{Div}_{t} = \$0$

$\mathrm{DivExc}_{t} = \$20$

R = \$0

M = 0

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

As a consequence:

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

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

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates’ performance (excluding any cost and fees) |
|---|---|---|
| 1.20 | 0.90 | -25% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $80, the Underlying Stock Reference Price.

## INFORMATION RELATING TO THE COMPANY

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

WuXi Biologics (Cayman) Inc. (the "**Company**") is an investment holding company principally engaged in provision of discovery, development and manufacturing of biologics services. The Company's technology platforms include WuXiBody TM bispecific antibody technology platform and antibody drug conjugates (ADC) technology platform. It has brought in several new projects into its pipeline. The Company has a vaccine manufacturing facility and produces vaccines for customers to supply the global market. The Company conducts its businesses within the China market and to overseas markets, such as North America, Europe and other markets.

The information set out in Appendix I of this document relates to the unaudited condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2021 and has been extracted and reproduced from an announcement by the Company dated 21 September 2021 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 3 August 2021 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2021.

## SUPPLEMENTAL GENERAL INFORMATION

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

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

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

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

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020 or the Guarantor since 30 June 2021, in the context of the issuance of Certificates hereunder.

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

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

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

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

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

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

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

9. Copies of the following documents may be inspected during usual business hours on any

weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

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

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

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

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

(e) the Base Listing Document;

(f) this document; and

(g) the Guarantee.

## PLACING AND SALE

### General

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

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

### Singapore

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

### Hong Kong

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

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

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

### European Economic Area

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

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

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

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

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

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

**United Kingdom**

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

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

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

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

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

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

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

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

Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

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

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

**United States**

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

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

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

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term

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

# APPENDIX I

## REPRODUCTION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 OF WUXI BIOLOGICS (CAYMAN) INC. AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2021 and has been extracted and reproduced from an announcement by the Company dated 21 September 2021 in relation to the same.

# Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

**TO THE BOARD OF DIRECTORS OF WUXI BIOLOGICS (CAYMAN) INC.**
**(incorporated in the Cayman Islands with limited liability)**

## Introduction

We have reviewed the condensed consolidated financial statements of WuXi Biologics (Cayman) Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 112, which comprise the condensed consolidated statement of financial position as of June 30, 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong

August 23, 2021

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021

| | NOTES | Six months ended June 30, 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
|---|---|---|---|
| Revenue | 4 | **4,406,754** | 1,944,103 |
| Cost of sales and services | | **(2,109,921)** | (1,156,797) |
| Gross profit | | **2,296,833** | 787,306 |
| Other income | 5 | **127,273** | 148,429 |
| Other gains and losses | 6 | **311,533** | 225,716 |
| Impairment losses under expected credit loss model, net of reversal | 8 | **(133,166)** | (56,587) |
| Selling and marketing expenses | | **(60,356)** | (48,460) |
| Administrative expenses | | **(347,640)** | (203,378) |
| Research and development expenses | | **(115,375)** | (124,414) |
| Share of loss of an associate | | **—** | (1,101) |
| Finance costs | 7 | **(20,874)** | (22,405) |
| Profit before tax | 8 | **2,058,228** | 705,106 |
| Income tax (expense) credit | 9 | **(175,450)** | 25,598 |
| **Profit for the period** | | **1,882,778** | 730,704 |
| **Other comprehensive expense:** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translation of foreign operations | | **(223,762)** | (2,463) |
| Fair value loss on hedging instruments designated in fair value hedges and cash flow hedges, net of related income tax | | **(127,558)** | (49,568) |
| **Other comprehensive expense for the period** | | **(351,320)** | (52,031) |
| **Total comprehensive income for the period** | | **1,531,458** | 678,673 |

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021

| | | Six months ended June 30, | |
|---|---|---|---|
| | | **2021** | 2020 |
| | NOTES | **RMB'000** **(Unaudited)** | RMB'000 (Unaudited) |
| **Profit (loss) for the period attributable to:** | | | |
| Owners of the Company | | **1,842,140** | 736,113 |
| Non-controlling interests | | **40,638** | (5,409) |
| | | **1,882,778** | 730,704 |
| **Total comprehensive income (expense) for the period attributable to:** | | | |
| Owners of the Company | | **1,503,365** | 683,761 |
| Non-controlling interests | | **28,093** | (5,088) |
| | | **1,531,458** | 678,673 |
| | | **RMB** | RMB |
| Earnings per share — Basic | 11 | **0.44** | 0.19 |
| — Diluted | 11 | **0.42** | 0.18 |

# Condensed Consolidated Statement of Financial Position

As at June 30, 2021

| | NOTES | **June 30, 2021 RMB'000 (Unaudited)** | December 31, 2020 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current Assets** | | | |
| Property, plant and equipment | 12 | **16,206,245** | 11,996,171 |
| Right-of-use assets | 12 | **1,532,440** | 874,153 |
| Goodwill | 13 | **1,334,140** | 185,408 |
| Intangible assets | 14 | **585,498** | 391,857 |
| Investment of an associate measured at fair value through profit or loss ("FVTPL") | 15 | **398,718** | 187,520 |
| Equity instruments at fair value through other comprehensive income ("FVTOCI") | 16 | **125,904** | 127,167 |
| Financial assets at FVTPL | 17 | **1,084,079** | 758,813 |
| Finance lease receivables | | **84,464** | 87,672 |
| Derivative financial assets | 27 | **15,701** | 20,870 |
| Deferred tax assets | | **174,706** | 80,136 |
| Other long-term deposits and prepayments | 18 | **59,535** | 49,478 |
| | | **21,601,430** | 14,759,245 |
| **Current Assets** | | | |
| Inventories | 19 | **1,706,759** | 1,084,192 |
| Finance lease receivables | | **8,940** | 8,615 |
| Trade and other receivables | 20 | **4,771,475** | 3,241,878 |
| Contract assets | 21 | **54,282** | 24,069 |
| Contract costs | 22 | **673,516** | 392,123 |
| Tax recoverable | | **5,342** | 3,147 |
| Derivative financial assets | 27 | **289,336** | 440,997 |
| Financial assets at FVTPL | 17 | **735,744** | 112,469 |
| Time deposits | 23 | **1,921,880** | 1,272,356 |
| Pledged bank deposits | 23 | **530,336** | 528,787 |
| Bank balances and cash | 23 | **11,281,712** | 7,095,735 |
| | | **21,979,322** | 14,204,368 |
| **Current Liabilities** | | | |
| Trade and other payables | 24 | **2,706,626** | 2,728,543 |
| Borrowings | 25 | **1,160,640** | 767,126 |
| Contract liabilities | 26 | **1,064,450** | 664,863 |
| Income tax payable | | **309,674** | 250,893 |
| Lease liabilities | | **133,438** | 60,711 |
| Derivative financial liabilities | 27 | **66,734** | 26,112 |
| | | **5,441,562** | 4,498,248 |
| **Net Current Assets** | | **16,537,760** | 9,706,120 |
| **Total Assets less Current Liabilities** | | **38,139,190** | 24,465,365 |

# Condensed Consolidated Statement of Financial Position

As at June 30, 2021

| | NOTES | June 30, 2021 RMB'000 (Unaudited) | December 31, 2020 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current Liabilities** | | | |
| Deferred tax liabilities | | **197,675** | 180,885 |
| Borrowings | 25 | **2,073,931** | 1,837,623 |
| Financial liability at FVTPL | 32 | **154,682** | — |
| Contract liabilities | 26 | **657,305** | 659,949 |
| Lease liabilities | | **1,231,420** | 666,513 |
| Derivative financial liabilities | 27 | **6,313** | 7,259 |
| Deferred income | 28 | **234,085** | 213,740 |
| | | **4,555,411** | 3,565,969 |
| **Net Assets** | | **33,583,779** | 20,899,396 |
| **Capital and Reserves** | | | |
| Share capital | 29 | **234** | 225 |
| Reserves | | **33,220,501** | 20,564,220 |
| Equity attributable to owners of the Company | | **33,220,735** | 20,564,445 |
| Non-controlling interests | | **363,044** | 334,951 |
| **Total Equity** | | **33,583,779** | 20,899,396 |

The condensed consolidated financial statements on pages 52 to 112 were approved and authorized for issue by the Board of Directors on August 23, 2021 and are signed on its behalf by:

**Zhisheng Chen**
*DIRECTOR*

**Weichang Zhou**
*DIRECTOR*

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021

| | Attributable to owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Share premium RMB'000 | Statutory reserve RMB'000 (note i) | Equity-settled share-based compensation reserve RMB'000 (note ii) | Cash flow and fair value hedging reserve RMB'000 | FVTOCI reserve RMB'000 | Group reorganization reserve RMB'000 (note iii) | Foreign currency translation reserve RMB'000 | Retained earnings RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| At January 1, 2020 (Audited) | 214 | 10,260,207 | 201,182 | 435,907 | 15,120 | – | (4,636) | (2,526) | 1,878,895 | 12,784,363 | 111,737 | 12,896,100 |
| Profit for the period | – | – | – | – | – | – | – | – | 736,113 | 736,113 | (5,409) | 730,704 |
| Other comprehensive income (expense) for the period | | | | | | | | | | | | |
| – Fair value adjustments on foreign currency forward contracts designated as cash flow hedges | – | – | – | – | (73,301) | – | – | – | – | (73,301) | – | (73,301) |
| – Recycling from cash flow hedging reserve to profits or loss arising from foreign currency forward contracts | – | – | – | – | 23,733 | – | – | – | – | 23,733 | – | 23,733 |
| – Exchange difference arising from translation of foreign operations | – | – | – | – | – | – | – | (2,784) | – | (2,784) | 321 | (2,463) |
| Total comprehensive income (expense) for the period | – | – | – | – | (49,568) | – | – | (2,784) | 736,113 | 683,761 | (5,088) | 678,673 |
| Recognition of equity-settled share-based compensation | – | – | – | 128,347 | – | – | – | – | – | 128,347 | – | 128,347 |
| Exercise of pre-IPO share options and vest of restricted shares | 1 | 79,341 | – | (41,531) | – | – | – | – | – | 37,811 | – | 37,811 |
| Issue of new shares (Note 29) | 1 | (1) | – | – | – | – | – | – | – | – | – | – |
| Capital injection by non-controlling shareholders | – | – | – | – | – | – | – | – | – | – | 37,922 | 37,922 |
| Disposal of partial equity interest in subsidiaries without losing control | – | – | – | – | – | – | – | – | 407 | 407 | (407) | – |
| Transaction costs attributable to issue of new shares | – | (286) | – | – | – | – | – | – | – | (286) | – | (286) |
| At June 30, 2020 (Unaudited) | 216 | 10,339,261 | 201,182 | 522,723 | (34,448) | – | (4,636) | (5,310) | 2,615,415 | 13,634,403 | 144,164 | 13,778,567 |
| At January 1, 2021 (Audited) | **225** | **15,949,665** | **333,657** | **640,531** | **241,720** | **(2,686)** | **(4,636)** | **(29,744)** | **3,435,713** | **20,564,445** | **334,951** | **20,899,396** |
| Profit for the period | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **1,842,140** | **1,842,140** | **40,638** | **1,882,778** |
| Other comprehensive income (expense) for the period | | | | | | | | | | | | |
| – Fair value adjustments on fair value hedges and cash flow hedges | **–** | **–** | **–** | **–** | **84,577** | **–** | **–** | **–** | **–** | **84,577** | **–** | **84,577** |
| – Recycling from cash flow hedging reserve to profits or loss | **–** | **–** | **–** | **–** | **(212,135)** | **–** | **–** | **–** | **–** | **(212,135)** | **–** | **(212,135)** |
| – Exchange difference arising from translation of foreign operations | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(211,217)** | **–** | **(211,217)** | **(12,545)** | **(223,762)** |
| Total comprehensive income (expense) for the period | **–** | **–** | **–** | **–** | **(127,558)** | **–** | **–** | **(211,217)** | **1,842,140** | **1,503,365** | **28,093** | **1,531,458** |
| Recognition of equity-settled share-based compensation | **–** | **–** | **–** | **222,623** | **–** | **–** | **–** | **–** | **–** | **222,623** | **–** | **222,623** |
| Exercise of pre-IPO share options and vest of restricted shares | **2** | **127,116** | **–** | **(95,845)** | **–** | **–** | **–** | **–** | **–** | **31,273** | **–** | **31,273** |
| Issue of new shares (Note 29) | **7** | **10,977,731** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **10,977,738** | **–** | **10,977,738** |
| Transaction costs attributable to issue of new shares | **–** | **(78,709)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(78,709)** | **–** | **(78,709)** |
| At June 30, 2021 (Unaudited) | **234** | **26,975,803** | **333,657** | **767,309** | **114,162** | **(2,686)** | **(4,636)** | **(240,961)** | **5,277,853** | **33,220,735** | **363,044** | **33,583,779** |

Notes:

(i) In accordance with the Articles of Association of all subsidiaries of WuXi Biologics (Cayman) Inc. (the "Company") established in the People's Republic of China (the "PRC"), they are required to transfer 10% of the profit after tax to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(ii) The amount represents the equity-settled share-based compensation in respect of share options for shares of WuXi PharmaTech (Cayman) Inc. ("WuXi PharmaTech"), the then ultimate holding company of the Company before the completion of a group reorganization of the Company (see note iii below), for the equity instruments granted by WuXi PharmaTech to certain directors of the Company and employees of the Company and its subsidiaries (collectively referred to as the "Group") for their service rendered to the Group, and the equity-settled share-based compensation under the Company's pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the Company's restricted share award scheme (the "Restricted Share Award Scheme") as disclosed in Note 34.

(iii) Group reorganization reserve represents the combined capital contribution of the entities comprising the Group, net of the settlement of the payables to their then shareholders; and the administration service cost borne or on behalf of the fellow subsidiaries by the Company prior to the completion of a group reorganization to rationalize the current group structure as at December 31, 2015.

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2021

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| NET CASH FROM OPERATING ACTIVITIES | **798,005** | 430,593 |
| INVESTING ACTIVITIES | | |
| Receipt of interest from banks | **15,832** | 29,587 |
| Proceeds on disposal of property, plant and equipment | **73,347** | 35,288 |
| Purchases of property, plant and equipment | **(4,073,130)** | (2,913,068) |
| Payments for rental deposits | **(20,909)** | (4,768) |
| Payments for acquisition deposits | **(9,316)** | — |
| Withdrawal of other financial assets | **—** | 1,401,000 |
| Purchase of other financial assets | **—** | (1,093,000) |
| Withdrawal of financial assets at FVTPL | **41,264,040** | 7,381,510 |
| Placement of financial assets at FVTPL | **(42,018,035)** | (8,241,462) |
| R&D and other grants received | **17,344** | 15,240 |
| Withdrawal of time deposits | **177,768** | — |
| Placement of time deposits | **(840,574)** | (534,003) |
| Placement of pledged bank deposits | **—** | (97,147) |
| Acquisition of investment of an associate measured at FVTPL | **(354,526)** | — |
| Settlement of derivative financial instruments | **2,679** | (10,227) |
| Payment for acquisition of subsidiaries | **(2,025,922)** | — |
| Repayment of loan to an associate | **50,000** | — |
| NET CASH USED IN INVESTING ACTIVITIES | **(7,741,402)** | (4,031,050) |
| FINANCING ACTIVITIES | | |
| Proceeds from bank borrowings | **650,290** | 1,169,935 |
| Repayments of bank borrowings | **(284,051)** | (142,300) |
| Interest paid | **(41,598)** | (35,697) |
| Repayments of lease liabilities | **(39,408)** | (22,948) |
| Capital injection by non-controlling shareholders | **—** | 37,922 |
| Proceeds from issue of ordinary shares | **10,977,738** | — |
| Payment of issue cost | **(78,709)** | (286) |
| Proceeds from exercise of pre-IPO share options | **31,273** | 37,811 |
| NET CASH FROM FINANCING ACTIVITIES | **11,215,535** | 1,044,437 |
| Effect of foreign exchange rate changes | **(86,161)** | 60,630 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | **4,185,977** | (2,495,390) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | **7,095,735** | 6,205,496 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH | **11,281,712** | 3,710,106 |

## 1. GENERAL INFORMATION

The Company was established in the Cayman Islands as an exempted company with limited liability on February 27, 2014, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since June 13, 2017. The Company is an investment holding company. The Group is principally engaged in provision of discovery, development and manufacturing of biologics services.

The functional currency of the Company is Renminbi ("RMB"), which is the same as the presentation currency of the condensed consolidated financial statements.

## 2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2020.

**Application of amendments to IFRSs**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2021 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16* | *Interest Rate Benchmark Reform — Phase 2* |

In addition, the Group has early applied the Amendment to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021".

