

## **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).

**16,700,000 European Style Cash Settled Short Certificates  
relating to the ordinary shares of Tencent Holdings Limited  
with a Daily Leverage of -5x**

**issued by**

**SG Issuer**

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

**unconditionally and irrevocably guaranteed by**

**Société Générale**

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

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This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 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<sup>1</sup> and Specified Investment Products (SIPs)<sup>2</sup>, and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (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 4 April 2022.

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.

1 April 2022

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

<sup>2</sup> As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

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

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

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

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

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

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

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

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## RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer (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 30 to 34 and the examples and illustrations of adjustments set out in the “Information relating to the European Style Cash Settled Short Certificates on Single Equities” section of this document for more information;

- (i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy (as described below) including the Stock Borrowing Cost (as defined below) and Rebalancing Cost (as defined below);
- (l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

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

- (m) investors should note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (o) 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 49 to 50 of this document for more information;

- (r) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;
- (s) 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 36 to 38 of this document for more information;
- (t) 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;
- (u) 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;
- (v) 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;

- (w) 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;

- (x) 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;

- (y) 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;

- (z) 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;

- (aa) 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;

- (bb) 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;
- (cc) 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;

- (dd) 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;

(ee) 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

(ff) 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:

Certificates:	16,700,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Tencent Holdings Limited (the <b>“Underlying Stock”</b> )
ISIN:	LU2348851549
Company:	Tencent Holdings Limited (RIC: 0700.HK)
Underlying Price <sup>3</sup> and Source:	HK\$378.80 (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.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	4.60%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost <sup>6</sup> :	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	28 March 2022
Closing Date:	1 April 2022

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 1 April 2022. 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 1 April 2022.

<sup>4</sup> Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

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

<sup>6</sup> These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	4 April 2022
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 March 2023
Expiry Date:	30 March 2023 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	29 March 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	<p>The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.</p>
Cash Settlement Amount:	<p>In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Short Certificates on Single Equities” section on pages 41 to 55 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for <math>t</math> from 2 to Valuation Date) of <math>(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))</math>, where:</p> <p>“<math>t</math>” refers to “<b>Observation Date</b>” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding</p>

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 41 to 55 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 24 below.

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

0.1731

Final Exchange Rate:

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

Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

**Air Bag Mechanism:**

The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage 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.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 22 to 24 below and the “Description of Air Bag Mechanism” section on pages 47 to 48 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

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

### **Specific Definitions relating to the Leverage Inverse Strategy**

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

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

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

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

### Leverage Inverse Strategy Formula

<b>LSL<sub>t</sub></b>	<p>means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t).</p> <p>Subject to the occurrence of an Intraday Restrike Event, the <b>Leverage Inverse Strategy Closing Level</b> as of such Observation Date(t) is calculated in accordance with the following formulae:</p> <p>On Observation Date(1):</p> $LSL_1 = 1000$ <p>On each subsequent Observation Date(t):</p> $LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - SB_{t-1,t} - RC_{t-1,t}), 0]$
<b>LR<sub>t-1,t</sub></b>	<p>means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:</p> $LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times R_{factor_t}} - 1 \right)$
<b>FC<sub>t-1,t</sub></b>	<p>means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:</p> $FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t-1,t)}{\text{DayCountBasisRate}}$
<b>SB<sub>t-1,t</sub></b>	<p>means the Stock Borrowing Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :</p> $SB_{t-1,t} = -\text{Leverage} \times \frac{\text{CB} \times \text{ACT}(t-1,t)}{\text{DayCountBasisRate}}$
<b>CB</b>	<p>means the Cost of Borrowing applicable that is equal to 2.00%.</p>
<b>RC<sub>t-1,t</sub></b>	<p>means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows:</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{S_t}{S_{t-1} \times R_{factor_t}} - 1 \right  \right) \times \text{TC}$
<b>TC</b>	<p>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 :</p> <p>0.13%</p> <p>“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.</p>

<b>Leverage</b>	-5
<b><math>S_t</math></b>	means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.
<b><math>Rate_t</math></b>	means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKHDOND= 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.
<b><math>Rfactor_t</math></b>	<p>means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula :</p> $Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$ <p>where</p> <p><math>Div_t</math> 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.</p>
<b>ACT(t-1,t)</b>	ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).
<b>DayCountBasisRate</b>	365
<b>Benchmark Fallback</b>	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.
<b>Reference Rate Event</b>	<p>means, in respect of the Reference Rate any of the following has occurred or will occur:</p> <p>(i) a Reference Rate Cessation;</p>

(ii) an Administrator/Benchmark Event; or

(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 ( $LSL_{IRD}$ ) should be computed as follows :

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

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

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

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

(1) for  $k = 1$  :

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

(2) for  $k > 1$  :

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

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

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

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

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

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

(1) for  $k=0$

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

(2) for  $k=1$  to  $n$

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

(3) with respect to  $IR(C)$

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

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

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

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

**$IR(C)$**  means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

**$n$**  means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

**Intraday Restrike Event** means in respect of an Observation Date( $t$ ) :

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date ( $t$ ), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price  $IS_{IR(0)}$  as of such Calculation Time.

(2) if  $k$  Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price  $IS_{IR(k)}$  as of such Calculation Time.

**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.

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:	Tencent Holdings Limited
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	16,700,000 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 “ <b>Master Instrument</b> ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ <b>Master Warrant Agent Agreement</b> ”) and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to:  Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples

thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.

- Listing: Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 4 April 2022.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited  
11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document 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
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Daily Fees	=	<b>Daily Management Fee Adjustment</b>	
		1 – Management Fee x ACT (t-1;t) / 360	
		x	
		<b>Daily Gap Premium Adjustment</b>	
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360	

## Illustration of the Calculation of Cash Settlement Amount

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

Value of Certificates	=	t <sup>7</sup> =0	x	t=1	x	t=2	x ...	t=i
		Notional Amount		Leverage Inverse Strategy daily performance <sup>8</sup> x Daily Fees		Leverage Inverse Strategy daily performance x Daily Fees		Leverage Inverse Strategy Daily performance x Daily Fees

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

Final Value of Certificates	=	t=0	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor
		Notional Amount				

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

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

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

<sup>7</sup> "t" refers to "Observation Date" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

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

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

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

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

Underlying Stock:	Ordinary shares of Tencent Holdings Limited
Expected Listing Date:	<b>03/07/2018</b>
Expiry Date:	<b>18/07/2018</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>1.20 SGD</b>
Notional Amount per Certificate:	<b>1.20 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>4.60%</b>
Strike Level:	Zero

## Hedging Fee Factor

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

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

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

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 4.60\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9872\% \approx 99.9861\%$$

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

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

$$\text{HFF (2)} = 99.9861\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9861\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7919% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9861%
5/7/2018	99.9722%
6/7/2018	99.9583%
9/7/2018	99.9167%
10/7/2018	99.9028%
11/7/2018	99.8889%
12/7/2018	99.8751%
13/7/2018	99.8612%
16/7/2018	99.8196%
17/7/2018	99.8057%
18/7/2018	99.7919%

### Cash Settlement Amount

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

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7919\% \\ &= 119.75\% \end{aligned}$$

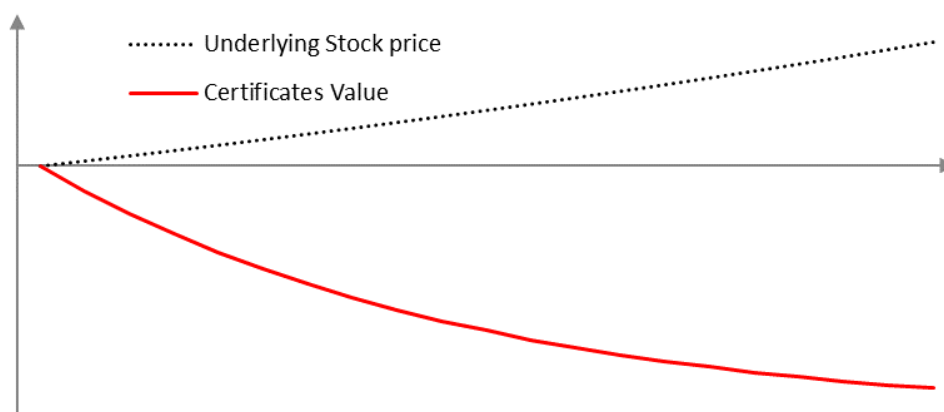
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.75\% \times 1.20 \text{ SGD} \\ &= \mathbf{1.437 \text{ SGD}} \end{aligned}$$

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

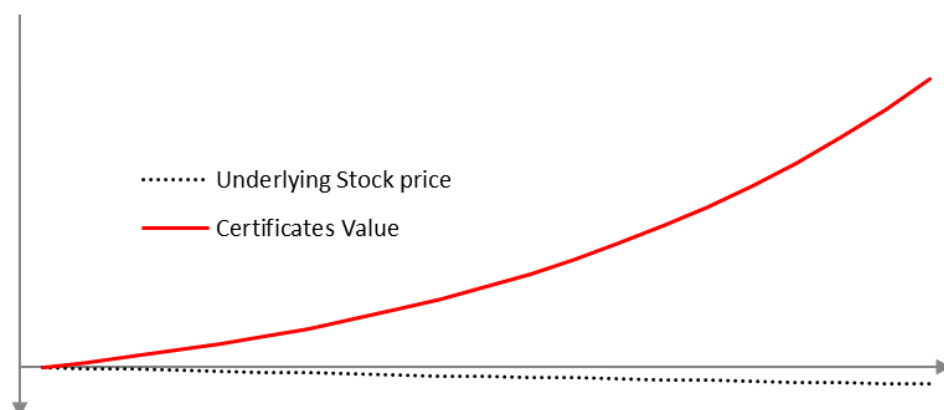
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

### 1. Illustrative examples

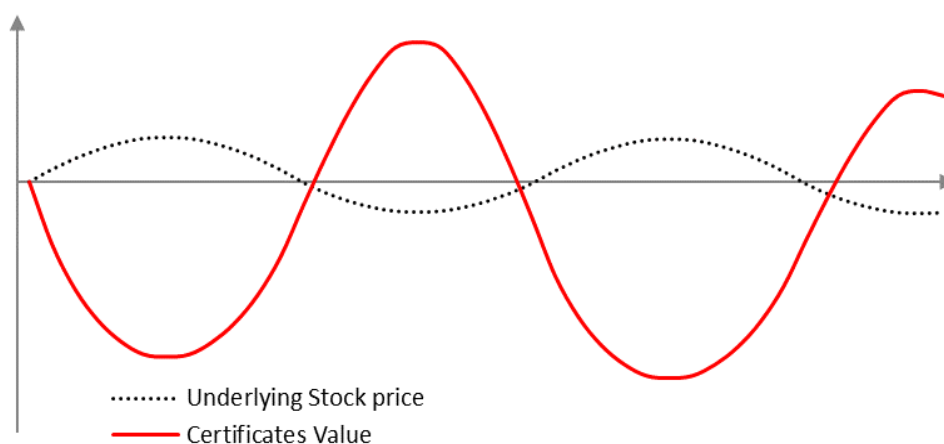
#### Scenario 1 – Upward Trend



#### Scenario 2 – Downward Trend



#### Scenario 3 – Volatile Market



## 2. Numerical Examples

### Scenario 1 – Upward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	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 and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

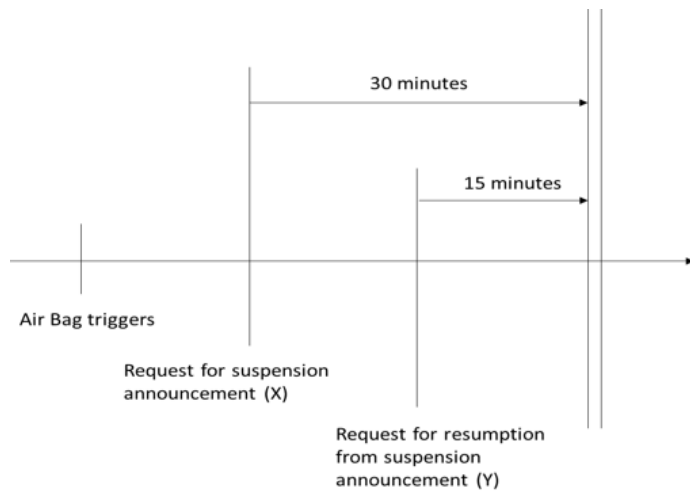
The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