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

**Application of amendments to IFRSs (continued)**

Except as described below, the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3.1 Impacts on early application of Amendment to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

The Group has early applied the amendment in the current interim period. The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

### 3.2 Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform — Phase 2"

*3.2.1 Accounting policies*

Financial instruments

<u>Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform</u>

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortized cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### 3.2 Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform — Phase 2" (continued)

*3.2.1 Accounting policies (continued)*

Financial instruments (continued)

Hedge accounting

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

*Cash flows hedges*

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

*3.2.2 Transition and summary of effects*

As at June 30, 2021, borrowings amounting to RMB2,915,057,000 and hedging instruments with notional amount of United States dollars ("US$")306,720,000 were subject to the interest rate benchmark reform as they were related to London Interbank Offered Rate ("LIBOR") and/or Euro Interbank Offered Rate ("EURIBOR"). The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortized cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending December 31, 2021.

## 4. REVENUE

### (i) Disaggregation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods and services at a point in time and over time in the following major service lines:

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| **Type of goods or services** | | |
| Services | | |
| — Research services on fee-for-service ("FFS") basis | **3,298,466** | 1,831,074 |
| — Research services on full-time-equivalent ("FTE") basis | **89,269** | 59,253 |
| — Project management organization ("PMO") services | **8,960** | — |
| | **3,396,695** | 1,890,327 |
| Sales of goods | | |
| — Sales of goods on commercial manufacturing contracts ("CMO") basis | **888,935** | 29,383 |
| — Sales of other biologics products | **121,124** | 24,393 |
| | **1,010,059** | 53,776 |
| **Total** | **4,406,754** | 1,944,103 |

## 4. REVENUE (continued)

### (i) Disaggregation of revenue from contracts with customers (continued)

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| **Timing of revenue recognition** | | |
| A point in time | | |
| — Research services on FFS basis | **3,282,980** | 1,831,074 |
| — Sales of goods on CMO basis | **888,935** | 29,383 |
| — Sales of other biologics products | **121,124** | 24,393 |
| Over time | | |
| — Research services on FFS basis | **15,486** | — |
| — Research services on FTE basis | **89,269** | 59,253 |
| — PMO services | **8,960** | — |
| | **4,406,754** | 1,944,103 |

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies of the Group. Accordingly, the Group has only one single operating and reportable segment and no further analysis of this single segment is presented.

## 4. REVENUE (continued)

### (ii) Entity-wide disclosure

*Geographical information*

An analysis of the Group's revenue from external customers, analyzed by their respective country/region of operation, is detailed below:

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Revenue | | |
| — North America | **2,189,224** | 878,201 |
| — PRC | **1,161,009** | 815,731 |
| — Europe | **989,933** | 122,693 |
| — Rest of the world | **66,588** | 127,478 |
| | **4,406,754** | 1,944,103 |

As at June 30, 2021, the Group's non-current assets located in Ireland, Germany and the United States ("US") are amounted to RMB7,097,975,000, RMB2,445,739,000 and RMB778,484,000 (December 31, 2020: RMB5,835,495,000, RMB962,725,000 and RMB452,971,000) respectively, the remaining non-current assets of the Group are mainly located in the PRC.

## 5. OTHER INCOME

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Interest income from banks and other financial assets at amortized cost | **26,289** | 29,373 |
| R&D and other grants related to | | |
| — Assets (note i) | **17,760** | 4,044 |
| — Income (note ii) | **82,765** | 114,442 |
| Others | **459** | 570 |
| | **127,273** | 148,429 |

Notes:

i. The Group has received certain R&D and other grants for supporting the investment in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets. Details of the grants are set out in Note 28.

ii. The R&D and other grants have been received for the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

## 6. OTHER GAINS AND LOSSES

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Unaudited) |
| Net foreign exchange gain | **88,907** | 123,050 |
| Gain on derivative financial instruments | **4,176** | — |
| Fair value gain (loss) on | | |
| — listed equity securities at FVTPL | **153,965** | 84,156 |
| — unlisted equity investments at FVTPL | **14,967** | (17,117) |
| — investment of an associate measured at FVTPL | **13,335** | — |
| Fair value changes from wealth management products | **30,689** | 30,311 |
| Others | **5,494** | 5,316 |
| | **311,533** | 225,716 |

## 7. FINANCE COSTS

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Unaudited) |
| Interest expense on financing component of an advance payment received from a customer | **4,884** | — |
| Interest expense on bank borrowings | **30,043** | 32,313 |
| Interest expense on lease liabilities | **13,669** | 8,452 |
| Less: amounts capitalized in the cost of qualifying assets | **(27,722)** | (18,360) |
| | **20,874** | 22,405 |

During the current interim period, borrowing cost arose on the specific borrowings were capitalized to expenditure on qualifying assets at rates varying from 1.29% to 2.31% (2020: from 1.29% to 3.14%) per annum.

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting) the following items:

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Depreciation of property, plant and equipment | **263,462** | 169,681 |
| Depreciation of right-of-use assets | **47,334** | 28,054 |
| | **310,796** | 197,735 |
| Staff cost (including directors' emoluments): | | |
| — Salaries and other benefits | **1,184,808** | 649,301 |
| — Retirement benefit scheme contributions | **90,244** | 33,037 |
| — Share-based payment expenses | **222,623** | 128,347 |
| | **1,497,675** | 810,685 |
| Impairment losses, net of reversal | | |
| — Trade receivables | **125,414** | 50,463 |
| — Contract assets | **412** | 1,174 |
| — Receivables for purchase of raw materials on behalf of customers | **7,340** | 4,950 |
| | **133,166** | 56,587 |
| Amortization of intangible assets | **21,335** | 16,126 |
| Covid-19-related rent concessions | **(177)** | (484) |
| Write-down of inventories (included in cost of sales and services) | **23,560** | 4,812 |
| Write-down of contract costs (included in cost of sales and services) | **16,286** | 20,170 |
| Loss on disposal of property, plant and equipment | **766** | 894 |
| Cost of inventories recognized as expense | **861,958** | 314,655 |
| Less: Capitalized in contract costs and property, plant and equipment | **(492,701)** | (288,779) |

## 9. INCOME TAX EXPENSE (CREDIT)

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Current tax: | | |
| — PRC Enterprise Income Tax ("EIT") | **317,493** | 107,343 |
| — Hong Kong Profits Tax | **35,219** | 1,479 |
| — Ireland Income Taxes | **379** | — |
| — US Federal and State Income Taxes | **39** | — |
| Over provision in prior years | **(132,639)** | (107,979) |
| | **220,491** | 843 |
| Deferred tax: | | |
| — Current period | **(45,041)** | (26,441) |
| | **175,450** | (25,598) |

The Company is registered as an exempted company and as such is not subject to Cayman Islands taxation.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of WuXi Biologics Co., Ltd. ("WuXi Co."), WuXi Biologics (Shanghai) Co., Ltd. ("Shanghai Biologics"), WuXi Biologics (Suzhou) Co., Ltd. ("Suzhou Biologics"), WuXi Biologics Conjugation Co., Ltd, Pinghu U-Pure Biosciences Co., Ltd. ("U-Pure") and WuXi Biologics (Beijing) Co., Ltd. ("Beijing Biologics").

According to PRC tax laws, WuXi Co., Shanghai Biologics and U-Pure were accredited as a "High and New Technology Enterprise" and were therefore entitled to a preferential EIT rate of 15% for a period of three years starting from 2019 which is renewable upon expiry in year 2021.

## 9. INCOME TAX EXPENSE (CREDIT) (continued)

According to PRC tax laws, Suzhou Biologics was accredited as a "High and New Technology Enterprise" and was therefore entitled to a preferential EIT rate of 15% for a period of three years starting from 2018. During the six months ended June 30, 2021, Suzhou Biologics applied for renewal of its "High and New Technology Enterprise" accreditation and the relevant government authority is still in the process to assess the "High and New Technology Enterprise" accreditation. The directors of the Company are of the view that it is very probable that Suzhou Biologics can get the "High and New Technology Enterprise" accreditation by end of 2021 based on Company's assessment and historical practice. Accordingly, the estimated tax rate for Suzhou Biologics for current interim period is 15% (six months ended June 30, 2020: 15%).

According to PRC tax laws, WuXi Biologics Conjugation Co., Ltd. was accredited as a "High and New Technology Enterprise" and was therefore entitled to a preferential EIT rate of 15% for a period of three years starting from 2020 which is renewable upon expiry in year 2022.

Beijing Biologics is eligible for "Micro and Small Enterprise" tax preference for the current interim period.

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

## 10. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have resolved not to declare any interim dividend in respect of the interim period.

## 11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

| | **Six months ended June 30,** | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| **Earnings attributable to owners of the Company** | | |
| Earnings for the purpose of calculating basic and diluted earnings per share | **1,842,140** | 736,113 |

## 11. EARNINGS PER SHARE (continued)

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **(Unaudited)** | (Unaudited) |
| **Number of Shares** | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | **4,149,321,757** | 3,875,506,623 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | **224,232,937** | 247,634,496 |
| Restricted shares | **34,277,112** | 22,097,559 |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | **4,407,831,806** | 4,145,238,678 |

The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect on 49,367,119 shares (June 30, 2020: 43,192,608 shares) held by a trustee under Restricted Share Award Scheme as set out in Note 34 and after adjusting the effect of Share Subdivision as defined in Note 29 for the six months ended June 30, 2020.

The effect of dilutive potential ordinary shares (i.e. share options and restricted shares) shown above and basic and diluted earnings per share were stated after taking into account the effect of the Share Subdivision as defined in Note 29.

Comparative figures have also been restated on the assumption that the Share Subdivision as defined in Note 29 had been effective in prior interim period.

## 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group had the following significant movements in property, plant and equipment and right-of-use assets:

i. The Group disposed of certain machinery and equipment with an aggregate carrying amount of RMB1,718,000 for cash proceeds of RMB888,000 resulting a loss on disposal of RMB830,000 (six months ended June 30, 2020: RMB1,048,000, RMB154,000 and RMB894,000 respectively). The Group also disposed the staff living quarters in Shanghai to eligible employees, certain of which are under finance lease agreement.

## 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

ii. The Group acquired RMB4,739,194,000 (six months ended June 30, 2020: RMB2,976,730,000) of property, plant and equipment for the expansion of production facilities and distribution capacity, out of which property, plant and equipment amounting to RMB382,776,000 and RMB450,705,000 were acquired through the acquisition of CMAB Group and Pfizer Hangzhou, respectively, as set out in Note 32.

iii. The Group entered into several new lease agreements for the use of offices, laboratories and plant from 2 to 20 years (six months ended June 30, 2020: 2 to 20 years). On lease commencement, the Group recognized right-of-use assets of RMB678,391,000 and lease liabilities of RMB674,637,000 (six months ended June 30, 2020: RMB468,264,000 and RMB464,925,000 respectively). In addition, the Group also recognized right-of-use assets of RMB40,552,000 and lease liabilities of RMB14,364,000 (six months ended June 30, 2020: nil and nil) through the acquisition of CMAB Group and Pfizer Hangzhou as set out in Note 32.

## 13. GOODWILL

| | **RMB'000** |
|---|---|
| COST AND CARRYING VALUES | |
| As at January 1, 2021 (Audited) | **185,408** |
| Arising on acquisition of CMAB Group (Note 32) | **1,148,732** |
| As at June 30, 2021 (Unaudited) | **1,334,140** |

## 14. INTANGIBLE ASSETS

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Carrying amount: | | |
| Patent and license (note i) | **283,934** | 305,252 |
| Technology (note ii) | **72,468** | 51,055 |
| Customer relationship (note ii) | **229,096** | 35,550 |
| | **585,498** | 391,857 |

## 14. INTANGIBLE ASSETS (continued)

Notes:

i. On June 25, 2018, the Group entered into a platform license agreement with Open Monoclonal Technology, Inc. ("OMT"), an independent third party not connected to the Group, under which OMT has granted the Group a non-exclusive, non-transferable, non-sublicensable license to use certain animals, namely, OmniRat, OmniMouse and OmniFlic, for the purpose of researching, developing, and making antibodies, for a cash consideration of US$51 million (equivalent to approximately RMB333,254,000). The Group has estimated the useful life of this license based on management's understanding of the technology and market, and determined the useful life in accordance with the estimation of the vendor, Ligand Pharmaceuticals Incorporated, for period of 18 years from 2018 to 2035. Accordingly, the license payment is amortized over 18 years on a straight-line basis.

ii. Technology and customer relationship were recognized through the acquisitions of subsidiaries in 2019 and 2021. They represent the intellectual property and existing customer relationships which have finite useful life and are amortized on a straight-line basis over their estimated useful lives of 11 to 16 and 5 to 10 years, respectively.

## 15. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Investment of an associate measured at FVTPL | **398,718** | 187,520 |

Details of the Group's associate at the end of the reporting period are as follow:

| Name of entity | Country of registration | Principal place of business | Proportion of ownership interest held by the Group | | Proportion of voting rights held by the Group | | Principal activity |
|---|---|---|---|---|---|---|---|
| | | | **June 30, 2021** | December 31, 2020 | **June 30, 2021** | December 31, 2020 | |
| Shanghai Duoning Biotechnology Co., Ltd. ("Duoning") | PRC | PRC | **21.78%** | 15.86% | **20%** | 20% | Sales of serum-free media and disposable products, formulation production and services |

## 15. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL (continued)

In December 2020, the Group entered into an investment agreement together with a series of share transfer agreements, pursuant to which, the Group would increase its shareholding in Duoning from 8.13% to 21.78% for a total consideration of RMB354,526,000. As at December 31, 2020, the Group had increased its shareholding in Duoning to 15.86% with consideration payable amounting to RMB154,526,000 recognized in "trade and other payables". During the current interim period, the aforementioned transaction has been completed and the Group's shareholding in Duoning has been increased to 21.78% with consideration paid in full.

The investment of an associate was made in the form of ordinary shares with preferential rights including redemption right and liquidation preference and measured at financial assets at FVTPL. The Group maintained significant influence in Duoning.

Details of the fair value measurement of the investment of an associate are set out in Note 31.

## 16. EQUITY INSTRUMENTS AT FVTOCI

During the six months ended June 30, 2021, the Group managed and evaluated the equity instruments at FVTOCI in accordance with the Group's investment strategy. Details of the fair value measurement of the equity instruments at FVTOCI are set out in Note 31.

Movement of equity instruments at FVTOCI are as follows:

| | RMB'000 |
|---|---|
| As at January 1, 2021 (audited) | **127,167** |
| Exchange alignment | **(1,263)** |
| As at June 30, 2021 (unaudited) | **125,904** |

## 17. FINANCIAL ASSETS AT FVTPL

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Audited) |
| **Current assets** | | |
| Listed equity securities | **—** | 112,403 |
| Wealth management products (note) | **735,744** | 66 |
| Financial assets at FVTPL | **735,744** | 112,469 |
| **Non-current assets** | | |
| Listed equity securities | **481,934** | 385,584 |
| Unlisted investments | **602,145** | 373,229 |
| Financial assets at FVTPL | **1,084,079** | 758,813 |

Note: During the current interim period, the Group invested in several contracts of wealth management products with banks under which the original maturity terms are within 12 months. For the wealth management products, returns are determined by reference to the performance of the underlying instruments in the currency market, the interbank market, the bond market, the security and equity market and the derivative financial assets, they are recognized as financial assets at FVTPL. The expected return rates vary from 0.02% to 3.40% (December 31, 2020: 0.06 % to 1.77 %) per annum.

During the current interim period, the Group managed and evaluated the unlisted investment in accordance with the Group's investment strategy.

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 31.

## 18. OTHER LONG-TERM DEPOSITS AND PREPAYMENTS

Other long-term deposits represent rental deposits paid for certain lease arrangements of office premises and deposits paid to guarantee certain milestones of construction projects.

Prepayments represent payment to the banks for banking facilities granted to the Group which will be amortized over the facility period.

## 19. INVENTORIES

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Raw materials and consumables | **1,678,407** | 1,060,196 |
| Work in progress | **17,306** | 11,621 |
| Finished goods | **11,046** | 12,375 |
| Total | **1,706,759** | 1,084,192 |

Raw materials and consumables are net of a write-down of approximately RMB51,592,000 as at June 30, 2021 (December 31, 2020: RMB29,608,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2021

## 20. TRADE AND OTHER RECEIVABLES

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Trade receivables | | |
| — related parties | **6,100** | 6,113 |
| Less: allowance for credit losses | **(42)** | (20) |
| — third parties | **3,143,931** | 2,504,003 |
| Less: allowance for credit losses | **(302,179)** | (177,398) |
| | **2,847,810** | 2,332,698 |
| Bill receivables from contracts with customers | **1,889** | 5,160 |
| Receivables for purchase of raw materials on behalf of customers | | |
| — third parties | **469,510** | 321,987 |
| Less: allowance for credit losses | **(13,426)** | (6,087) |
| | **456,084** | 315,900 |
| Advances to suppliers | | |
| — related parties | **17,962** | — |
| — third parties | **55,943** | 35,718 |
| | **73,905** | 35,718 |
| Other receivables (note i) | **253,755** | 42,996 |
| Prepayments | **12,089** | 6,629 |
| Value added tax recoverable | **976,388** | 303,222 |
| Payments for potential acquisition (note ii) | **149,555** | 149,555 |
| Loan receivable (note iii) | **—** | 50,000 |
| | **1,391,787** | 552,402 |
| Total trade and other receivables | **4,771,475** | 3,241,878 |

Notes:

i. Included in other receivables at June 30, 2021, an amount of RMB201,000,000 is the receivable from bank in relation to the settled derivative financial instruments.