### Air Bag Mechanism timeline

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

With **Market Close** defined as:

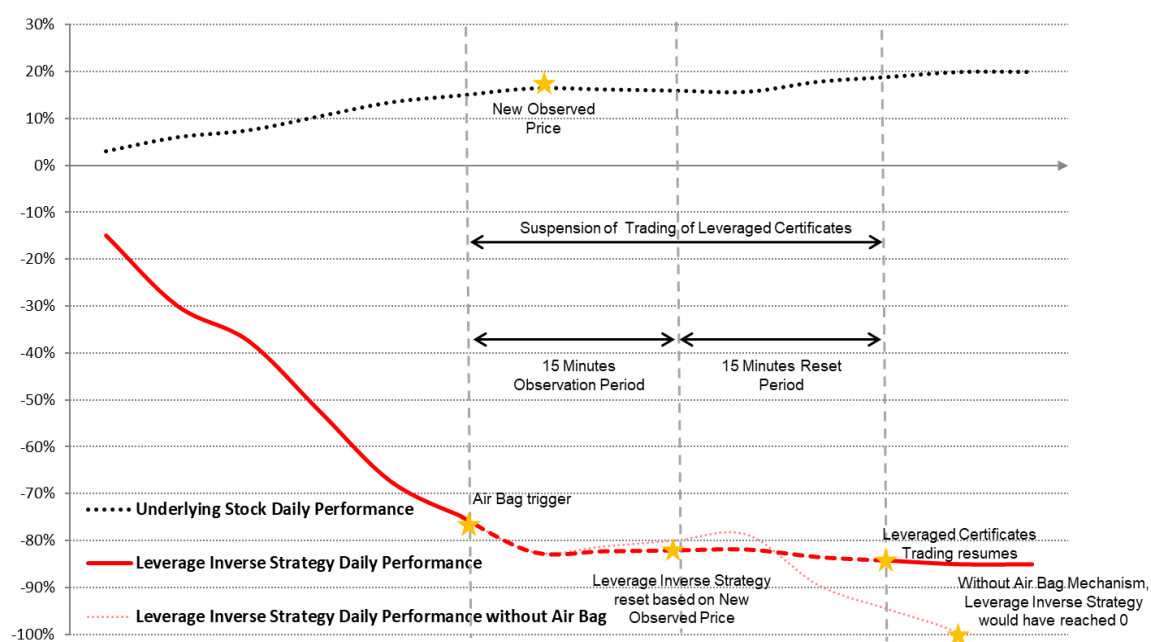
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



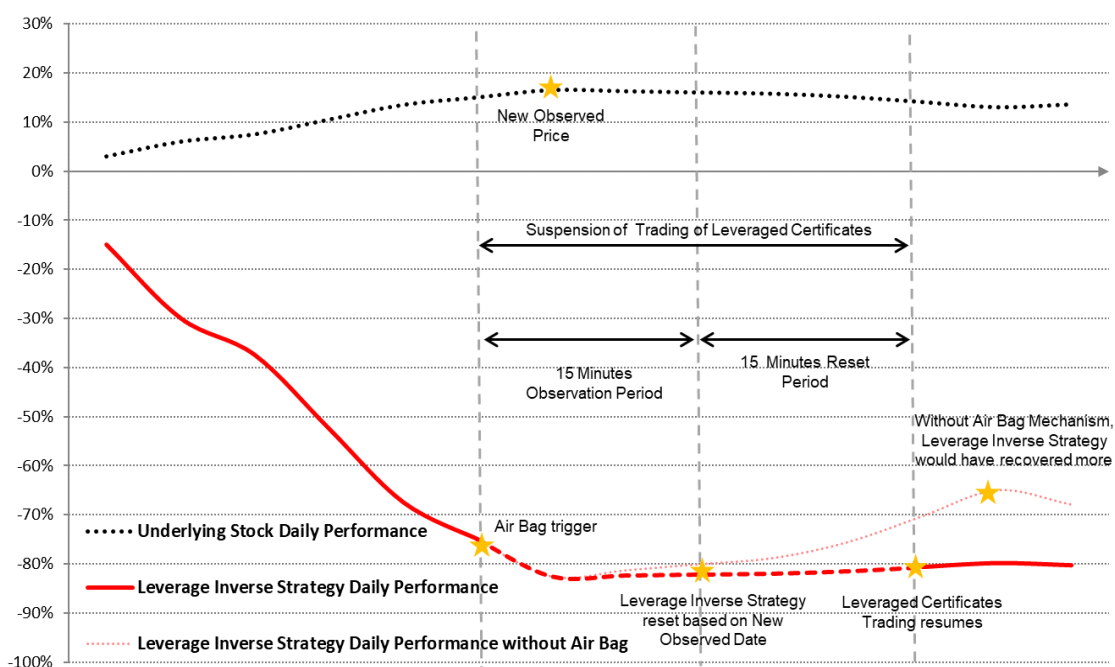
- The later between  $X+30$  minutes or  $Y+15$  minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing 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<sup>9</sup>

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



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



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

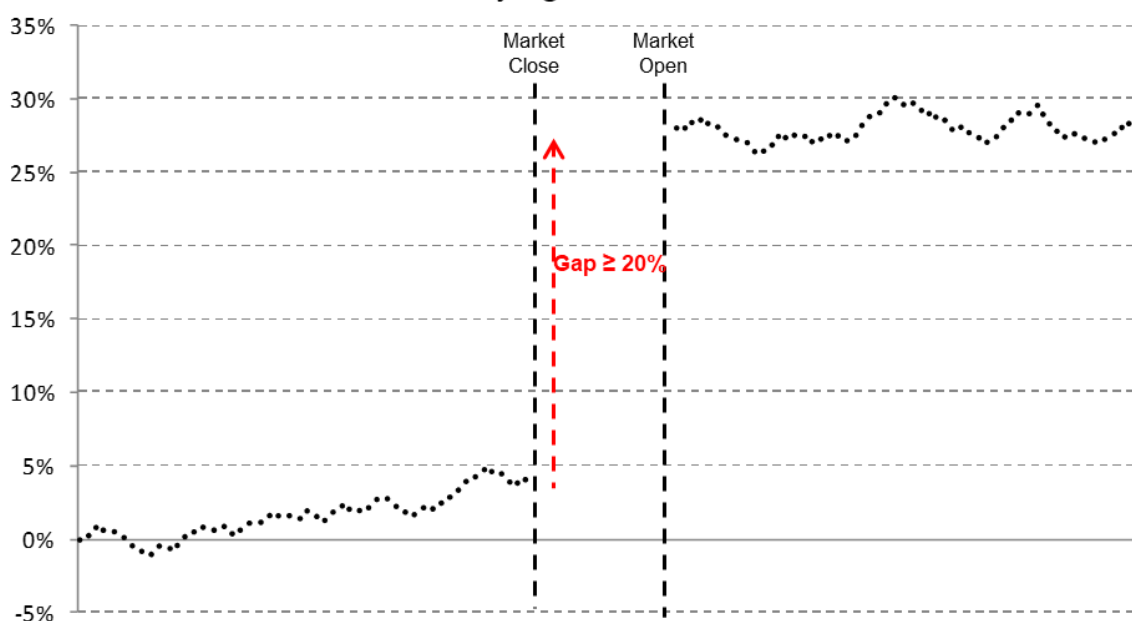
## Scenarios where the investor may lose the entire value of the investment

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

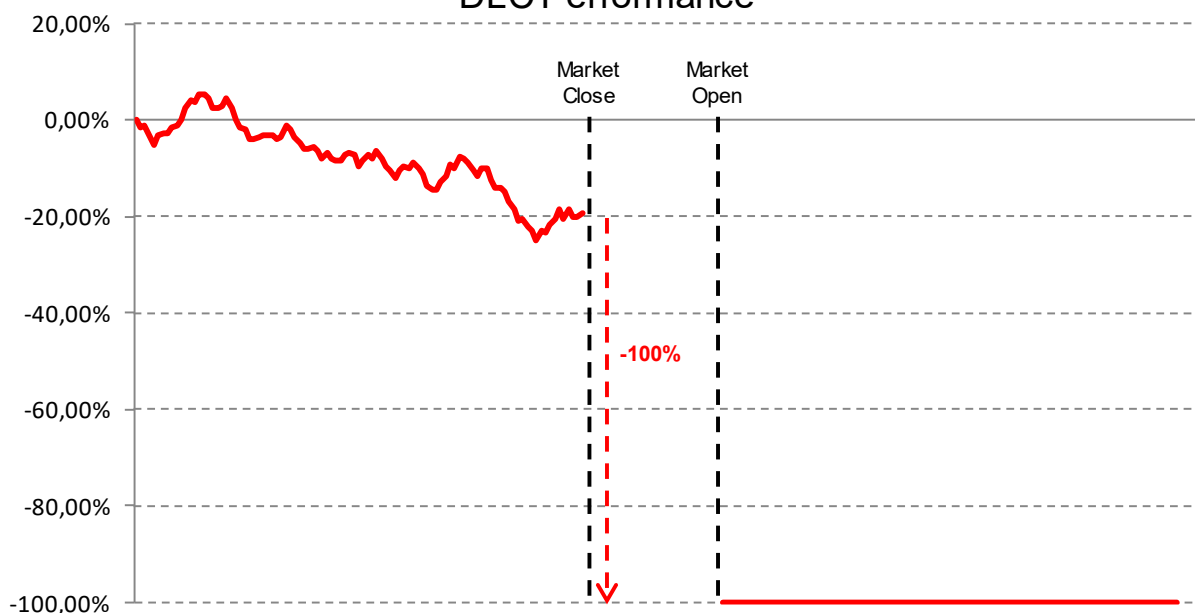
### Scenario 1 – Overnight rise of the Underlying Stock

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

#### Underlying Stock Performance

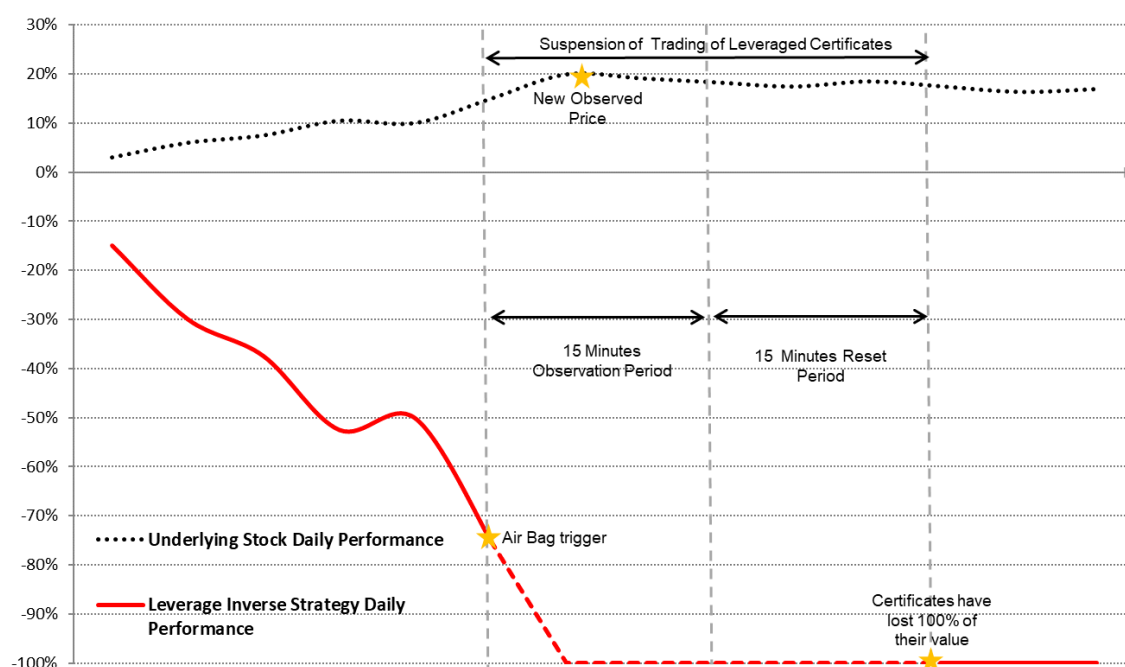


#### DLC Performance



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

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



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

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

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

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

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

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

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

Where:

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

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

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

### 1. Stock split

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

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

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
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. Share Consolidation

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

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

$$S_t = \$202$$

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
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. Rights Issues

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

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

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
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:

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

$$S_t = \$85$$

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

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

$$R = \$0$$

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

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

As a consequence:

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

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
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.