## 20. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

ii. In October 2020, the Group entered into a letter of intent with an independent vendor pursuant to which the Group conditionally agreed to acquire not less than 75% equity interest of a target company from the vendor. In November 2020, the deposits of RMB149,555,000 was paid to the vendor in accordance with the terms of the letter of intent.

iii. In December 2020, the Group entered into a lending agreement with its associate pursuant to which the Group agreed to lend RMB50,000,000 to its associate. The loan receivable with its associate was unsecured, carried interest rate at 3.85% per annum and was repaid in full during the current interim period.

Details of the trade and other receivables due from related parties are set out in Note 33(ii).

The Group allows a credit period ranging from 10 to 90 days to its customers. The following is an analysis of trade receivables by age (net of allowance for credit losses), presented based on the invoice dates:

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Not past due | **1,832,675** | 1,517,790 |
| Within 90 days | **414,972** | 446,644 |
| 91 days to 1 year | **437,624** | 286,697 |
| Over 1 year | **162,539** | 81,567 |
| | **2,847,810** | 2,332,698 |

## 21. CONTRACT ASSETS

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Contract assets | **62,477** | 31,854 |
| Less: allowance for credit losses | **(8,195)** | (7,785) |
| | **54,282** | 24,069 |

The contract assets are primarily related to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones as stipulated in the contracts.

## 22. CONTRACT COSTS

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Costs to fulfil contracts | **673,516** | 392,123 |

The contract costs are net of a write-down of approximately RMB20,135,000 as at June 30, 2021 (December 31, 2020: RMB13,266,000).

## 23. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/TIME DEPOSITS

Bank balances and cash of the Group comprised of cash and short term bank deposits with an original maturity of three months or less. The short term bank deposits carried interest at market rates which ranged from nil to 2.03% per annum as at June 30, 2021 (December 31, 2020: from nil to 2.38% per annum).

Certain deposits are pledged to banks as collateral for the issue of standby letter of credit in connection with the Group's purchase of property, plant and equipment and the letter of guarantee for the facility construction in Ireland.

Time deposits as at June 30, 2021 are carried fixed interests rate from 0.60% to 1.30% per annum and have original maturity over three months (December 31, 2020: from 1.25% to 1.70%).

## 24. TRADE AND OTHER PAYABLES

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Trade payables | | |
| — related parties | **47,161** | 33,212 |
| — third parties | **487,452** | 612,790 |
| | **534,613** | 646,002 |
| Other payables | | |
| — related parties | **—** | 450 |
| — third parties | **914,541** | 655,299 |
| | **914,541** | 655,749 |
| Payable for purchase of property, plant and equipment | **807,566** | 717,100 |
| Payable for acquisition of investment of an associate measured at FVTPL | **—** | 154,526 |
| Consideration payables for acquisition of subsidiaries | **4,008** | 23,018 |
| Salary and bonus payables | **407,150** | 500,993 |
| Other taxes payable | **38,748** | 31,155 |
| | **1,257,472** | 1,426,792 |
| Trade and other payables | **2,706,626** | 2,728,543 |

Details of the trade and other payables due to related parties are set out in Note 33(ii).

## 24. TRADE AND OTHER PAYABLES (continued)

Payment terms with suppliers are mainly on credit within 90 days. The following is an age analysis of trade payables presented based on invoice date at the end of the reporting period:

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Within 90 days | **494,783** | 620,291 |
| 91 days to 1 year | **27,930** | 25,031 |
| Over 1 year but within 5 years | **11,900** | 680 |
| | **534,613** | 646,002 |

## 25. BORROWINGS

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Secured bank loans | **80,500** | 85,100 |
| Unsecured bank loans | **3,154,071** | 2,519,649 |
| | **3,234,571** | 2,604,749 |
| The carrying amounts of the above borrowings are repayable*: | | |
| Within one year | **1,160,640** | 767,126 |
| Within a period of more than one year but not exceeding two years | **1,430,422** | 1,770,923 |
| Within a period of more than two years but not exceeding five years | **609,009** | 27,600 |
| Within a period of more than five years | **34,500** | 39,100 |
| | **3,234,571** | 2,604,749 |
| Less: amounts due within one year shown under current liabilities | **(1,160,640)** | (767,126) |
| Amounts shown under non-current liabilities | **2,073,931** | 1,837,623 |

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

## 25. BORROWINGS (continued)

The exposure of the Group's bank borrowings are as follows:

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000** | RMB'000 |
| Fixed-rate borrowings | **95,500** | 85,100 |
| Variable-rate borrowings | **3,139,071** | 2,519,649 |
| | **3,234,571** | 2,604,749 |

The Group's variable-rate borrowings carry interest at LIBOR plus 1.1% to 2.5%, European Central Bank Rate plus 1.5% and EURIBOR plus 0.8%. Interest is reset each one to three months based on the contracts.

The ranges of effective interest rates before interest rate swap disclosed in Note 27 (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| Effective interest rate: | | |
| Fixed-rate borrowings | **3.85% to 4.90%** | 3.70% to 4.90% |
| Variable-rate borrowings | **0.80% to 2.69%** | 1.25% to 3.68% |

At June 30, 2021, the Group's borrowings were secured against the Group's property, plant and equipment as collaterals with carrying amounts of RMB40,940,000 (December 31, 2020: in the process of securing the property, plant and equipment as collaterals with carrying amounts of RMB42,147,000).

## 26. CONTRACT LIABILITIES

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Contract liabilities | **1,721,755** | 1,324,812 |
| Less: amounts shown under current liabilities | **(1,064,450)** | (664,863) |
| Amounts shown under non-current liabilities (note) | **657,305** | 659,949 |

Note: In February 2020, the Group entered into a contract manufacturing agreement pursuant to which the Group shall build an integrated vaccine manufacturing facility in Ireland, and manufacture for, and supply to, an independent global vaccine leader (the "Vaccine Partner") certain vaccine products. As of December 31, 2020, the Group received total instalments of US$100 million (equivalent to RMB652,490,000) from the Vaccine Partner, which represents the Group's obligation to provide services to the Vaccine Partner and is recognized as contract liabilities. The contract liabilities are classified as non-current due to the related services will be provided beyond twelve months. The non-current contract liabilities amounted to RMB657,305,000 at June 30, 2021 (December 31, 2020: RMB659,949,000) after considering the financing components and the recognition of revenue during the current interim period.

## 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **June 30, 2021** | December 31, 2020 | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| *Derivatives not under hedge accounting* | | | | |
| Cap forward contracts | **4,244** | — | **—** | — |
| *Derivatives under hedge accounting* | | | | |
| Fair value hedges | | | | |
| — Forward extra and European vanilla option contracts | **98,839** | 148,330 | **40,221** | 25,722 |
| Cash flow hedges | | | | |
| — Foreign currency forward, collars, cross currency swap and interest rate swap contracts | **201,954** | 313,537 | **32,826** | 7,649 |
| Total | **305,037** | 461,867 | **73,047** | 33,371 |
| Less: current portion | **(289,336)** | (440,997) | **(66,734)** | (26,112) |
| Non-current portion | **15,701** | 20,870 | **6,313** | 7,259 |

**Derivatives not under hedge accounting**

During the current interim period, the Group entered into several HK$/US$ cap forward contracts with banks in order to manage the Group's currency risk. Under the cap contracts, the Group will pay to the bank notional amount of HK$ and receive from the bank an amount in US$ equal to the product of the relevant notional amount of HK$ and the relevant forward rate as specified within the respective contracts.

The Group did not elect to adopt hedge accounting for these contracts and therefore, during the six months ended June 30, 2021, gains from settlement of foreign currency forward contracts of RMB4,176,000 was recognized as "gain (loss) on derivative financial instruments" in other gains and losses.

## 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

**Derivatives under hedge accounting**

In the view of directors of the Company, the respective foreign currency forward contracts, collars contracts, cross currency swap contracts, interest rate swap contracts, forward extra contracts and European vanilla option contracts are highly effective hedging instruments and qualified as cash flow or fair value hedges.

(i) The Group entered into foreign currency forward contracts with banks to eliminate the exposure to fluctuations in foreign currency exchange rate arising from anticipated foreign currency sales transactions, in particular, to buy RMB and sell US$.

The major terms of these foreign currency forward contracts on a net settlement basis as at June 30, 2021 are as follows:

| | Average strike/ forward rate | Foreign currency US$'000 | Total outstanding notional value RMB'000 | Fair value assets RMB'000 |
|---|---|---|---|---|
| **Sell US$** | | | | |
| Less than 3 months | 6.6312–6.9715 | 147,000 | 1,015,567 | 59,212 |
| 4 to 6 months | 6.6683–6.9120 | 247,000 | 1,673,070 | 56,240 |
| 7 to 12 months | 6.5995–6.7465 | 233,200 | 1,558,792 | 23,190 |

| | Average strike/ forward rate | Foreign currency US$'000 | Total outstanding notional value RMB'000 | Fair value liabilities RMB'000 |
|---|---|---|---|---|
| **Sell US$** | | | | |
| Less than 3 months | 6.4184–6.4545 | 171,000 | 1,100,475 | 8,107 |
| 4 to 6 months | 6.4578–6.4928 | 199,000 | 1,288,301 | 9,691 |
| 7 to 12 months | 6.5175–6.6226 | 262,000 | 1,726,041 | 8,715 |

## 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

**Derivatives under hedge accounting (continued)**

(ii) The Group entered into collars contracts with a bank to eliminate the exposure to fluctuations in foreign currency exchange rate arising from anticipated foreign currency sales transactions, in particular, to buy RMB and sell US$.

The major terms of these collars contracts as at June 30, 2021 are as follows:

| | Strike Rate 1 | Strike Rate 2 | Foreign currency US$'000 | Fair value assets RMB'000 |
|---|---|---|---|---|
| **Sell US$** | | | | |
| 1 to 6 months | 6.9700–7.0000 | 7.0700–7.1100 | 99,000 | 47,611 |

(iii) The Group entered into two EUR/US$ structured cross currency swap contracts with a bank for interest rate exchange and periodical principal exchange to eliminate the exposure to variable interest rate and exchange rate associated with a variable-rate long-term bank borrowing denominated in US$, for the purpose of financing the Group's construction of manufacturing facilities in Europe. The strike rates of EUR/US$ are 1.185 and 1.190 respectively, and cap rates are 1.285 and 1.230 respectively. The fair value assets of the principle exchange part was RMB1,468,000 and RMB14,233,000 respectively. The major terms of the interest rate swaps are as follows:

| Notional amount EUR'000 | Notional amount US$'000 | Contract date | Maturity date | Receive | Pay | Fair value liabilities RMB'000 |
|---|---|---|---|---|---|---|
| 92,000 | 106,720 | March 20, 2020 | Every three month from March 2020 to September 2022 | LIBOR+1.20% | 1.10% | 1,398 |
| 82,988 | 100,000 | March 15, 2021 | Every three month from March 2021 to December 2023 | LIBOR+1.10% | 0.90% | 2,289 |

(iv) The Group uses interest rate swaps to minimize its exposure to interest rate fluctuation on its variable-rate bank borrowings. The major terms of the interest rate swaps are as follows:

| Notional amount US$'000 | Contract date | Maturity date | Receive | Pay | Fair value liabilities RMB'000 |
|---|---|---|---|---|---|
| 100,000 | March 24, 2020 | September 26, 2022 | LIBOR+1.20% | 1.77% | 2,626 |

## 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

**Derivatives under hedge accounting (continued)**

(v) The Group entered into forward extra contracts with a bank to manage its foreign exchange rate risk arising from net exposure which are denominated in currencies at US$ up to 12 months, which is designated as fair value hedge. The major terms of the forward extra contracts are as follows:

| | Average strike rate | Knock-in barrier | Notional amount US$'000 | Fair value assets RMB'000 | Fair value liabilities RMB'000 |
|---|---|---|---|---|---|
| **Sell US$** | | | | | |
| 2 to 9 months | 6.4580–6.5430 | 6.6505–6.7210 | 990,000 | 28,402 | 27,322 |

(vi) The Group entered into European vanilla option contracts with a bank to manage its foreign exchange rate risk arising from net exposure which are denominated in currencies at US$ and EUR up to 8 months, which is designated as fair value hedge. The major terms of the European vanilla option contracts are as follows:

| | Average strike rate | Spot rate | Notional amount US$'000 | Fair value assets RMB'000 | Fair value liabilities RMB'000 |
|---|---|---|---|---|---|
| **Sell US$** | | | | | |
| 7 months | 6.4400–6.5380 | 6.4601 | 300,000 | 16,130 | 410 |

| | Average strike rate | Spot rate | Notional amount EUR'000 | Fair value assets RMB'000 | Fair value liabilities RMB'000 |
|---|---|---|---|---|---|
| **Sell EUR** | | | | | |
| 8 months | 7.8000–7.8650 | 7.6862 | 340,000 | 54,307 | 12,489 |

As at June 30, 2021, the aggregate amount of gains after tax under foreign currency forward contracts, collars contracts, cross currency swap contracts, interest rate swap contracts, forward extra contracts and European vanilla option contracts recognized in other comprehensive income and accumulated in the cash flow and fair value hedging reserve relating to the exposure on anticipated future sales transactions and repayment of borrowings denominated in US$ and EUR is RMB114,162,000 (December 31, 2020: RMB241,720,000 gains). It is anticipated that the sales and bank borrowings repayment will take place within next 30 months (December 31, 2020: 21 months) at which time the amount deferred in equity will be recycled to profit or loss.

During the current interim period, gains relating to the ineffective hedge portion of RMB2,679,000 (six months ended June 30, 2020: RMB13,383,000 losses) is recognized immediately in profit or loss, and is included as "net foreign exchange gain" in other gains and losses.

## 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

**Derivatives under hedge accounting (continued)**

During the current interim period, the aggregated amount of gains previously recognized in other comprehensive income and accumulated in equity of RMB209,456,000 (six months ended June 30, 2020: RMB10,350,000 gains) are reclassified to revenue when the hedged item affects profit or loss.

## 28. DEFERRED INCOME

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Assets related R&D and other grants | **229,171** | 211,949 |
| Income related R&D and other grants | **4,914** | 1,791 |
| | **234,085** | 213,740 |

Movements of R&D and other grants:

| | **Assets related RMB'000** | **Income related RMB'000** | **Total RMB'000** |
|---|---|---|---|
| At January 1, 2020 (audited) | 146,524 | 2,361 | 148,885 |
| R&D and other grants received | 15,240 | 114,442 | 129,682 |
| Credited to profit or loss | (4,044) | (114,442) | (118,486) |
| Exchange alignment | 702 | — | 702 |
| At June 30, 2020 (unaudited) | 158,422 | 2,361 | 160,783 |
| At January 1, 2021 (audited) | 211,949 | 1,791 | 213,740 |
| R&D and other grants received | 17,344 | 85,888 | 103,232 |
| Acquisition of a subsidiary (Note 32(i)) | 19,630 | — | 19,630 |
| Credited to profit or loss | (17,760) | (82,765) | (100,525) |
| Exchange alignment | (1,992) | — | (1,992) |
| At June 30, 2021 (unaudited) | 229,171 | 4,914 | 234,085 |

## 28. DEFERRED INCOME (continued)

During the six months ended June 30, 2021, the Group received R&D and other grants of RMB17,344,000 (six months ended June 30, 2020: RMB15,240,000) for its investment in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets.