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

$$S_t = \$84$$

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

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

$$R = \$0$$

$$M = 0$$

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
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.tencent.com/en-us/index.html>. The Issuer has not independently verified any of such information.*

Tencent Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 16 June 2004.

Tencent Holdings Limited is an investment holding company principally involved in the provision of value-added services (VAS) and online advertising services. The Company operates through three main segments. The VAS segment is mainly involved in provision of online/mobile games, community value-added services and applications across various Internet and mobile platforms. The Online Advertising segment is mainly engaged in display based and performance based advertisements. The Others segment is mainly involved in provision of payment related services, cloud services and other services.

The information set out in Appendix I of this document relates to the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company dated 23 March 2022 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  
(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 10 February 2022 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 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 31 December 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 be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

### Singapore

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

### Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("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 AUDITED CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021 OF TENCENT HOLDINGS LIMITED AND ITS SUBSIDIARIES**

The information set out below is a reproduction of the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company dated 23 March 2022 in relation to the same.

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

**Tencent 腾讯**  
**TENCENT HOLDINGS LIMITED**  
**騰訊控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 700)**

**ANNOUNCEMENT OF THE ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021. The results have been audited by the Auditor in accordance with International Standards on Auditing. In addition, the results have also been reviewed by the Audit Committee.

**FINANCIAL PERFORMANCE HIGHLIGHTS**

	Unaudited				
	Three months ended				
	31 December	31 December	Year-	30 September	Quarter-
	2021	2020	on-year	2021	on-quarter
			change		change
	(RMB in millions, unless specified)				
Revenues	144,188	133,669	8%	142,368	1%
Gross profit	57,817	58,881	-2%	62,747	-8%
Operating profit	109,723	63,713	72%	53,137	106%
Profit for the period	95,705	59,369	61%	40,075	139%
Profit attributable to equity holders of the Company	94,958	59,302	60%	39,510	140%
EPS (RMB per share)					
– basic	9.957	6.240	60%	4.143	140%
– diluted	9.788	6.112	60%	4.074	140%
Non-IFRS operating profit	33,151	38,084	-13%	40,828	-19%
Non-IFRS profit attributable to equity holders of the Company	24,880	33,207	-25%	31,751	-22%
Non-IFRS EPS (RMB per share)					
– basic	2.609	3.494	-25%	3.329	-22%
– diluted	2.547	3.413	-25%	3.269	-22%

	Year ended 31 December		Year-
	2021	2020	on-year
	(RMB in millions, unless specified)		
			change
Revenues	<b>560,118</b>	482,064	16%
Gross profit	<b>245,944</b>	221,532	11%
Operating profit	<b>271,620</b>	184,237	47%
Profit for the year	<b>227,810</b>	160,125	42%
Profit attributable to equity holders of the Company	<b>224,822</b>	159,847	41%
EPS (RMB per share)			
– basic	<b>23.597</b>	16.844	40%
– diluted	<b>23.164</b>	16.523	40%
Non-IFRS operating profit	<b>159,539</b>	149,404	7%
Non-IFRS profit attributable to equity holders of the Company	<b>123,788</b>	122,742	1%
Non-IFRS EPS (RMB per share)			
– basic	<b>12.992</b>	12.934	–
– diluted	<b>12.698</b>	12.689	–

## DIVIDENDS

### Interim Dividend

On 23 December 2021, the Board resolved to declare a special interim dividend in the form of a distribution in specie of approximately 457 million Class A ordinary shares of JD.com indirectly held by the Company to the shareholders whose names appeared on the register of members of the Company on 25 January 2022 in proportion to their then respective shareholdings in the Company on the basis of 1 Class A ordinary share of JD.com for every 21 Shares held by the shareholders, being rounded down to the nearest whole number of Class A ordinary shares of JD.com.

Based on the closing price of HKD274 per Class A ordinary share of JD.com as traded on the Stock Exchange on 31 December 2021, the aggregate market value of the JD.com shares under the Distribution in Specie was approximately HKD125.3 billion.

The share certificates for the Distribution in Specie of JD.com Shares are expected to be dispatched to the qualifying shareholders in March 2022.

### Final Dividend

The Board has recommended the payment of a final dividend of HKD1.60 per share (2020: HKD1.60 per share) for the year ended 31 December 2021, subject to the approval of the shareholders at the 2022 AGM. Such proposed dividend will be payable on 6 June 2022 to the shareholders whose names appear on the register of members of the Company on 25 May 2022.

## OPERATING INFORMATION

	As at 31 December 2021	As at 31 December 2020	Year- on-year change	As at 30 September 2021	Quarter- on-quarter change
(in millions, unless specified)					
Combined MAU of Weixin and WeChat	1,268.2	1,225.0	3.5%	1,262.6	0.4%
Smart device MAU of QQ	552.1	594.9	-7.2%	573.7	-3.8%
Fee-based VAS registered subscriptions	236.3	219.5	7.7%	235.4	0.4%

## BUSINESS REVIEW AND OUTLOOK

### Strategic Progress and Outlook

2021 was a challenging year, in which we embraced changes and implemented certain measures that reinforced the Company's long-term sustainability, but had the effect of slowing our revenue growth. Despite financial headwinds, we continued to make strategic headway, including driving widespread adoption of our enterprise software and productivity tools, increasing content creation and consumption in our Video Accounts, and expanding our international games business. We believe the China Internet industry is structurally shifting to a healthier mode characterised by a re-focus on user value, technology innovation, and social responsibility. We are proactively adapting to the new environment by managing costs, increasing efficiency, sharpening our focus on key strategic areas, and repositioning ourselves for sustainable long-term growth. Below are some highlights from our key products and business lines during the reporting quarter:

#### *Communication and Social*

Weixin Video Accounts' time spent per user and total video views more than doubled year-on-year as we enriched content diversity and enhanced our product experience. Video Accounts Live Streaming achieved significant breakthroughs in user reach and engagement, exclusively hosting popular boy band Westlife's first-ever online concert, which drew 27 million viewers. While our current focus is primarily on user engagement, we believe Video Accounts will provide significant monetisation opportunities, including short video feeds advertisements, live streaming tipping and live streaming eCommerce. Weixin Mini Programs facilitated independent merchants to thrive within their own private domains, with their physical goods GMV doubling in 2021. Our Health Code has served 1.3 billion users making 180 billion visits, becoming the most-used ePass for verifying health and travel status during the pandemic.

QQ integrated Unreal Engine's graphics capabilities to enable real-time rendering and physics simulation, providing more attractive visuals and lifelike interactions for users. We are testing an application of Unreal Engine in Super QQ Show, which allows users to customise and dress up their 3D virtual avatars, for use in various social scenarios.

## *Digital Content*

Our fee-based VAS subscriptions grew 8% year-on-year to 236 million. Tencent Video increased its subscription counts by 1% year-on-year to 124 million, and cemented its number one position in China with diversified content across animated series, drama series and sports. In view of the latest market conditions, we are implementing a cost optimisation process to reduce financial losses at Tencent Video while maintaining its leading position. For music, we grew subscription counts 36% year-on-year to 76 million, benefitting from expanded sales channels and high-quality content and services.

## *Domestic Games*

We are cultivating our key IP franchises more deeply and broadly. For example, we are developing new games, animated series and a movie based on Honour of Kings' characters. We provided events tied into the Winter Olympics in Peacekeeper Elite, QQ Speed Mobile and QQ Dancer Mobile, delivering lifelike sports experience across multiple genres.

Our industry-leading efforts in restricting time spent and spending by Minors yielded effective results. In the fourth quarter of 2021, total time spent by Minors reduced by 88% year-on-year, and contributed 0.9% of the total time spent on our Domestic Games. Total grossing receipts from Minors reduced by 73% year-on-year, and contributed 1.5% of the total grossing receipts of our Domestic Games.

Looking ahead, we expect to fully digest the impact of Minor protection measures in the second half of 2022. We believe we will benefit from more new game launches when there are new releases of Banhao.

## *International Games*

We achieved notable progress across different platforms and genres. Among international mobile games, we developed and operate 5 out of the top 10 titles measured by DAU. League of Legends' animated series, Arcane, topped Netflix's English-language TV series viewership chart during the week following its release. League of Legends World Championship consolidated its leadership as the world's most popular eSports tournament, attracting a record-high of approximately 74 million peak concurrent viewers for its Finals. Clash Royale released one of the biggest updates in its history, boosting daily active users and grossing receipts. We launched our global game publishing brand, Level Infinite, to support our studios and partners in delivering games to international gamers.

Going forward, we aim to grow further our existing titles via deepening market penetration, product enhancements and operational optimisation. In addition, we will continue to release new titles, which we expect to drive additional growth, particularly for 2023 and beyond.

### *Online Advertising*

We continued to enhance our differentiated advertising solutions, while adapting to regulatory changes and the evolving macroeconomic environment. For the fourth quarter of 2021, Weixin's daily active advertisers expanded by over 30% year-on-year. Over one-third of Moments' advertising revenue was generated from advertisements using Mini Programs as landing pages and advertisements connecting users to customer service representatives via WeCom. We expect our advertising business to resume growth in late 2022, as we adapt to the new environment and further upgrade our advertising solutions.

### *FinTech*

We strengthened our payment ecosystem by enhancing user security, upgrading transaction and customer management functions for SMEs, as well as reducing merchants' transaction friction via tools such as Weixin Pay Score. We now support digital yuan as an additional funding option within Weixin Pay, as part of the PBOC's digital yuan pilot phase.

### *Cloud and Other Business Services*

For communication and collaboration SaaS, we upgraded the integration among WeCom, Tencent Meeting and Tencent Docs to provide enhanced solutions for enterprises. We also enabled differentiated CRM functions in WeCom via deepened connection with Weixin. While we are currently prioritising scale expansion before significant revenue generation, the monetisation success of critical enterprise SaaS such as CRM software in international markets, as well as the significant size and fast growth of domestic PaaS spending, validate the monetisation potential of critical enterprise SaaS in China.

In view of the changes in market environment, we are repositioning our focus for IaaS and PaaS from revenue growth at all costs to customer value creation and quality of growth. We believe that the change in focus will benefit our customers, as well as our margins, over the longer term.

## **Environmental, Social and Governance (“ESG”) Initiatives**

We are committed to harnessing technology to build a sustainable future for our consumers, enterprises, and society at large.

### *Environment*

We announced our commitment to achieve carbon neutrality in our own operations and supply chain, and to use green power for 100% of all electricity consumed by 2030. In our inaugural Tencent Carbon Neutrality Target and Roadmap Report, we outlined key approaches in reaching the net zero goal for scopes 1, 2 and 3. We will improve our power efficiency through technology innovations, increase our usage of renewable energy, actively participate in green power trading, and explore investments in renewable energy projects. We joined the Science-Based Carbon Targets initiative (SBTi) to facilitate the transition to a zero-carbon operation.

### *Social*

In 2021, we established the Sustainable Social Value (SSV) Organisation and announced our commitment to common prosperity initiatives. We upgraded our charitable fundraising platform, extending the reach of our annual “99 Giving Day” to engage 69 million donations and 12,000 enterprises. Leveraging Internet of Things solutions and Weixin Mini Programs, we built a public emergency response platform which connects emergency control centres with volunteers and locates nearby Automated External Defibrillator equipment for offering first aid. We adapted many of our apps to provide elderly-oriented and barrier-free services for senior citizens. We set up dedicated funds to support basic scientific research, as well as critical healthcare and environmental technologies.