## 29. SHARE CAPITAL

AUTHORIZED:

| | Number of shares | Par value US$ | Authorized share capital US$ |
|---|---|---|---|
| At January 1, 2020 | 2,000,000,000 | 0.000025 | 50,000 |
| Share Subdivision (note iii) | 4,000,000,000 | | — |
| At June 30, 2021 and December 31, 2020 | 6,000,000,000 | 1/120,000 | 50,000 |

ISSUED AND FULLY PAID:

| | Number of shares | Amount US$ | Shown in the financial statements as RMB'000 |
|---|---|---|---|
| At January 1, 2020 (audited) | 1,294,525,986 | 32,364 | 214 |
| Issue of new shares (note i) | 6,882,141 | 172 | 1 |
| Exercise of pre-IPO share options | 8,271,303 | 206 | 1 |
| At June 30, 2020 (unaudited) | 1,309,679,430 | 32,742 | 216 |
| Issue of new shares (note ii) | 45,000,000 | 1,124 | 8 |
| Exercise of pre-IPO share options | 6,046,044 | 152 | 1 |
| Share Subdivision (note iii) | 2,721,450,948 | — | — |
| Exercise of pre-IPO share options after the Share Subdivision | 2,586,638 | 22 | — |
| At December 31, 2020 and January 1, 2021 (audited) | 4,084,763,060 | 34,040 | 225 |
| Issue of new shares (notes iv and v) | 128,354,126 | 1,070 | 7 |
| Exercise of pre-IPO share options | 25,005,956 | 208 | 2 |
| At June 30, 2021 (unaudited) | 4,238,123,142 | 35,318 | 234 |

## 29. SHARE CAPITAL (continued)

Notes:

i. On June 1, 2020, the Company issued and allotted 6,882,141 new ordinary shares at nil consideration to trustee under the Restricted Share Award Scheme. Details of the Restricted Share Award Scheme are set out in Note 34.

ii. On July 8, 2020, the Company issued 45,000,000 new ordinary shares of US$0.000025 each through placement to certain independent third parties at a price of HK$137.00 per share. The net cash proceed was HK$6,121,994,000 (equivalent to approximately RMB5,545,791,000), after deducting the issue cost of HK$43,006,000 (equivalent to approximately RMB38,959,000).

iii. Pursuant to a shareholders' resolution passed at an extraordinary general meeting on November 12, 2020, the authorized and issued shares of the Company were subdivided on the basis that every one issued share is subdivided into three subdivided shares (the "Share Subdivision"). The Share Subdivision became effective on November 16, 2020.

iv. On February 10, 2021, the Company issued 118,000,000 new ordinary shares of US$1/120,000 each through placement to certain independent third parties at a price of HK$112.00 per share. The net cash proceed of this placement was HK$13,121,243,000 (equivalent to approximately RMB10,899,029,000), after deducting the issue cost of HK$94,757,000 (equivalent to approximately RMB78,709,000) from the gross cash proceed of HK$13,216,000,000 (equivalent to approximately RMB10,977,738,000).

v. On June 10, 2021, the Company issued and allotted 10,354,126 new ordinary shares at nil consideration to trustee under the Restricted Share Award Scheme. Details of the Restricted Share Award Scheme are set out in Note 34.

All the shares issued by the Company ranked pari passu in all respects.

## 30. CAPITAL COMMITMENTS

The Group had capital commitments for land, equipment purchase and building construction, acquisition of investment of an associate measured at FVTPL and investments accounted as financial assets at FVTPL under non-cancellable contracts as follows:

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
| Contracted but not provided for | | |
| — Land, property, plant and equipment | **2,965,880** | 3,622,219 |
| — Financial assets at FVTPL | **83,981** | 97,874 |
| — Acquisition of investment of an associate measured at FVTPL | **—** | 200,000 |
| | **3,049,861** | 3,920,093 |

## 31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

**Fair value measurements and valuation process**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

| Financial assets/ financial liabilities | Fair value as at | | Fair value hierarchy | Valuation technique and key inputs |
|---|---|---|---|---|
| | **June 30, 2021** | December 31, 2020 | | |
| Financial assets at FVTPL | **Listed equity securities: RMB481,934,000** | Listed equity securities: RMB497,987,000 | Level 1 | Active market quoted transaction price (note i) |
| | **Unlisted equity investments: RMB30,587,000** | Unlisted equity investments: RMB267,247,000 | Level 2 | Recent transaction price (note ii) |
| | **Unlisted equity investments: RMB131,864,000** | Unlisted equity investments: RMB75,982,000 | Level 3 | Backsolve from most recent transaction price and adjusted net asset value method |
| | **Unlisted equity investments: RMB339,694,000** | Unlisted equity investments: RMB30,000,000 | Level 3 | Comparable company method and option pricing model, as applicable |
| | **Unlisted equity investments: RMB100,000,000** | N/A | Level 3 | Discounted cash flows method and option pricing model |
| | **Wealth management products: RMB735,744,000** | Wealth management products: RMB66,000 | Level 2 | Discounted cash flows method, estimated based on expected return and market foreign exchange rate |
| Equity instruments at FVTOCI | **Unlisted equity investments: RMB125,904,000** | Unlisted equity investments: RMB127,167,000 | Level 3 | Comparable company method |
| Investment of an associate measured at FVTPL | **Investment of an associate measured at FVTPL: RMB398,718,000** | Investment of an associate measured at FVTPL: RMB187,520,000 | Level 3 (2020: Level 2) | Discounted cash flows method and option pricing model (2020: Recent transaction price) |
| Financial liability at FVTPL | **Financial liability at FVTPL: RMB154,682,000** | N/A | Level 2 | Recent transaction price |
| Foreign currency forward contracts, collars contracts, cross currency swap contracts, interest rate swap contracts, forward extra contracts and European vanilla contracts classified as derivative financial assets and liabilities | **Derivative financial assets: RMB305,037,000 Derivative financial liabilities: RMB73,047,000** | Derivative financial assets: RMB461,867,000 Derivative financial liabilities: RMB33,371,000 | Level 2 | Discounted cash flows. Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks |

## 31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)**

Notes:

i. Certain equity investments became listed on NASDAQ market in 2020, with the shares traded in an active market. Other equity investments are listed on NASDAQ market or HKEX, with the shares traded in an active market. Therefore, the fair value of these investments as at June 30, 2021 and December 31, 2020 was determined based on the market price and classified as Level 1 of the fair value hierarchy.

ii. The investments were either acquired or re-invested by the Group. The management of the Group assessed that since there was no significant milestone achieved in each of the investments since their respectively acquisitions or reinvestment if applicable, the most recent transaction price is used as the best estimate of the fair value.

**Reconciliation of Level 3 fair value measurements of financial assets**

| | Equity instruments at FVTOCI RMB'000 | Financial assets at FVTPL RMB'000 | Investment of an associate measured at FVTPL RMB'000 |
|---|---|---|---|
| At January 1, 2021 (audited) | 127,167 | 105,982 | — |
| Total gains in profit or loss | — | 8,463 | 13,335 |
| Purchases | — | 191,485 | 200,000 |
| Transfer into Level 3 | — | 266,357 | 187,520 |
| Exchange alignment | (1,263) | (729) | (2,137) |
| At June 30, 2021 (unaudited) | 125,904 | 571,558 | 398,718 |

**Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair value.

The fair values of these financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

## 32. ACQUISITION OF SUBSIDIARIES

### (i) Acquisition of CMAB Group (as define below)

In March 2021, WuXi Biologics Investments Limited and WuXi Biologics Co., Ltd, the wholly-owned subsidiaries of the Group, entered into a series of agreements with independent third parties not connected to the Group to acquire 100% shares of CMAB Biopharma Limited ("CMAB BVI") and its subsidiaries (together referred to as "CMAB Group") eventually as well as all non-controlling interests (31.9190%) of CMAB Biopharma (Suzhou) Inc. ("CMAB Suzhou"), a subsidiary of CMAB BVI, for a total consideration of RMB1,591,201,000. CMAB Group are primarily engaged in biological contract development and manufacturing organization based in Suzhou, China. CMAB Group were acquired by the Group so as to expand the capacities for liquid and lyophilization within its global manufacturing network.

The acquisition of the entire equity interest in CMAB BVI has been completed on April 29, 2021. Owing to certain pre-conditions for transferring the remaining 9.7960% equity interest in CMAB Suzhou from a non-controlling shareholder were yet to satisfy, the corresponding consideration amounted to RMB154,682,000 was excluded from the total consideration as stipulated above. Accordingly, the consideration for acquisition of 100% shares of CMAB BVI and 22.1230% shares of CMAB Suzhou from non-controlling shareholders, was RMB1,436,519,000. The acquisition has been accounted for as acquisition of business using the acquisition method.

Acquisition-related costs were not material and have been expensed as incurred as part of administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

## 32. ACQUISITION OF SUBSIDIARIES (continued)

### (i) Acquisition of CMAB Group (as define below) (continued)

*Assets and liabilities recognized at the date of acquisition*

| | RMB'000 |
|---|---|
| Property, plant and equipment | 382,776 |
| Right-of-use assets | 14,416 |
| Intangible assets | 227,702 |
| Deferred tax assets | 5,918 |
| Other long-term deposits and prepayments | 1,413 |
| Inventories | 31,366 |
| Trade and other receivables | 66,256 |
| Contract assets | 13,484 |
| Contract costs | 30,895 |
| Bank balances and cash | 103,776 |
| Trade and other payables | (73,210) |
| Borrowings | (301,136) |
| Contract liabilities | (27,193) |
| Lease liabilities | (14,364) |
| Deferred income | (19,630) |
| | 442,469 |

The fair value of trade and other receivables at the date of acquisition amounted to RMB66,256,000, which is equivalent to the gross contractual amounts. None of the contractual cash flows are not expected to be collected at acquisition date.

*Goodwill arising on acquisition*

| | RMB'000 |
|---|---|
| Consideration transferred | 1,436,519 |
| Plus: non-controlling interests | 154,682 |
| Less: recognized amounts of net assets acquired | (442,469) |
| Goodwill arising on acquisition | 1,148,732 |

Goodwill arose on the acquisition of CMAB Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies from, including but not limited to, revenue growth, future market development and the assembled workforce of CMAB Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

## 32. ACQUISITION OF SUBSIDIARIES (continued)

### (i) Acquisition of CMAB Group (as define below) (continued)

*Goodwill arising on acquisition (continued)*

None of the goodwill arising on the acquisitions is expected to be deductible for tax purposes.

*Net cash outflow arising on acquisition of CMAB Group*

| | RMB'000 |
|---|---|
| Cash consideration paid | 1,436,519 |
| Less: bank balances and cash acquired | (103,776) |
| | 1,332,743 |

Included in the profit of the Group for the period is a loss of RMB20,218,000 attributable to the post-acquisition results of CMAB Group. Revenue for the period includes RMB33,867,000 generated from CMAB Group.

Had the acquisition been completed on January 1, 2021, revenue for the period of the Group would have been RMB4,444,637,000, and profit for the period of the Group would have been RMB1,835,155,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2021, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had CMAB Group been acquired at the beginning of the current year, the directors of the Company have calculated amortization of intangible assets acquired on the basis of the fair values arising from the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

## 32. ACQUISITION OF SUBSIDIARIES (continued)

### (i) Acquisition of CMAB Group (as define below) (continued)

*Financial liability at FVTPL*

When the non-controlling shareholder that held 9.7960% equity interest in CMAB Suzhou made capital contribution (the "Onshore Equity Interest") to CMAB Suzhou, CMAB BVI also entered into option agreement with the non-controlling shareholder on November 17, 2017, pursuant to which CMAB BVI granted the non-controlling shareholder a share purchase option to subscribe for 6,794,599 Series A Preferred Shares to be issued by CMAB BVI (subject to anti-dilutive adjustments). The purchase price of the Series A Preferred Shares upon the exercise of the share purchase option (the "Series A Preferred Shares Purchase Price") shall be determined based on the then fair market value of the Onshore Equity Interest determined by a qualified appraiser of recognized standing jointly selected by CMAB BVI and the non-controlling shareholder. The number of the Series A Preferred Shares issuable pursuant to the exercise of the share purchase option shall be subject to (a) any appropriate adjustments for any subsequent share splits, share subdivisions, consolidation or combinations of shares, dividends or distributions of shares or other securities, reclassification, capital reorganization or similar arrangement, as well as merger, consolidation or redemption in accordance with the then applicable Amended and Restated Articles of Association of CMAB BVI; and (b) any change or adjustment of the Onshore Equity Interest held by the non-controlling shareholder pursuant to the investment documents. The Series A Preferred Shares issuable pursuant to the exercise of the share purchase option bear the same rights, preferences and privileges attached to the Series A Preferred Shares of CMAB BVI as set forth in the then applicable amended and Restated Articles of Association of CMAB BVI.

Subject to the approvals that may be required under the applicable laws and any applicable requirements regarding transfer of state-owned assets under PRC laws and regulations, upon receipt of the share purchase option notice by CMAB BVI or the non-controlling interest pursuant to the option agreement (as the case may be), the Hong Kong subsidiary of CMAB BVI ("CMAB HK") shall purchase from the non-controlling shareholder and the non-controlling shareholder shall sell to CMAB HK, all of the Onshore Equity Interest in CMAB Suzhou at the price equal to the Series A Preferred Shares Purchase Price.

CMAB Group recognized the gross obligation from share purchase option written by CMAB BVI as financial liability measured at FVTPL as the put option is over the equity interest of CMAB Suzhou and therefore does not meet the definition of equity.

## 32. ACQUISITION OF SUBSIDIARIES (continued)

### (i) Acquisition of CMAB Group (as define below) (continued)

*Financial liability at FVTPL (continued)*

The gross financial liability arising from the share purchase option written by CMAB BVI is recognized when contractual obligation to repurchase the equity interest in a subsidiary for preferred shares of CMAB BVI is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to CMAB Group. The liability for the share purchase option written is initially recognized at fair value of the financial instruments to be issued to exchange for the equity interest in a subsidiary with the corresponding debit to "non-controlling interests". Prior to the exercise of the put option by the non-controlling shareholder for preferred shares of CMAB BVI, the remeasurement of the estimated gross obligation under the put option to the non-controlling shareholder is recognized in the profit or loss.

Upon completion of the acquisition and as of June 30, 2021, the Group recognized RMB154,682,000 of the gross obligation from the share purchase option written by CMAB BVI as financial liability measured at FVTPL by reference to the exit price agreed with the non-controlling shareholder.

### (ii) Acquisition of Pfizer Hangzhou (as define below)

In March 2021, WuXi Biologics Investments Limited, the wholly-owned subsidiary of the Group, entered into an agreement with independent third parties not connected to the Group to acquire 100% equity interest in Pfizer Biologics (Hangzhou) Company Limited ("Pfizer Hangzhou"), which holds the state-of-the-art biologics manufacturing facilities in Hangzhou, China, for consideration of US$106,893,000 (equivalent to approximately RMB691,299,000). As the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, with remaining balance of the purchase price allocated to other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Pfizer Hangzhou was acquired so as to boost the commercial capacities of the Group to address surging manufacturing demands.

## 32. ACQUISITION OF SUBSIDIARIES (continued)

### (ii) Acquisition of Pfizer Hangzhou (as define below) (continued)

*Assets and liabilities recognized at the date of acquisition*

| | RMB'000 |
|---|---|
| Property, plant and equipment | 450,705 |
| Right-of-use assets | 26,136 |
| Inventories | 8,638 |
| Other receivables | 202,742 |
| Bank balances and cash | 17,130 |
| Trade and other payables | (14,052) |
| | 691,299 |

*Net cash outflows arising on acquisition of Pfizer Hangzhou*

| | RMB'000 |
|---|---|
| Cash consideration paid | 691,299 |
| Less: bank balances and cash acquired | (17,130) |
| | 674,169 |

## 33. RELATED PARTY DISCLOSURES

The Group had the following significant transactions and balances with related parties during the current interim period:

### (i) Related party transactions:

*(a) Provision of research and development service to related parties*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| WuXi AppTec (Shanghai) Co., Ltd. ("WXAT Shanghai") | **382** | 524 |
| WuXi MedImmune Biopharmaceutical Co., Ltd. ("WX MedImmune") | **380** | 4,859 |
| Duoning | **45** | — |
| Hejing Pharmaceutical Technology (Shanghai) Co., Ltd. | **—** | 22 |
| | **807** | 5,405 |

WX MedImmune is a joint venture held by WuXi AppTec (Hong Kong) Limited ("WAHK"), an indirect wholly-owned subsidiary of WuXi AppTec Co., Ltd. which is ultimately controlled by the Shareholders (as defined in Note 33 (ii)) of the Company.

As disclosed in Note 15, Duoning is an associate of the Group.

Hejing Pharmaceutical Technology (Shanghai) Co., Ltd. is an associate held by WXAT Shanghai, an indirect wholly-owned subsidiary of WuXi AppTec Co., Ltd and was no longer the related party of the Group since May 21, 2020. The transactions for the comparative interim period disclosed above represented the transactions between January 1, 2020 and May 20, 2020. Details of related party relationship change are disclosed in Note 33 (ii).

## 33. RELATED PARTY DISCLOSURES (continued)

### (i) Related party transactions: (continued)

*(b) Provision of materials to related parties*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| WuXi ATU Co., Ltd. | **1,274** | 483 |

*(c) Testing services received*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| WuXi AppTec (Suzhou) Co., Ltd (“AppTec Suzhou”) | **6,378** | 8,819 |
| WuXi NextCode Genomics (Shanghai) Co., Ltd. (“NextCode Shanghai”) | **2,650** | 773 |
| WXAT Shanghai | **3,714** | 93 |
| WuXi Clinical Development Services (Shanghai) Co., Ltd. | **520** | — |
| XenoBiotic Laboratories, Inc. | **257** | — |
| Shanghai MedKey Med-Tech Development Co., Ltd. (“Shanghai Medkey”) | **25** | — |
| Shanghai STA Pharmaceutical R&D Co., Ltd. (“STA RD”) | **—** | 69 |
| WuXi Diagnostic Medical Testing Institute (Shanghai) Co., Ltd. (“WuXi Diagnostic”) | **—** | 58 |
| Abgent Biotechnology (Suzhou) Co., Ltd (“Abgent SZ”) | **—** | 28 |
| | **13,544** | 9,840 |

The amount of transactions with Shanghai MedKey represented the transactions between Shanghai MedKey and Pfizer Hangzhou since acquisition date.