### *Governance*

Supplementing risk management and internal control policies we already have in place, we enhanced our internal anti-trust compliance system in 2021, including establishing a dedicated compliance department, updating guidelines for all our businesses, and strengthening staff training. We also updated our policies on anti-money laundering and sanctions compliance to closely follow domestic and global regulatory requirements and trends. Our corporate culture supports diversity and inclusion. We collaborated with the United Nation Development Programme (UNDP) to produce videos and articles promoting women leadership in the technology industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

The following table sets forth the comparative figures for the years ended 31 December 2021 and 2020:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(RMB in millions)</b>	
Revenues	<b>560,118</b>	482,064
Cost of revenues	<b>(314,174)</b>	(260,532)
Gross profit	<b>245,944</b>	221,532
Interest income	<b>6,650</b>	6,957
Other gains, net	<b>149,467</b>	57,131
Selling and marketing expenses	<b>(40,594)</b>	(33,758)
General and administrative expenses	<b>(89,847)</b>	(67,625)
Operating profit	<b>271,620</b>	184,237
Finance costs, net	<b>(7,114)</b>	(7,887)
Share of (loss)/profit of associates and joint ventures, net	<b>(16,444)</b>	3,672
Profit before income tax	<b>248,062</b>	180,022
Income tax expense	<b>(20,252)</b>	(19,897)
Profit for the year	<b>227,810</b>	160,125
Attributable to:		
Equity holders of the Company	<b>224,822</b>	159,847
Non-controlling interests	<b>2,988</b>	278
	<b>227,810</b>	160,125
Non-IFRS operating profit	<b>159,539</b>	149,404
Non-IFRS profit attributable to equity holders of the Company	<b>123,788</b>	122,742

*Revenues.* Revenues increased by 16% to RMB560.1 billion for the year ended 31 December 2021 on a year-on-year basis. The following table sets forth our revenues by line of business for the years ended 31 December 2021 and 2020:

	Year ended 31 December			
	2021		2020	
	Amount	% of total revenues	Amount	% of total revenues
(RMB in millions, unless specified)				
VAS	291,572	52%	264,212	55%
Online Advertising	88,666	16%	82,271	17%
FinTech and Business Services	172,195	31%	128,086	27%
Others	7,685	1%	7,495	1%
Total revenues	<u>560,118</u>	<u>100%</u>	<u>482,064</u>	<u>100%</u>

- Revenues from VAS<sup>1</sup> increased by 10% to RMB291.6 billion for the year ended 31 December 2021 on a year-on-year basis. Domestic Games revenues grew by 6% to RMB128.8 billion, driven by games including Honour of Kings, Call of Duty Mobile and Moonlight Blade Mobile, partly offset by a decrease in revenues from DnF and Peacekeeper Elite. We implemented a comprehensive set of measures for the protection of Minors within our Domestic Games, which impacted revenue growth directly (less spending by Minors) and indirectly (developer resources focused on implementation of new measures). International Games revenues grew by 31% to RMB45.5 billion, due to robust performance of games including PUBG Mobile, Valorant, Brawl Stars and Clash of Clans. Social Networks revenues increased by 8% to RMB117.3 billion, driven by our Video Accounts live streaming service, video subscription service, and contribution from consolidation of HUYA Inc. since April 2020.

<sup>1</sup> From the third quarter of 2021, we disclose revenues from Domestic Games and International Games as new sub-segments under VAS, reflecting the increasing scale of our International Games business. Mobile games VAS revenues (including mobile games revenues attributable to our Social Networks business) increased by 12% year-on-year to RMB164.8 billion, while PC client games revenues grew by 2% year-on-year to RMB45.3 billion for the year ended 31 December 2021.

- Revenues from Online Advertising increased by 8% to RMB88.6 billion for the year ended 31 December 2021 on a year-on-year basis, with strong growth witnessed in the early half of the year, followed by significant slowdown and then decline in the latter half of the year as our advertisers and our own advertising services adapted to the new economic and regulatory environment, particularly in the third and fourth quarters. Online Advertising full year revenue growth reflected the relative resilience of the consumer staples category, as well as consolidation of Bitauto's and Sogou's advertising revenues, partly offset by headwinds from regulatory changes in advertiser categories including education, property and insurance, as well as by regulatory measures on the online advertising industry itself, such as limitations on launch screen advertisements. Social and Others Advertising revenues grew by 11% to RMB75.3 billion, driven by increased advertiser demand for Weixin properties. Media Advertising revenues decreased by 7% to RMB13.3 billion, mainly due to lower advertising revenues from our media platforms including Tencent News and Tencent Video amid the challenging macro environment and delays to content launches.
- Revenues from FinTech and Business Services increased by 34% to RMB172.2 billion for the year ended 31 December 2021 on a year-on-year basis. FinTech Services revenue growth primarily reflected increasing commercial payment volume. Business Services revenues increased rapidly year-on-year, due to digitalisation of traditional industries and videolisation of the Internet industry, as well as consolidation of Bitauto's Business Services revenue since November 2020.

*Cost of revenues.* Cost of revenues increased by 21% to RMB314.2 billion for the year ended 31 December 2021 on a year-on-year basis, primarily driven by transaction costs to handle increased payment-related transaction volumes, content and infrastructure investments, cloud project deployment costs, as well as channel and distribution costs. As a percentage of revenues, cost of revenues increased to 56% for the year ended 31 December 2021 from 54% for the year ended 31 December 2020, reflecting our continuous investment in key strategic areas, as well as a revenue mix shift toward currently lower gross margin activities. The following table sets forth our cost of revenues by line of business for the years ended 31 December 2021 and 2020:

	Year ended 31 December			
	2021		2020	
	Amount	% of segment revenues	Amount	% of segment revenues
(RMB in millions, unless specified)				
VAS	138,636	48%	121,287	46%
Online Advertising	48,072	54%	40,011	49%
FinTech and Business Services	120,799	70%	91,835	72%
Others	6,667	87%	7,399	99%
Total cost of revenues	<u>314,174</u>		<u>260,532</u>	

- Cost of revenues for VAS increased by 14% year-on-year to RMB138.6 billion for the year ended 31 December 2021, due to revenue sharing costs associated with our Video Accounts live streaming service, increased channel and content costs for games, as well as increased costs associated with the consolidation of HUYA Inc..
- Cost of revenues for Online Advertising increased by 20% year-on-year to RMB48.1 billion for the year ended 31 December 2021, driven by increased server and bandwidth costs including those associated with our Video Accounts service, as well as increased content costs, primarily for our Tencent Video and Tencent Sports services.
- Cost of revenues for FinTech and Business Services increased by 32% year-on-year to RMB120.8 billion for the year ended 31 December 2021, reflecting increased transaction costs due to payment volume growth, as well as our continuous investment in cloud computing talent and operations.