## 33. RELATED PARTY DISCLOSURES (continued)

### (i) Related party transactions: (continued)

*(d) Other services received*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| WuXi AppTec Korea Co., Ltd. | **410** | 442 |
| NextCode Shanghai | **173** | — |
| WuXi AppTec Sales LLC ("Sales LLC") | **—** | 2,347 |
| Chengdu Kangde Renze Real Estate Co., Ltd. | **—** | 189 |
| | **583** | 2,978 |

*(e) Purchase of materials, property, plant and equipment*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Duoning | **40,650** | 14,091 |
| ShangHai LiangHei Technology CO., LTD. | **6,138** | — |
| WXAT Shanghai | **157** | 54 |
| Shanghai SynTheAll Pharmaceutical Co., Ltd. ("STA") | **—** | 59 |
| STA RD | **—** | 4 |
| | **46,945** | 14,208 |

Shanghai Lianghei Technology CO., LTD. is a subsidiary of Duoning since June 2020.

## 33. RELATED PARTY DISCLOSURES (continued)

### (i) Related party transactions: (continued)

*(f) Interest expenses on lease liabilities*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| NextCode Shanghai | **85** | 179 |
| WXAT Shanghai | **77** | 24 |
| Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd. ("WXAT Incubator") | **36** | 78 |
| | **198** | 281 |

WXAT Incubator is a joint venture held by WXAT Shanghai, an indirect wholly-owned subsidiary of WuXi AppTec Co., Ltd.

*(g) Expenses relating to short-term leases*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Shijiazhuang MingMa Medical Laboratory Co., Ltd. | **—** | 57 |

Shijiazhuang MingMa Medical Laboratory Co., Ltd. was disposed by the Shareholders of the Company since September 2020 and is not a related party of the Company since then.

## 33. RELATED PARTY DISCLOSURES (continued)

### (i) Related party transactions: (continued)

*(h) Interest income*

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Duoning | **54** | — |

The transactions above were carried out in accordance with the terms agreed with the counterparties.

### (ii) Related party balances:

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000 Non-interest bearing (Unaudited)** | RMB'000 Non-interest bearing (Audited) |
| **Amounts due from related parties** | | |
| Trade related | | |
| WX MedImmune | **5,748** | 5,346 |
| Less: allowance for credit losses | **(40)** | (20) |
| WXAT Shanghai | **304** | 767 |
| Less: allowance for credit losses | **(2)** | — |
| Duoning | **48** | — |
| | **6,058** | 6,093 |
| Advances to suppliers | | |
| AppTec Suzhou | **17,956** | — |
| WXAT Incubator | **6** | — |
| | **17,962** | — |
| Loan and interest receivables | | |
| Duoning | **—** | 50,112 |

## 33. RELATED PARTY DISCLOSURES (continued)

### (ii) Related party balances: (continued)

| | As at | |
|---|---|---|
| | **June 30, 2021** | December 31, 2020 |
| | **RMB'000** | RMB'000 |
| | **Non-interest bearing** | Non-interest bearing |
| | **(Unaudited)** | (Audited) |
| **Amounts due to related parties** | | |
| Trade related | | |
| AppTec Suzhou | **20,842** | 15,748 |
| Duoning | **19,002** | 15,023 |
| WXAT Shanghai | **3,496** | 138 |
| Shanghai Lianghei Technology CO., LTD. | **2,346** | 1,808 |
| NextCode Shanghai | **575** | 364 |
| WuXi Clinical Development Services (Shanghai) Co., Ltd. | **551** | — |
| XenoBiotic Laboratories, Inc. | **257** | — |
| STA RD | **61** | 92 |
| Shanghai Medkey | **31** | — |
| WuXi AppTec (Nantong) Co., Ltd. | **—** | 39 |
| | **47,161** | 33,212 |
| Non-trade related | | |
| Sales LLC | **—** | 450 |
| Lease liabilities | | |
| NextCode Shanghai | **2,095** | 4,141 |
| WXAT Shanghai | **2,885** | — |
| WXAT Incubator | **690** | 1,615 |
| | **5,670** | 5,756 |

During current interim period, the Group entered into a new lease agreement with WXAT Shanghai for three years. The Group has recognized an addition of right-of-use assets and lease liabilities of RMB3,422,000 and RMB3,422,000 respectively.

Except for lease liabilities, all the above balances with related parties are unsecured, interest free and repayable on demand.

## 33. RELATED PARTY DISCLOSURES (continued)

### (ii) Related party balances: (continued)

On May 20, 2020, WuXi Biologics Holdings Limited ("Biologics Holdings"), the immediate and ultimate holding company of the Company, entered into a block trade agreement with a placing agent pursuant to which the placing agent has agreed to place 60,000,000 existing shares of the Company (representing approximately 4.61% of the total issued share capital of the Company as at May 21, 2020) held by Biologics Holdings to parties independent of and not connected with the Company at a price of HK$127.18 each (the "Transaction"). Following completion of the Transaction on May 20, 2020, the shareholding held by Biologics Holdings in the Company decreased from approximately 31.49% to 26.89% of the total issued share capital of the Company and Biologics Holdings ceased to be a controlling shareholder of the Company. Since then, Dr. Li; Dr. Ning Zhao, the spouse of Dr. Li; Mr. Xiaozhong Liu and Mr. Zhaohui Zhang (collectively referred to as "Shareholders"), who were all acting in concert and ultimately controlled Biologics Holdings, ceased to be the controlling shareholders and became the substantial shareholders of the Company.

Except for WX MedImmune, Hejing Pharmaceutical Technology (Shanghai) Co., Ltd., Duoning, WXAT Incubator and Shanghai Lianghei Technology CO., LTD. of which the relationship with the Group have been disclosed separately as above, all of the other related parties mentioned above are considered as related parties of the Group throughout the entire reporting period. These companies were fellow subsidiaries of the Group under common control of the Shareholders of the Company from January 1, 2020 to May 20, 2020. Following completion of the Transaction on May 20, 2020 and up to the end of the reporting period, these companies are ultimately controlled by the Shareholders of the Company. In the opinion of the directors of the Company, the Shareholders have been able to exercise significant influence over the Group.

### (iii) Compensation of directors and key management personnel:

| | Six months ended June 30, | |
|---|---|---|
| | **2021** | 2020 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Directors' fee | **280** | 306 |
| Salaries and other benefits | **6,624** | 5,093 |
| Performance-based bonus | **2,742** | 1,487 |
| Retirement benefits scheme contributions | **78** | 26 |
| Share-based compensation | **20,739** | 17,428 |
| | **30,463** | 24,340 |

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

## 34. SHARE-BASED COMPENSATION

**Equity instruments granted by WuXi PharmaTech to employees of the Group**

WuXi PharmaTech was once listed on the New York Stock Exchange and used to have an employee stock incentive plan ("WuXi PharmaTech Stock Units and Options"). Pursuant to the WuXi PharmaTech Stock Units and Options, certain directors of the Company and employees of the Group were issued shares of WuXi PharmaTech which are subject to vesting term of one to five years ("WX RSUs"). The share restriction will be released when vested.

WuXi PharmaTech was privatized and delisted from the New York Stock Exchange on December 10, 2015, and was taken control by New WuXi Life Science Holdings Limited ("Life Science Holdings"), a company controlled by the Shareholders. As part of the privatization process, the terms and conditions of WuXi PharmaTech Stock Units and Options were modified.

Under the modified WuXi PharmaTech Stock Units and Options, the total number of the outstanding WX RSUs remained unchanged, but all outstanding WX RSUs as at December 10, 2015 would be settled by cash consideration based on the closing price of WuXi PharmaTech on December 10, 2015 (US$5.75 per share). Part of the cash consideration was paid out immediately to some of the designated employees of the Group ("Designated Employees") holding outstanding WX RSUs as their WX RSUs were deemed to be immediately vested. For remaining employees of the Group ("Non-designated Employees") holding outstanding WX RSUs, an escrow arrangement was made by Life Science Holdings to put aside the cash consideration in an escrow account and the cash consideration would be paid out to the Non-designated Employees when the original vesting conditions of the WX RSUs are met.

Because the fair values of the outstanding WX RSUs under both the original and modified WuXi PharmaTech Stock Units and Options as measured at the date of modification are determined to be the same, therefore, the outstanding WX RSUs would continue to be measured at the original grant-date fair value. For those Designated Employees, because their outstanding WX RSUs were deemed to be immediately vested, the Group recognized the share-based compensation expense related to this acceleration of vesting immediately in the profit and loss of the year ended December 31, 2015. For the Non-designated Employees, the Group continued to recognize the corresponding share-based compensation expense of their outstanding WX RSUs in the profit and loss of the Group over the original vesting periods.

By the end of June 30, 2020, all share-based compensation expense in relation to the outstanding WX RSUs has been recognized in the profit and loss of the Group, hence, no share-based compensation expense in relation to WuXi PharmaTech Stock Units and Options was recognized for the six months ended June 30, 2021 (June 30, 2020: RMB136,000).

## 34. SHARE-BASED COMPENSATION (continued)

### Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted pursuant to resolutions passed on January 5, 2016 for the primary purpose of attracting, retaining and motivating employees and directors. Under the Pre-IPO Share Option Scheme, the directors of the Company may grant up to 144,600,000 (before the effect of the Share Subdivision) share options to eligible employees, including the directors of the Company and its subsidiaries, to subscribe for shares in the Company. Grantee accepting an option grant offered by the Company has to sign an acceptance letter and pay to the Company an amount of HK$1.00 (before the effect of the Share Subdivision) as consideration for the grant.

Upon the Share Subdivision became effective, pro-rata adjustments were made to the exercise prices and the number of share options outstanding, so as to give the eligible employees the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Each option granted under the Pre-IPO Share Option Scheme can only be exercised in the following manners (each date on which any portion of option granted shall be vested is hereinafter referred to as a "Vesting Date" and each tranche on which any portion of option granted shall be vested is hereinafter referred to as a "Tranche"):

| Tranche | Vesting Date |
|---|---|
| twenty percent (20%) of the shares subject to an option so granted | second (2nd) anniversary of the offer date for an Option |
| twenty percent (20%) of the shares subject to an option so granted | third (3rd) anniversary of the offer date for an Option |
| twenty percent (20%) of the shares subject to an option so granted | fourth (4th) anniversary of the offer date for an Option |
| forty percent (40%) of the shares subject to an option so granted | fifth (5th) anniversary of the offer date for an Option |

## 34. SHARE-BASED COMPENSATION (continued)

### Pre-IPO Share Option Scheme (continued)

Set out below are details of the movements of the outstanding options granted under the Pre-IPO Share Option Scheme during the six months ended June 30, 2021:

| Option batch | Outstanding as at January 1, 2021 | Granted during the period | Exercised during the period | Forfeited during the period | Outstanding as at June 30, 2021 |
|---|---|---|---|---|---|
| January 7, 2016 | 167,037,100 | — | 20,673,222 | — | 146,363,878 |
| March 28, 2016 | 2,254,075 | — | 250,600 | — | 2,003,475 |
| August 10, 2016 | 9,433,200 | — | 326,210 | 187,200 | 8,919,790 |
| November 11, 2016 | 8,508,500 | — | 1,077,997 | 28,800 | 7,401,703 |
| March 15, 2017 | 46,300,500 | — | 2,355,427 | 297,600 | 43,647,473 |
| May 12, 2017 | 6,331,530 | — | 322,500 | — | 6,009,030 |
| | 239,864,905 | — | 25,005,956 | 513,600 | 214,345,349 |
| Exercisable at the end of the period | 89,823,673 | | | | 176,461,199 |
| Weighted average exercise price (US$) | 0.22 | — | 0.19 | 0.29 | 0.22 |

The estimated fair value of the Pre-IPO share options at the date of grant were approximately US$20,489,000, US$555,000, US$1,773,000, US$2,227,000, US$9,430,000 and US$2,974,000 for the January 7, 2016, March 28, 2016, August 10, 2016, November 11, 2016, March 15, 2017 and May 12, 2017 option batch, respectively. The fair value was calculated using the Binomial model. The major inputs into the model are as follows:

| Grant date | January 7, 2016 | March 28, 2016 | August 10, 2016 | November 11, 2016 | March 15, 2017 | May 12, 2017 |
|---|---|---|---|---|---|---|
| Share price (US$) (note) | 0.1600 | 0.1600 | 0.2167 | 0.2500 | 0.3167 | 0.5500 |
| Exercise price (US$) (note) | 0.1667 | 0.1667 | 0.2200 | 0.2633 | 0.3400 | 0.6000 |
| Expected volatility | 40.80% | 40.80% | 40.92% | 40.87% | 40.65% | 40.46% |
| Expected life (years) | 10 | 10 | 10 | 10 | 10 | 10 |
| Risk-free interest rate | 2.92% | 2.92% | 2.72% | 2.83% | 3.39% | 3.67% |
| Forfeiture rate | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% | 7.70% |

Note: The share price and exercise price represents the prices after the effect of the Share Subdivision effected on November 16, 2020.

## 34. SHARE-BASED COMPENSATION (continued)

### Pre-IPO Share Option Scheme (continued)

The Group recognized total expense of approximately RMB4,615,000 for the six months ended June 30, 2021 (June 30, 2020: RMB12,967,000) in relation to share options granted by the Company under the Pre-IPO Share Option Scheme.

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HK$111.46 (June 30, 2020: HK$113.12 before the effect of the Share Subdivision).

### Restricted Share Award Scheme

On January 15, 2018, the Company adopted the Restricted Share Award Scheme for the primary purpose of (i) recognize the contributions by certain employees of the Group and directors of the Company (the "Selected Participants"); (ii) encourage, motivate and retain the Selected Participants, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the Selected Participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Selected Participants to the shareholders of the Company through ownership of Shares. The total number of the restricted shares underlying all grants made pursuant to the Restricted Share Award Scheme shall not exceed three percent of the issued share capital of the Company as at the adoption date (i.e. 34,953,032 shares before the effect of the Share Subdivision).

The Company will issue and allot to trustee new shares under the general mandate granted by the shareholders of the Company from time to time. The new shares so issued will be held on trust until the end of each vesting period and will be transferred to the Selected Participants upon satisfaction of the relevant original vesting conditions.

## 34. SHARE-BASED COMPENSATION (continued)

**Restricted Share Award Scheme (continued)**

The fair value of the restricted shares awarded was determined based on the market value of the Company's shares at the grant date.

Upon the Share Subdivision became effective, pro-rata adjustments have been made to the number of outstanding restricted shares, so as to give the Selected Participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Except for 14,138 (before the effect of the Share Subdivision) restricted shares granted on June 5, 2019, 11,400 (before the effect of the Share Subdivision) restricted shares granted on June 9, 2020 and 12,335(after the effect of the Share Subdivision) restricted shares granted on June 16, 2021 with vesting period of one year, each other restricted share granted under the Restricted Share Award Scheme can only be vested in the following manners (each date on which any portion of restricted share granted shall be vested is hereinafter referred to as a "Vesting Date" and each tranche on which any portion of restricted share granted shall be vested is hereinafter referred to as a "Batch"):

| Batch | Vesting Date |
|---|---|
| twenty percent (20%) of the restricted shares so granted | second (2nd) anniversary of the grant date for an restricted share |
| twenty percent (20%) of the restricted shares so granted | third (3rd) anniversary of the grant date for an restricted share |
| twenty percent (20%) of the restricted shares so granted | fourth (4th) anniversary of the grant date for an restricted share |
| forty percent (40%) of the restricted shares so granted | fifth (5th) anniversary of the grant date for an restricted share |

## 34. SHARE-BASED COMPENSATION (continued)

### Restricted Share Award Scheme (continued)

Set out below are details of the movements of the outstanding restricted shares granted under the Restricted Share Award Scheme during the six months ended June 30, 2021:

| Option batch | Outstanding as at January 1, 2021 | Granted during the period | Vested during the period | Forfeited during the period | Outstanding as at June 30, 2021 | Fair value per share at the date of grant (note) |
|---|---|---|---|---|---|---|
| January 15, 2018 | 5,066,760 | – | 1,266,690 | 605,844 | 3,194,226 | HK$18.333 |
| March 20, 2018 | 3,554,628 | – | 883,515 | 108,291 | 2,562,822 | HK$25.233 |
| June 13, 2018 | 1,254,174 | – | 308,613 | 21,612 | 923,949 | HK$29.500 |
| August 21,2018 | 2,727,846 | – | 11,204 | 69,543 | 2,647,099 | HK$23.500 |
| November 20, 2018 | 1,941,925 | – | – | 43,394 | 1,898,531 | HK$21.850 |
| March 19, 2019 | 137,910 | – | 27,580 | – | 110,330 | HK$27.783 |
| June 5, 2019 | 12,546,804 | – | 2,474,188 | 207,938 | 9,864,678 | HK$23.900 |
| August 20, 2019 | 4,212,252 | – | – | 156,576 | 4,055,676 | HK$27.667 |
| November 20, 2019 | 1,293,948 | – | – | 51,129 | 1,242,819 | HK$29.800 |
| March 27, 2020 | 4,892,280 | – | – | 169,290 | 4,722,990 | HK$33.333 |
| June 9, 2020 | 1,864,962 | – | 34,200 | 59,688 | 1,771,074 | HK$41.900 |
| August 18, 2020 | 1,799,517 | – | – | 59,886 | 1,739,631 | HK$58.600 |
| November 12, 2020 | 6,359,703 | – | – | 247,644 | 6,112,059 | HK$77.133 |
| March 24, 2021 | – | 4,736,220 | – | 64,765 | 4,671,455 | HK$87.950 |
| June 16, 2021 | – | 1,493,141 | – | – | 1,493,141 | HK$116.900 |
| June 17, 2021 | – | 13,128,486 | – | 31,105 | 13,097,381 | HK$120.800 |
| | 47,652,709 | 19,357,847 | 5,005,990 | 1,896,705 | 60,107,861 | |
| Weighted average fair value per share (HK$) | 34.04 | 112.46 | 23.22 | 35.90 | 60.14 | |

Note: The fair value per share at the date of grant represents the prices after the effect of the Share Subdivision effected on November 16, 2020.

The Group recognized total expense of approximately RMB218,008,000 for the six months ended June 30, 2021 (June 30, 2020: RMB115,244,000) in relation to restricted shares granted by the Company under the Restricted Share Award Scheme.

## 34. SHARE-BASED COMPENSATION (continued)

**Global Partner Program Share Scheme**

On June 16, 2021, the Company adopted a global partner program share scheme (the "Global Partner Program Share Scheme") to further reward and incentivize the Group's top employees and attract key talents (the "Selected Participants under Global Partner Program Share Scheme") to ensure the continuous business development and growth of the Company and to further align the interests of the top employees and the shareholders of the Company. The Selected Participants under Global Partner Program Share Scheme who have significant contributions to the Group's business development and growth will be granted restricted shares under the Global Partner Program Share Scheme. The number of restricted shares to be granted and its value will be determined based on various performance-related considerations, such as the fulfilment by the respective Selected Participants under Global Partner Program Share Scheme of their individual performance targets as well as the overall business performance of the Group as a whole. The total number of the restricted shares underlying all grants made pursuant to the Global Partner Program Share Scheme shall not exceed three percent of the total number of shares of the Company in issue as at the adoption date (i.e. 126,982,689 shares).

During the current interim period, no restricted shares have been granted under the Global Partner Program Share Scheme.

## 35. EVENT AFTER THE REPORTING PERIOD

On July 20, 2021, Biologics Holdings, one of the substantial shareholders of the Company, entered into a block trade agreement with a placing agent pursuant to which the placing agent has agreed to place 80,000,000 existing shares of the Company (representing approximately 1.89% of the total issued share capital of the Company as at July 20, 2021) held by Biologics Holdings to parties independent of and not connected with the Company at a price of HK$129.00 each.

**APPENDIX II**

**REPRODUCTION OF THE PRESS RELEASE DATED 3 AUGUST 2021 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

The information set out below is a reproduction of the press release dated 3 August 2021 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2021.

# RESULTS AT JUNE 30TH 2021

**Press release**
Paris, August 3rd 2021

## EXCELLENT PERFORMANCE IN ALL THE BUSINESSES IN Q2 21 AND H1 21

**In Q2 21, revenues up +18.2% vs. Q2 20 (+20.5%*)**, with a strong quarter in Global Banking & Investor Solutions, substantial growth in Financial Services and a rebound in Retail Banking

**Strong positive jaws effect in all the businesses**

**Underlying gross operating income of EUR 2 billion(1),** up 55%(1) vs. Q2 20

**Low cost of risk** at 11 basis points in Q2 21; continued prudent approach in terms of provisioning

**Underlying Group net income of EUR 1.35 billion(1)**, reported Group net income (including IFRIC 21 charges and exceptional items) of EUR 1.44 billion in Q2 21

**Profitability (ROTE) at 10.4%(1)** and 11.2% in Q2 21

**In H1 21, underlying gross operating income of EUR 4.2 billion(1),** up +83.4%(1) vs. H1 20

Revenues strongly up +19.5% (22.8%*) and costs contained up 1.7%(1) (3.6%(1)*)

**Underlying Group net income of EUR 2.65 billion(1), up +13.5%(1) vs. H1 19,** reported Group net income of EUR 2.25 billion

**Profitability (ROTE) at 10.2%(1)** and 8.6% in H1 21

## IMPROVEMENT IN THE OUTLOOK FOR 2021

**Expected increase in revenues in all the businesses**
**Increase of the positive jaws effect** with continued disciplined management of costs
Downward revision, **between 20 and 25 basis points,** in the full-year forecast for the **net cost of risk**

## STRONG CAPITAL POSITION

**Solid CET 1 level at 13.4%(2) at end-June 2021**, well above the target, due to **strong organic capital generation of 44 basis points** in H1 21 after dividend provision

**Attractive shareholder return**

- **Confirmation of the launch, in Q4, of a share buyback programme,** for an amount of around EUR 470m(3)
- **H1 21 dividend per share provision of EUR 1.2**, consistent with a payout ratio of 50% of underlying Group net income(4)

**Frédéric Oudéa, the Group's Chief Executive Officer, commented:**
*"Once again, Societe Generale enjoyed an excellent quarter, with a solid commercial and financial performance by all its businesses. Q2 was marked by the strong revenue momentum, continued cost discipline and a very low cost of risk resulting from very few loan defaults. The results for H1 2021 are the best for 5 years, illustrating the strength of the business model and the Group's capacity to rebound. On these bases, the Group is raising its full-year forecasts for 2021. These results are the fruit of extensive work undertaken for several years to enhance the intrinsic quality of the franchises by effectively anticipating the needs of customers, improve the operational efficiency of the Group and maintain the excellent robustness of the loan portfolio and risk management. Thanks to the exceptional commitment of its teams and a very solid balance sheet, the Societe Generale Group will continue the far-reaching transformation of its businesses related to ESG issues and the growing use of the new digital technologies, in a constant effort to support its customers and provide them with added value."*

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(1) *Underlying data (see methodology note No. 5 for the transition from accounting data to underlying data)*
(2) *Phased-in ratio; fully-loaded ratio of 13.2%*
(3) *It should be noted that, pursuant to Regulation (EU) 2019/876 (CRR2), share buyback is subject to the ECB approval*
(4) *After deducting interest on deeply subordinated notes and undated subordinated notes*
*The footnote * in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates*

## 1. GROUP CONSOLIDATED RESULTS

| In EURm | Q2 21 | Q2 20 | Change | | H1 21 | H1 20 | Change | |
|---|---|---|---|---|---|---|---|---|
| Net banking income | 6,261 | 5,296 | +18.2% | +20.5%* | 12,506 | 10,466 | +19.5% | +22.8%* |
| Operating expenses | (4,107) | (3,860) | +6.4% | +7.9%* | (8,855) | (8,538) | +3.7% | +5.6%* |
| *Underlying operating expenses(1)* | *(4,225)* | *(3,984)* | *+6.1%* | *+7.5%** | *(8,322)* | *(8,185)* | *+1.7%* | *+3.6%** |
| Gross operating income | 2,154 | 1,436 | +50.0% | +55.2%* | 3,651 | 1,928 | +89.4% | x 2.0* |
| *Underlying gross operating income(1)* | *2,036* | *1,312* | *+55.1%* | *+61.0%** | *4,184* | *2,281* | *+83.4%* | *+94.8%** |
| Net cost of risk | (142) | (1,279) | -88.9% | -88.6%* | (418) | (2,099) | -80.1% | -79.4%* |
| Operating income | 2,012 | 157 | x 12.8 | x 13.6* | 3,233 | (171) | n/s | n/s |
| *Underlying operating income(1)* | *1,894* | *33* | *x 57.2* | *x 80.4** | *3,766* | *182* | *x 20.7* | *x 31.0** |
| Net profits or losses from other assets | 5 | 4 | +25.0% | +26.4%* | 11 | 84 | -86.9% | -86.9%* |
| Impairment losses on goodwill | 0 | (684) | n/s | n/s | 0 | (684) | n/s | n/s |
| Income tax | (404) | (658) | -38.6% | -38.3%* | (687) | (612) | +12.3% | +15.4%* |
| Net income | 1,615 | (1,180) | n/s | n/s | 2,562 | (1,378) | n/s | n/s |
| O.w. non-controlling interests | (176) | (84) | x 2.1 | x 2.1* | (309) | (212) | +45.8% | +45.6%* |
| Reported Group net income | 1,439 | (1,264) | n/s | n/s | 2,253 | (1,590) | n/s | n/s |
| *Underlying Group net income(1)* | *1,349* | *8* | *x 163.1* | *n/s* | *2,647* | *0* | *n/s* | *n/s* |
| ROE | 9.8% | -10.9% | | | 7.5% | -7.2% | | |
| ROTE | 11.2% | -6.5% | | | 8.6% | -5.3% | | |
| *Underlying ROTE(1)* | *10.4%* | *-1.3%* | | | *10.2%* | *-1.3%* | | |

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

Societe Generale's Board of Directors, which met on August 2nd, 2021 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 2021.

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

### Net banking income

**The rebound in the Group's activity continued in Q2 21**, with net banking income increasing by +18.2% (+20.5%*) vs. Q2 20 and all the businesses contributing to this strong momentum.

French Retail Banking experienced a significant improvement in Q2 21, with net banking income (excluding PEL/CEL provision) increasing by +8.0% vs. Q2 20 driven by the recovery in net interest income and commissions, which were considerably affected by lockdown measures in Q2 20.

International Retail Banking & Financial Services enjoyed strong revenue growth of +17%* vs. Q2 20, underpinned by the excellent momentum of Financial Services (+49%* vs. Q2 20) and Insurance (+13%* vs. Q2 20). International Retail Banking saw a rebound in activity of +7.9%* vs. Q2 20.

Global Banking & Investor Solutions also turned in an excellent performance, with revenues up +28%* vs. Q2 20, driven by Global Markets and Financing & Advisory.

**In H1**, the Group posted strong growth of +19.5% (+22.8%*) vs. H1 20, with a positive contribution from all the businesses, and returned to a revenue level close to that of H1 19 (EUR 12.5 billion).

**In 2021**, the Group is aiming for positive revenue growth in all the businesses.

## Operating expenses

In Q2 21, operating expenses totalled EUR 4,107 million on a reported basis and EUR 4,225 million on an underlying basis (restated for the linearisation of IFRIC 21 and transformation costs), representing an increase of +6.1% vs. Q2 20.

**The Group therefore generated a very positive jaws effect in all its businesses**, resulting in an increase in underlying gross operating income of +55% to EUR 2,036 million and an improvement in the underlying cost to income ratio of nearly 8 points (67% vs. 75% in Q2 20).

**In H1**, costs amounted to EUR 8,855 million on a reported basis and EUR 8,322 million on an underlying basis, up +1.7% vs. H1 20. This limited growth can be explained primarily by the rise in variable costs linked to the growth in revenues and the increase in the IFRIC 21 charge (EUR +44 million).

Thanks to this good performance in H1, the **Group plans to increase its positive jaws effect** in 2021 while maintaining disciplined cost management.

## Cost of risk

**In Q2 21, the commercial cost of risk stood at a low level of 11 basis points** (EUR 142 million), lower than in Q1 21 (21 basis points) and Q2 20 (97 basis points). It breaks down into a provision on non-performing loans of EUR 164 million, a decline compared to recent quarters, and a provision write-back on performing loans of EUR 22 million.

The Group's provisions on performing loans currently amount to EUR 3,548 million.

As part of the support provided to its customers during the crisis, the Group granted repayment moratoriums and State Guaranteed Loans. At June 30th 2021, the residual amount of repayment moratoriums still in force represented around EUR 0.5 billion and State Guaranteed Loans, around EUR 18 billion. In France, the total amount of State Guaranteed Loans ("PGE") is around EUR 16 billion and net exposure amounts to around EUR 2 billion.

The gross doubtful outstandings ratio amounted to 3.1%[(2)] at June 30th 2021, an improvement vs. end-March 2021 (3.3%[(2)]). The Group's gross coverage ratio for doubtful outstandings stood at 52%[(3)] at June 30th 2021 (51% at March 31st 2021).

With a commercial cost of risk of 16 basis points in H1, **the Group has revised its full-year forecast downwards** and therefore anticipates a cost of risk of between 20 and 25 basis points in 2021 (vs. 30 to 35 basis points initially).

*(2) NPL ratio calculated according to the EBA methodology published on July 16th, 2019*
*(3) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings*

## Group net income

| In EURm | Q2 21 | Q2 20 | H1 21 | H1 20 |
|---|---|---|---|---|
| Reported Group net income | 1,439 | (1,264) | 2,253 | (1,590) |
| Underlying Group net income(1) | 1,349 | 8 | 2,647 | 0 |

| In % | Q2 21 | Q2 20 | H1 21 | H1 20 |
|---|---|---|---|---|
| Reported ROTE | 11.2% | -6.5% | 8.6% | -5.3% |
| Underlying ROTE(1) | 10.4% | -1.3% | 10.2% | -1.3% |

Earnings per share amounts to EUR 2.29 in H1 21 (EUR -2.25 in H1 20). Underlying earnings per share amounts to EUR 2.40(2) over the same period (EUR -0.59(2) in H1 20).

*(1) Adjusted for exceptional items and linearisation of IFRIC 21*
*(2) Underlying EPS calculated based on an underlying Group net income excluding IFRIC 21 linearisation. EUR 2.75 including IFRIC 21 linearisation in H1 21 and EUR -0.38 in H1 20.*

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 63.1 billion at June 30th, 2021 (EUR 61.7 billion at December 31st, 2020). Net asset value per share was EUR 63.6 and tangible net asset value per share was EUR 56.0.

The **consolidated balance sheet** totalled EUR 1,493 billion at June 30th, 2021 (EUR 1,462 billion at December 31st, 2020). The net amount of customer loan outstandings at June 30th, 2021, including lease financing, was EUR 455 billion (EUR 440 billion at December 31st, 2020) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 470 billion, vs. EUR 451 billion at December 31st, 2020 (excluding assets and securities sold under repurchase agreements).

At July 16th, 2021, the parent company had issued EUR 26.1 billion of medium/long-term debt, having an average maturity of 5.5 years and an average spread of 42 basis points (vs. the 6-month midswap, excluding subordinated debt). The subsidiaries had issued EUR 1.4 billion. In total, the Group had issued EUR 27.5 billion of medium/long-term debt. Excluding structured issuances, the parent company had completed its annual financing programme.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 133% at end-June 2021, vs. 149% at end-December 2020, and at 136% on average in Q2 2021, vs. 153% on average in Q4 2020. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2021.

The Group's **risk-weighted assets** (RWA) amounted to EUR 361.5 billion at June 30th, 2021 (vs. EUR 351.9 billion at end-December 2020) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 82.5% of the total, at EUR 298.2 billion, up 3.8% vs. December 31st, 2020.

At June 30th, 2021, the Group's **Common Equity Tier 1** ratio stood at 13.4%, or around 430 basis points above the regulatory requirement. The CET1 ratio at June 30th, 2021 includes an effect of +20 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.2%. The Tier 1 ratio stood at 15.8% at end-June 2021 (16.0% at end-December 2020) and the total capital ratio amounted to 19.2% (19.2% at end-December 2020).

The **leverage ratio** stood at 4.6% at June 30th, 2021 (4.8% at end-December 2020).

With a level of 30.5% of RWA and 8.9% of leveraged exposure at end-June 2021, the Group's TLAC ratio is above the FSB's requirements for 2021. At June 30th, 2021, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leveraged exposure.

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

## 3. FRENCH RETAIL BANKING

| In EURm | Q2 21 | Q2 20 | Change | H1 21 | H1 20 | Change |
|---|---|---|---|---|---|---|
| Net banking income | 1,906 | 1,754 | +8.7% | 3,753 | 3,634 | +3.3% |
| *Net banking income excl. PEL/CEL* | *1,889* | *1,749* | *+8.0%* | *3,748* | *3,654* | *+2.6%* |
| Operating expenses | (1,297) | (1,233) | +5.2% | (2,750) | (2,683) | +2.5% |
| Gross operating income | 609 | 521 | +16.9% | 1,003 | 951 | +5.5% |
| *Gross operating income excl. PEL/CEL* | *592* | *516* | *+14.7%* | *998* | *971* | *+2.8%* |
| Net cost of risk | (6) | (442) | -98.6% | (129) | (691) | -81.3% |
| Operating income | 603 | 79 | x 7.6 | 874 | 260 | x 3,4 |
| Reported Group net income | 438 | 60 | x 7.3 | 641 | 279 | x 2,3 |
| *Underlying Group net income (1)* | *398* | *40* | *x 9.9* | *693* | *339* | *x 2* |
| RONE | 15.6% | 2.1% | | 11.4% | 4.9% | |
| *Underlying RONE(1)* | *14.2%* | *1.4%* | | *12.3%* | *6.0%* | |

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

**Societe Generale and Crédit du Nord networks:**

Average loan outstandings rose +1% vs. Q2 20 to EUR 208 billion. Average medium/long-term outstanding loans to corporate and professional customers climbed 8%, bolstered by the 20% growth in loan production excluding State Guaranteed Loans vs. Q2 20. Home loan production was up +34% vs. Q2 20.

Average outstanding balance sheet deposits[(2)] increased by +9% vs. Q2 20 to EUR 234 billion, still driven by sight deposits, whose rate of growth decelerated.

As a result, the average loan/deposit ratio stood at 89% in Q2 21 vs. 96% in Q2 20.

Insurance assets under management totalled EUR 92 billion at end-June 2021. Gross life insurance inflow amounted to EUR 2.2 billion in Q2 21, with the unit-linked share accounting for 38%.

Private Banking's assets under management totalled EUR 75 billion at end-June 2021. Net inflow remained buoyant at EUR 1.3 billion in Q2 21.

The number of protection policies was up +4%, while property and casualty premiums were 3% higher than in Q2 20.

**Boursorama:**

The bank consolidated its position as the leading online bank in France, with more than 2.9 million clients at end-June 2021, thanks to the onboarding of 168,000 new clients in Q2 21 (+40% vs. Q2 20).

This quarter, the bank distinguished itself by being classified No. 1 in France in the "World's best Banks 2021" rankings established by Forbes & Statista. Boursorama was also classified No. 1 bank in France in terms of customer recognition by Isoskèle in 2021. The bank was classified No. 1 in the rankings for best banking application in France (Selectra 2021). Finally, Boursorama was classified No. 1 in the 2021 rankings of cheapest banks according to the Capital-Panorabanques study.

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[(2)] *Including BMTN (negotiable medium-term notes)*

Outstanding loans rose +24% vs. Q2 20 to EUR 12 billion. Home loan and consumer loan production reached a record level of EUR 1.4 billion. Home loan outstandings were up +26% vs. Q2 20.

Outstanding savings including deposits and financial savings were 30% higher than in Q2 20 at EUR 33 billion, while outstanding deposits were up +29% vs. Q2 20. The number of stock market orders increased by +7% vs. H1 20 and x3.3 vs. H1 19.

## Net banking income excluding PEL/CEL

**Q2 21:** revenues (excluding PEL/CEL) totalled EUR 1,889 million, up +8% vs. Q2 20. Net interest income (excluding PEL/CEL) was up +1.6% vs. Q2 20, still impacted by the increase in deposits in a low interest rate environment. Commissions were 9.7% higher than in Q2 20 owing particularly to an increase in financial commissions against the backdrop of an exit from the lockdown.

**H1 21:** revenues (excluding PEL/CEL) totalled EUR 3,748 million, up +2.6% vs. H1 20. Net interest income (excluding PEL/CEL) was down -2.1% vs. H1 20. Commissions were 5.1% higher than in H1 20, benefiting from the strong increase in financial commissions.

## Operating expenses

**Q2 21:** operating expenses totalled EUR 1,297 million (+5.2% vs. Q2 20). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 70.7%, an improvement of 1.2 points vs. Q2 20.

**H1 21:** operating expenses totalled EUR 2,750 million (+2.5% vs. H1 20). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.3%, an improvement of 0.3 points vs. H1 20.

## Cost of risk

**Q2 21:** the commercial cost of risk amounted to EUR 6 million or 1 basis point, substantially lower than in Q2 20 (85 basis points), impacted by the crisis, and Q1 21 (23 basis points).

**H1 21:** the commercial cost of risk amounted to EUR 129 million or 12 basis points, a substantial decline compared to H1 20 (68 basis points).

## Contribution to Group net income

**Q2 21:** the contribution to Group net income was EUR 438 million vs. EUR 60 million in Q2 20. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 14.2% in Q2 21 (1.4% in Q2 20) and 15.1% excluding Boursorama.

**H1 21:** the contribution to Group net income was EUR 641 million (x2.3 vs. H1 20). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 12.3% in H1 21 (6.0% in H1 20).

## 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

| *In EURm* | Q2 21 | Q2 20 | Change | | H1 21 | H1 20 | Change | |
|---|---|---|---|---|---|---|---|---|
| Net banking income | 1,989 | 1,750 | +13.7% | *+17.0%** | 3,851 | 3,714 | +3.7% | *+8.2%** |
| Operating expenses | (1,011) | (979) | *+3.3%* | *+6.0%** | (2,100) | (2,125) | *-1.2%* | *+2.8%** |
| Gross operating income | 978 | 771 | *+26.8%* | *+30.9%** | 1,751 | 1,589 | *+10.2%* | *+15.4%** |
| Net cost of risk | (121) | (418) | *-71.1%* | *-69.6%** | (263) | (647) | *-59.4%* | *-57.1%** |
| Operating income | 857 | 353 | *x 2.4* | *x 2.5** | 1,488 | 942 | *+58.0%* | *+64.6%** |
| Reported Group net income | 522 | 226 | *x 2.3* | *x 2.4** | 914 | 591 | *+54.7%* | *+63.4%** |
| *Underlying Group net income (1)* | *508* | *213* | *x 2.4* | *x 2.4** | *942* | *619* | *+52.1%* | *+60.3%** |
| RONE | 20.6% | 8.4% | | | 18.2% | 11.0% | | |
| *Underlying RONE(1)* | *20.0%* | *7.9%* | | | *18.7%* | *11.6%* | | |

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

**International Retail Banking's** outstanding loans totalled EUR 89.3 billion. They rose +3.8%* vs. end-June 2020 when adjusted for changes in Group structure and at constant exchange rates, illustrating the healthy commercial momentum in all the regions. Outstanding deposits were 8.6%* higher than in June 2020, at EUR 87.5 billion.

For the Europe scope, outstanding loans were up +4.3%* vs. June 2020 at EUR 57.1 billion, driven by all the regions: +3.5%* in Western Europe, +4.0%* in the Czech Republic and +8.6%* in Romania. Outstanding deposits were substantially higher (+10.8%*), with a healthy momentum in the Czech Republic (+10.7%*) and Romania (+11.0%*).

In Russia, outstanding loans rose +2.7%* at constant exchange rates, with a robust performance in car and home loans, up +11%* and +19%* respectively vs. Q2 20. Outstanding deposits increased by +1.6%*.

In Africa, Mediterranean Basin and French Overseas Territories, activity was buoyant, both in the individual and corporate customers segments. Outstanding loans were 2.8%* higher than in June 2020. Outstanding deposits, up +7.4%*, also enjoyed a healthy momentum.

**In the Insurance business,** the life insurance savings business posted a very good performance, with outstandings increasing +7%* vs. June 2020. The share of unit-linked products in outstandings was 35% at end-June 2021, an increase of 5 points vs. June 2020. Protection insurance rose +8%* vs. Q2 20, with an increase in property/casualty premiums (+11%*) and personal protection premiums (+7%*).

**Financial Services to Corporates** enjoyed a healthy momentum. Operational Vehicle Leasing and Fleet Management's vehicle fleet was stable vs. end-June 2020, with 1.8 million vehicles. Equipment Finance's new leasing business was up +24% vs. Q2 20, while outstanding loans were stable* vs. end-June 2020, at EUR 14.3 billion (excluding factoring).

### Net banking income

Net banking income amounted to EUR 1,989 million in Q2 21, up +17.0%* vs. Q2 20. Revenues amounted to EUR 3,851 million in H1 21, up +8.2%* vs. H1 20.

**International Retail Banking's** net banking income totalled EUR 1,231 million, an increase of +7.9%* vs. Q2 20. Net banking income totalled EUR 2,418 million in H1 21, an increase of +1.9%* vs. H1 20.

Thanks to a healthy commercial momentum and an increase in commissions (+15%* vs. Q2 20), revenues in Europe were 3.3%* higher, despite net interest income pressure in an environment of lower interest rates than in Q2 20 (the effects of recent rate increases in the Czech Republic and Russia not yet being fully reflected in the revenues). Specialised consumer finance benefited from a strong momentum

(+5.0%* vs. Q2 20). Revenues were also higher (+4.0%*) for the SG Russia[1] scope, benefiting from robust activity in the individual customers segment (car and home loans). The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +16.5%* vs. Q2 20, benefiting from a healthy commercial momentum in all regions and a rebound in the Mediterranean Basin. When restated for the impact of repayment moratoriums in Tunisia, revenue growth for the Africa, Mediterranean Basin and French Overseas Territories scope was 8.2%*.

The **Insurance** business posted net banking income of EUR 238 million, up +12.8%* vs. Q2 20. Net banking income was 8.0%* higher in H1 21 than in H1 20 at EUR 474 million.

**Financial Services to Corporates'** net banking income was higher (+49.1%*) and amounted to EUR 520 million, driven in particular by ALD which posted an increase in leasing margins (+17%*[2] vs. Q2 20) and the used car sale result (EUR 740 per unit in H1). Financial Services to Corporates' net banking income was EUR 959 million in H1 21, up +28.5%*.

## Operating expenses

Operating expenses totalled EUR 1,011 million, an increase of +6.0%* on a reported basis and +6.1%* on an underlying basis vs. Q2 20, in conjunction with the recovery in activity. As a result, the quarter generated a significant positive jaws effect. The cost to income ratio stood at 50.8% in Q2 21. H1 reflected the good cost discipline. At EUR 2,100 million, costs were 2.8%* higher than in H1 20.

In **International Retail Banking**, operating expenses were up +4.0%* vs. Q2 20 and up +1.4%* vs. H1 20.

In the **Insurance** business, operating expenses were in line with the commercial expansion ambitions and rose +6.5%* vs. Q2 20 and +4.2%* vs. H1 20.

In **Financial Services to Corporates**, operating expenses increased by +7.7%* vs. Q2 20 and increased by +5.1%* vs. H1 20.

## Cost of risk

**Q2 21:** the cost of risk amounted to 37 basis points vs. 125 basis points in Q2 20.
**H1 21:** the cost of risk amounted to 40 basis points vs. 96 basis points in H1 20.

## Contribution to Group net income

The contribution to Group net income totalled EUR 522 million (x2.4* vs. Q2 20), and EUR 914 million in H1 21 (+63.4%* vs. H1 20).

Underlying RONE stood at 20.0% in Q2 21, vs. 7.9% in Q2 20, and 18.7% in H1 21 vs. 11.6% in H1 20.
In International Retail Banking and in Insurance and Financial Services to Corporates, underlying RONE stood at 16.8% and 24.1% respectively in Q2 21.

*[1] SG Russia encompasses the entities Rosbank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries*
*[2] Based on ALD local data*

## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

| *In EURm* | Q2 21 | Q2 20 | Change | | H1 21 | H1 20 | Change | |
|---|---|---|---|---|---|---|---|---|
| Net banking income | 2,340 | 1,880 | +24.5% | +27.7%* | 4,849 | 3,507 | +38.3% | +42.8%* |
| Operating expenses | (1,648) | (1,570) | +5.0% | +6.9%* | (3,699) | (3,547) | +4.3% | +6.3%* |
| Gross operating income | 692 | 310 | x 2.2 | x 2.4* | 1,150 | (40) | n/s | n/s |
| Net cost of risk | (17) | (419) | -95.9% | -95.8%* | (26) | (761) | -96.6% | -96.4%* |
| Operating income | 675 | (109) | n/s | n/s | 1,124 | (801) | n/s | n/s |
| Group net income | 522 | (67) | n/s | n/s | 878 | (604) | n/s | n/s |
| *Underlying Group net income (1)* | *424* | *(120)* | *n/s* | *n/s* | *1,070* | *(433)* | *n/s* | *n/s* |
| RONE | 14.4% | -1.9% | | | 12.2% | -8.6% | | |
| *Underlying RONE(1)* | *11.7%* | *-3.3%* | | | *14.9%* | *-6.2%* | | |

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

### Net banking income

In Q2 21, **Global Banking & Investor Solutions** posted a very good performance, with revenues of EUR 2,340 million, substantially higher (+24.5%) than in Q2 20 (+27.7%* when adjusted for changes in Group structure and at constant exchange rates), with a strong momentum in the Equity businesses and in Financing & Advisory activities.

In H1 21, revenues rose +38.3% vs. H1 20 (EUR 4,849 million vs. EUR 3,507 million, +42.8%*), to a higher level than in H1 19.

In **Global Markets & Investor Services,** net banking income totalled EUR 1,388 million, +40.1% vs. a Q2 20 impacted by the health crisis (+44.3%*). It amounted to EUR 3,039 million in H1 21, +72.8% vs. H1 20 (+80.7%*).

Market conditions in the Equity businesses remain favourable, in an environment in a normalisation phase versus Q1 21. Accordingly, the business posted revenues of EUR 758 million in Q2 21, up +21% vs. the average level in 2019. This good performance is reflected in each of the regions. Commercial activity was very buoyant, especially in Investment Solutions products (and more particularly in listed products) and in the retail and large corporates segments. Structured products also performed well.
Revenues were higher at EUR 1,609 million in H1 21.

Fixed Income & Currency activities posted a performance down -33% vs. a strong Q2 20, driven by very dynamic fixed income markets. At EUR 470 million, these Q2 revenues were 6% lower than the average level in 2019. Commercial activity was buoyant in Rate activities and average in Credit and Currency activities.
Revenues were 16% lower in H1 21 than in H1 20 and 10% higher than the average level in 2019.

Securities Services’ revenues were also substantially higher (+7.4% vs. Q2 20), at EUR 160 million. They were up +12.0% in H1 21 vs. H1 20, at EUR 335 million.
Securities Services’ assets under custody amounted to EUR 4,446 billion at end-June 2021, an increase of +2.4% vs. end-March 2021. Over the same period, assets under administration were up +3.4% at EUR 661 billion.

**Financing & Advisory** revenues totalled EUR 720 million in Q2 21, up +12.9%* vs. Q2 20 (+9.6% at current structure and exchange rates). They amounted to EUR 1,353 million in H1 21, significantly higher (+7.9%*) than in H1 20.

Asset and Natural Resources and Infrastructure Financing activities enjoyed a good quarter, benefiting from a healthy commercial momentum. The expansion of the Asset-Backed Products platform continued in Q2, with in particular an acceleration in Asia.

Investment Banking revenues were lower compared to the very high level in Q2 20 due to a record level of issues last year. While debt capital markets are returning to normal, equity capital markets and Leveraged Buyout markets are more active.

Global Transaction and Payment Services continued to deliver strong growth, up +25%* vs. Q2 20.

**Asset and Wealth Management's** net banking income totalled EUR 232 million in Q2 21, stable* vs. Q2 20. It was down -0.9%* (-1.1% at current change and perimeter) in H1 21.

Private Banking posted a performance down -8.8%* vs. Q2 20 (at EUR 171 million) and up +8%* when Q2 20 is restated for an exceptional impact of EUR +29 million related to an insurance payout. The business benefited from strong commercial activity combined with net inflow amounting to EUR +2.1 billion. Assets under management were up +4.2% vs. end-March 2021, at EUR 126 billion.
Private Banking posted net inflow of EUR 4.5 billion in H1 21, positive in all the regions. Net banking income amounted to EUR 344 million, down -5.1%* vs. H1 20.

Lyxor's net banking income amounted to EUR 57 million, an increase of EUR 17 million vs. Q2 20. Lyxor's assets under management were higher (+7.1%) than at end-March 2021, at EUR 165 billion. Net inflow was EUR +5.3 billion in Q2 21.
Revenues were up +16.1%* in H1 21 vs. H1 20, with net inflow of EUR +11.5 billion.

## Operating expenses

**Q2 21:** operating expenses totalled EUR 1,648 million and EUR 1,777 million on an underlying basis. Higher underlying costs (+10.5%* vs. Q2 20) can be explained by the rise in variable costs related to the increase in revenues and the IFRIC 21 charge, generating a very positive jaws effect. There was an improvement in the cost to income ratio of 13 points (70.4% vs. 83.5% in Q2 20).
**H1 21:** operating expenses were up +6.3%* on a reported basis and +5.7%* on an underlying basis.

## Net cost of risk

**Q2 21:** the commercial cost of risk amounted to 4 basis points (or EUR 17 million), well below the level of 95 basis points in Q2 20, which was adversely affected by the health crisis.
**H1 21:** it was at a low level of 3 basis points.

## Contribution to Group net income

The contribution to Group net income was EUR 522 million on a reported basis and EUR 424 million on an underlying basis (after linearisation of IFRIC 21) in Q2 21 and EUR 878 million and EUR 1,070 million respectively in H1 21.

Global Banking & Investor Solutions posted a significant underlying RONE of 11.7% in Q2 21 and 14.9% in H1 21.

## 6. CORPORATE CENTRE

| *In EURm* | Q2 21 | Q2 20 | H1 21 | H1 20 |
|---|---|---|---|---|
| Net banking income | 26 | (88) | 53 | (389) |
| Operating expenses | (151) | (78) | (306) | (183) |
| *Underlying operating expenses (1)* | *(78)* | *(90)* | *(149)* | *(158)* |
| Gross operating income | (125) | (166) | (253) | (572) |
| *Underlying gross operating income (1)* | *(52)* | *(178)* | *(96)* | *(547)* |
| Net cost of risk | 2 | - | - | - |
| Impairment losses on goodwill | - | (684) | - | (684) |
| Income tax | 124 | (598) | 160 | (450) |
| Reported Group net income | (43) | (1,483) | (180) | (1,856) |
| *Underlying Group net income (1)* | *7* | *(129)* | *(62)* | *(510)* |

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

The Corporate Centre includes:

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

**The Corporate Centre's net banking income totalled EUR +26 million** in Q2 21 vs. EUR -88 million in Q2 20 and EUR +53 million in H1 21 vs. EUR -389 million in H1 20.

Operating expenses totalled EUR 151 million in Q2 21 vs. EUR 78 million in Q2 20. They include the Group's transformation costs for a total amount of EUR 85 million relating to the activities of French Retail Banking (EUR 38 million), Global Banking & Investor Solutions (EUR 26 million) and the Corporate Centre (EUR 21 million). Underlying costs came to EUR 78 million in Q2 21 compared to EUR 90 million in Q2 20.
Operating expenses totalled EUR 306 million in H1 21 vs. EUR 183 million in H1 20. Transformation costs totalled EUR 135 million (EUR 60 million related to the activities of French Retail Banking, EUR 43 million related to Global Banking & Investor Solutions and EUR 32 million related to the Corporate Centre). Underlying costs came to EUR 149 million in H1 21 compared to EUR 158 million in H1 20.

**Gross operating income totalled EUR -125 million in Q2 21** vs. EUR -166 million in Q2 20 and EUR -253 million in H1 21 vs. EUR -572 million in H1 20. Underlying gross operating income came to EUR 96 million in H1 21.

In Q2 20, the review of the financial trajectory of Global Markets & Investor Services led to the impairment of the associated goodwill for EUR -684 million and deferred tax assets for EUR -650 million.

**The Corporate Centre's contribution to Group net income was EUR -43 million** in Q2 21 vs. EUR -1,483 million in Q2 20 and EUR -180 million in H1 21 vs. EUR -1,856 million in H1 20.

## 7. CONCLUSION

The Group enjoyed an excellent H1 2021, combining a very good performance by all the businesses with a significant improvement in their cost to income ratio, while maintaining disciplined management of its costs, risk policy and capital position.

On the strength of H1, the Group has improved its full-year targets, now anticipating an increase in revenues in all its businesses and a cost of risk revised downwards in a still uncertain environment but with an improving economic outlook.

The Group also remains fully committed to the execution of its strategic initiatives, the integration of the CSR dimension in all its regions and businesses and the expansion of its growth drivers.

## 8. 2021 FINANCIAL CALENDAR

2021 Financial communication calendar

| | |
|---|---|
| November 4th, 2021 | Third quarter and nine-month 2021 results |
| February 10th, 2022 | Fourth quarter and FY 2021 results |
| May 5th, 2022 | First quarter 2022 results |
| August 3rd, 2022 | Second quarter and first half 2022 results |
| November 4th, 2022 | Third quarter and nine-month 2022 results |

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

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

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

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

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French *Autorité des Marchés Financiers* (which is available on https://investors.societegenerale.com/en).

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

# 9. APPENDIX 1: FINANCIAL DATA

## GROUP NET INCOME BY CORE BUSINESS

| In EURm | Q2 21 | Q2 20 | Change | H1 21 | H1 20 | Change |
|---|---|---|---|---|---|---|
| **French Retail Banking** | 438 | 60 | x 7.3 | 641 | 279 | x 2.3 |
| **International Retail Banking and Financial Services** | 522 | 226 | x 2.3 | 914 | 591 | 54.7% |
| **Global Banking and Investor Solutions** | 522 | (67) | n/s | 878 | (604) | n/s |
| **Core Businesses** | 1,482 | 219 | x 6.8 | 2,433 | 266 | x 9.1 |
| **Corporate Centre** | (43) | (1,483) | n/s | (180) | (1,856) | n/s |
| **Group** | 1,439 | (1,264) | n/s | 2,253 | (1,590) | n/s |

## CONSOLIDATED BALANCE SHEET

| | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Cash, due from central banks | 160,801 | 168,179 |
| Financial assets at fair value through profit or loss | 440,774 | 429,458 |
| Hedging derivatives | 15,306 | 20,667 |
| Financial assets measured at fair value through other comprehensive income | 49,068 | 52,060 |
| Securities at amortised cost | 18,922 | 15,635 |
| Due from banks at amortised cost | 61,733 | 53,380 |
| Customer loans at amortised cost | 464,622 | 448,761 |
| Revaluation differences on portfolios hedged against interest rate risk | 222 | 378 |
| Investment of insurance activities | 172,016 | 166,854 |
| Tax assets | 4,601 | 5,001 |
| Other assets | 69,473 | 67,341 |
| Non-current assets held for sale | 368 | 6 |
| Investments accounted for using the equity method | 96 | 100 |
| Tangible and intangible assets | 30,786 | 30,088 |
| Goodwill | 3,821 | 4,044 |
| **Total** | **1,492,609** | **1,461,952** |

| | 30.06.2021 | 31.12.2020 |
|---|---|---|
| Central banks | 5,515 | 1,489 |
| Financial liabilities at fair value through profit or loss | 376,762 | 390,247 |
| Hedging derivatives | 10,170 | 12,461 |
| Debt securities issued | 137,938 | 138,957 |
| Due to banks | 147,938 | 135,571 |
| Customer deposits | 478,774 | 456,059 |
| Revaluation differences on portfolios hedged against interest rate risk | 5,214 | 7,696 |
| Tax liabilities | 1,365 | 1,223 |
| Other liabilities | 87,805 | 84,937 |
| Non-current liabilities held for sale | 104 | - |
| Liabilities related to insurance activities contracts | 151,119 | 146,126 |
| Provisions | 4,595 | 4,775 |
| Subordinated debts | 16,673 | 15,432 |
| **Total liabilities** | **1,423,972** | **1,394,973** |
| **SHAREHOLDERS' EQUITY** | | |
| **Shareholders' equity, Group share** | | |
| Issued common stocks and capital reserves | 22,354 | 22,333 |
| Other equity instruments | 8,930 | 9,295 |
| Retained earnings | 30,962 | 32,076 |
| Net income | 2,253 | (258) |
| **Sub-total** | **64,499** | **63,446** |
| Unrealised or deferred capital gains and losses | (1,363) | (1,762) |
| **Sub-total equity, Group share** | **63,136** | **61,684** |
| Non-controlling interests | 5,501 | 5,295 |
| **Total equity** | **68,637** | **66,979** |
| **Total** | **1,492,609** | **1,461,952** |

# 10. APPENDIX 2: METHODOLOGY

**1 – The financial information presented in respect of Q2 and H1 2021 was examined by the Board of Directors on August 2nd, 2021** and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30th, 2021.

**2 – Net banking income**

The pillars' net banking income is defined on page 41 of Societe Generale's 2021 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

**3 – Operating expenses**

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2020 (pages 466 et seq. of Societe Generale's 2021 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2021 Universal Registration Document.

**4 - IFRIC 21 adjustment**

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

**5 – Exceptional items – Transition from accounting data to underlying data**

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

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

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

| Q2 21 (in EURm) | Operating Expenses | Net profit or losses from other assets | Impairment losses on goodwill | Income tax | Group net income | Business |
|---|---|---|---|---|---|---|
| Reported | (4,107) | 5 | 0 | (404) | 1,439 | |
| *(+) IFRIC 21 linearisation* | *(203)* | | | *49* | *(151)* | |
| *(+) Transformation charges** | *85* | | | *(24)* | *61* | *Corporate Center (1)* |
| Underlying | (4,225) | 5 | 0 | (379) | 1,349 | |

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

*(1) Transformation and/or restructuring charges in Q2 21 related to RBDF (EUR 38m), GBIS (EUR 26m) and Corporate Center (EUR 21m)*
**exceptionals items*

| H1 21 (in EURm) | Operating Expenses | Net profit or losses from other assets | Impairment losses on goodwill | Income tax | Group net income | Business |
|---|---|---|---|---|---|---|
| Reported | (8,855) | 11 | 0 | (687) | 2,253 | |
| *(+) IFRIC 21 linearisation* | *398* | | | *(92)* | *297* | |
| *(+) Transformation charges** | *135* | | | *(38)* | *97* | *Corporate Center (2)* |
| Underlying | (8,322) | 11 | 0 | (817) | 2,647 | |

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

*(2) Transformation and/or restructuring charges in H1 21 related to RBDF (EUR 60m), GBIS (EUR 43m) and Corporate Center (EUR 32m)*
**exceptionals items*

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

The cost of risk or commercial cost of risk is defined on pages 43 and 635 of Societe Generale's 2021 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

| | (In EUR m) | Q2 21 | Q2 20 | H1 21 | H1 20 |
|---|---|---|---|---|---|
| French Retail Banking | Net Cost Of Risk | 6 | 442 | 129 | 691 |
| | Gross loans Outstanding | 217,710 | 207,517 | 217,658 | 204,328 |
| | Cost of Risk in bp | 1 | 85 | 12 | 68 |
| International Retail Banking and Financial Services | Net Cost Of Risk | 121 | 418 | 263 | 647 |
| | Gross loans Outstanding | 131,344 | 133,475 | 130,770 | 134,941 |
| | Cost of Risk in bp | 37 | 125 | 40 | 96 |
| Global Banking and Investor Solutions | Net Cost Of Risk | 17 | 419 | 26 | 761 |
| | Gross loans Outstanding | 162,235 | 175,673 | 158,443 | 166,868 |
| | Cost of Risk in bp | 4 | 95 | 3 | 91 |
| Corporate Centre | Net Cost Of Risk | (2) | 0 | 0 | 0 |
| | Gross loans Outstanding | 13,561 | 10,292 | 13,262 | 10,001 |
| | Cost of Risk in bp | (4) | 3 | 0 | 3 |
| Societe Generale Group | Net Cost Of Risk | 142 | 1,279 | 418 | 2,099 |
| | Gross loans Outstanding | 524,849 | 526,958 | 520,133 | 516,138 |
| | Cost of Risk in bp | 11 | 97 | 16 | 81 |

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

### 7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 43 and 44 of Societe Generale's 2021 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2021 Universal Registration Document.

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

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

**ROTE calculation: calculation methodology**

| End of period | Q2 21 | Q2 20 | H1 21 | H1 20 |
|---|---|---|---|---|
| Shareholders' equity Group share | 63,136 | 60,659 | 63,136 | 60,659 |
| Deeply subordinated notes | (8,905) | (8,159) | (8,905) | (8,159) |
| Undated subordinated notes | (62) | (283) | (62) | (283) |
| Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations | (1) | 20 | (1) | 20 |
| OCI excluding conversion reserves | (699) | (834) | (699) | (834) |
| Dividend provision | (1,021) | | (1,021) | |
| ROE equity end-of-period | 52,448 | 51,403 | 52,448 | 51,403 |
| Average ROE equity | 52,161 | 52,388 | 51,849 | 52,830 |
| Average Goodwill | (3,927) | (4,270) | (3,928) | (4,416) |
| Average Intangible Assets | (2,542) | (2,417) | (2,524) | (2,393) |
| Average ROTE equity | 45,692 | 45,701 | 45,397 | 46,021 |
| Group net Income (a) | 1,439 | (1,264) | 2,253 | (1,590) |
| Underlying Group net income (b) | 1,349 | 8 | 2,647 | |
| Interest on deeply subordinated notes and undated subordinated notes (c) | (165) | (161) | (309) | (321) |
| Cancellation of goodwill impairment (d) | | 684 | | 684 |
| Ajusted Group net Income (e) = (a)+ (c)+(d) | 1,274 | (741) | 1,944 | (1,227) |
| Ajusted Underlying Group net Income (f)=(b)+(c) | 1,184 | (153) | 2,338 | (321) |
| | | | | |
| Average ROTE equity (g) | 45,692 | 45,701 | 45,397 | 46,021 |
| ROTE [quarter: (4*e/g), 6M: (2*e/g)] | 11.2% | -6.5% | 8.6% | -5.3% |
| | | | | |
| Underlying ROTE | 45,602 | 46,973 | 45,791 | 47,611 |
| Underlying ROTE [quarter: (4*f/h), 6M: (2*f/h)] | 10.4% | -1.3% | 10.2% | -1.3% |

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

| In EURm | Q2 21 | Q2 20 | Change | H1 21 | H1 20 | Change |
|---|---|---|---|---|---|---|
| French Retail Banking | 11,237 | 11,460 | -1.9% | 11,289 | 11,321 | -0.3% |
| International Retail Banking and Financial Services | 10,158 | 10,820 | -6.1% | 10,058 | 10,708 | -6.1% |
| Global Banking and Investor Solutions | 14,462 | 14,453 | 0.1% | 14,366 | 14,024 | 2.4% |
| Core Businesses | 35,857 | 36,733 | -2.4% | 35,713 | 36,053 | -0.9% |
| Corporate Center | 16,304 | 15,655 | 4.1% | 16,136 | 16,777 | -3.8% |
| Group | 52,161 | 52,388 | -0.4% | 51,849 | 52,830 | -1.9% |

### 8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2021 Universal Registration Document. The items used to calculate them are presented below:

| End of period | H1 21 | Q1 21 | 2020 |
|---|---|---|---|
| Shareholders' equity Group share | 63,136 | 62,920 | 61,684 |
| Deeply subordinated notes | (8,905) | (9,179) | (8,830) |
| Undated subordinated notes | (62) | (273) | (264) |
| Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations | (1) | (51) | 19 |
| Bookvalue of own shares in trading portfolio | (46) | (25) | 301 |
| Net Asset Value | 54,122 | 53,391 | 52,910 |
| Goodwill | (3,927) | (3,927) | (3,928) |
| Intangible Assets | (2,556) | (2,527) | (2,484) |
| Net Tangible Asset Value | 47,639 | 46,937 | 46,498 |
| | | | |
| Number of shares used to calculate NAPS** | 850,429 | 850,427 | 848,859 |
| Net Asset Value per Share | 63.6 | 62.8 | 62.3 |
| Net Tangible Asset Value per Share | 56.0 | 55.2 | 54.8 |

*** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2021, excluding treasury shares and buybacks, but including the trading shares held by the Group.*
*In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.*

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

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2021 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 45 of Societe Generale's 2021 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The calculation of Earnings Per Share is described in the following table:

| Average number of shares (thousands) | H1 21 | Q1 21 | 2020 |
|---|---|---|---|
| Existing shares | 853,371 | 853,371 | 853,371 |
| Deductions | | | |
| Shares allocated to cover stock option plans and free shares awarded to staff | 3,466 | 3,728 | 2,987 |
| Other own shares and treasury shares | | | |
| Number of shares used to calculate EPS** | 849,905 | 849,643 | 850,385 |
| Group net Income | 2,253 | 814 | (258) |
| Interest on deeply subordinated notes and undated subordinated notes | (309) | (144) | (611) |
| Adjusted Group net income | 1,944 | 670 | (869) |
| EPS (in EUR) | 2.29 | 0.79 | (1.02) |
| Underlying EPS* (in EUR) | 2.40 | 0.83 | 0.97 |

(*) Calculated on the basis of underlying Group net income excluding linearisation of IFRIC 21. Or EUR 2.75 taking into account the linearisation of IFRIC 21 in H1 21.
(**) The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2021, excluding treasury shares and buybacks, but including the trading shares held by the Group.

**10 – The Societe Generale Group's Common Equity Tier 1 capital** is calculated in accordance with applicable CRR2/CRD5 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in follows the same rationale as solvency ratios.

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

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

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**Societe Generale**

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

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

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

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes and MSCI Low Carbon Leaders Index (World and Europe).

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