*Other gains, net.* We recorded net other gains of RMB149.5 billion for the year ended 31 December 2021, which were primarily non-IFRS adjustment items such as net gains on deemed disposals and disposals of certain investee companies (including a RMB78.2 billion gain from deemed disposal of JD.com), and net fair value gains from revaluation of certain investee companies, partly offset by impairment provisions against certain investee companies reflecting revisions of their financial outlooks and changes in their business environments.

*Selling and marketing expenses.* Selling and marketing expenses increased by 20% to RMB40.6 billion for the year ended 31 December 2021 on a year-on-year basis, reflecting greater marketing spending on games and Business Services, including those associated with the consolidation of recently acquired subsidiaries. As a percentage of revenues, selling and marketing expenses was 7% for the year ended 31 December 2021, broadly stable compared to the year ended 31 December 2020.

*General and administrative expenses.* General and administrative expenses increased by 33% to RMB89.8 billion for the year ended 31 December 2021 on a year-on-year basis, mainly driven by increased R&D expenses and staff costs, including higher share-based compensation expenses, reflecting unusually intense competition for talent in 2020 and 2021, which we expect to moderate in 2022. As a percentage of revenues, general and administrative expenses increased to 16% for the year ended 31 December 2021 from 14% for the year ended 31 December 2020.

*Finance costs, net.* Net finance costs decreased by 10% to RMB7.1 billion for the year ended 31 December 2021 on a year-on-year basis, primarily due to net exchange gains recognised for the year ended 31 December 2021 compared to net exchange losses for the year ended 31 December 2020, partly offset by the increase in interest expenses as a result of increased indebtedness.

*Share of loss/profit of associates and joint ventures, net.* We recorded share of losses of associates and joint ventures of RMB16.4 billion for the year ended 31 December 2021, compared to share of profits of RMB3.7 billion for the year ended 31 December 2020. Non-IFRS share of losses of associates and joint ventures were RMB1.0 billion for the year ended 31 December 2021, compared to non-IFRS share of profits of RMB6.7 billion for the year ended 31 December 2020, reflecting increased investments in community retail initiatives by certain associates, and losses recognised from an associate in the transportation services vertical.

*Income tax expense.* Income tax expense increased by 2% to RMB20.3 billion for the year ended 31 December 2021 on a year-on-year basis.

*Profit attributable to equity holders of the Company.* Profit attributable to equity holders of the Company increased by 41% to RMB224.8 billion for the year ended 31 December 2021 on a year-on-year basis. Non-IFRS profit attributable to equity holders of the Company increased by 1% to RMB123.8 billion for the year ended 31 December 2021.

## Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

The following table sets forth the comparative figures for the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited Three months ended	
	31 December 2021	31 December 2020
	(RMB in millions)	
Revenues	<b>144,188</b>	133,669
Cost of revenues	<b>(86,371)</b>	(74,788)
Gross profit	<b>57,817</b>	58,881
Interest income	<b>1,703</b>	1,708
Other gains, net	<b>86,199</b>	32,936
Selling and marketing expenses	<b>(11,616)</b>	(10,033)
General and administrative expenses	<b>(24,380)</b>	(19,779)
Operating profit	<b>109,723</b>	63,713
Finance costs, net	<b>(1,863)</b>	(2,253)
Share of (loss)/profit of associates and joint ventures, net	<b>(8,267)</b>	1,618
Profit before income tax	<b>99,593</b>	63,078
Income tax expense	<b>(3,888)</b>	(3,709)
Profit for the period	<b>95,705</b>	59,369
Attributable to:		
Equity holders of the Company	<b>94,958</b>	59,302
Non-controlling interests	<b>747</b>	67
	<b>95,705</b>	59,369
Non-IFRS operating profit	<b>33,151</b>	38,084
Non-IFRS profit attributable to equity holders of the Company	<b>24,880</b>	33,207

*Revenues.* Revenues increased by 8% to RMB144.2 billion for the fourth quarter of 2021 on a year-on-year basis. The following table sets forth our revenues by line of business for the fourth quarter of 2021 and the fourth quarter of 2020:

	<b>Unaudited</b>			
	<b>Three months ended</b>			
	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>% of total</b>		<b>% of total</b>	
	<b>Amount</b>	<b>revenues</b>	<b>Amount</b>	<b>revenues</b>
	<b>(RMB in millions, unless specified)</b>			
VAS	<b>71,913</b>	<b>50%</b>	66,979	50%
Online Advertising	<b>21,518</b>	<b>15%</b>	24,655	18%
FinTech and Business Services	<b>47,958</b>	<b>33%</b>	38,494	29%
Others	<b>2,799</b>	<b>2%</b>	3,541	3%
Total revenues	<b><u>144,188</u></b>	<b><u>100%</u></b>	<b><u>133,669</u></b>	<b><u>100%</u></b>

- Revenues from VAS<sup>2</sup> increased by 7% to RMB71.9 billion for the fourth quarter of 2021 on a year-on-year basis. Domestic Games revenues grew by 1% to RMB29.6 billion, driven by games including Honour of Kings, as well as recently launched titles such as Fight of The Golden Spatula and League of Legends: Wild Rift, partly offset by the decrease in revenues from Moonlight Blade Mobile and Peacekeeper Elite. International Games revenues grew by 34% to RMB13.2 billion, reflecting new content for Valorant and Clash Royale, a true-up adjustment to revenue of Supercell upon periodic review of our revenue deferral periods, and consolidation of Digital Extremes. Social Networks revenues grew by 4% to RMB29.1 billion, driven by our Video Accounts live streaming service, video and music subscription services.

<sup>2</sup> Mobile games VAS revenues (including mobile games revenues attributable to our Social Networks business) increased by 9% year-on-year to RMB40.0 billion, while PC client games revenues grew by 4% year-on-year to RMB10.6 billion for the fourth quarter of 2021.

- Revenues from Online Advertising decreased by 13% to RMB21.5 billion for the fourth quarter of 2021 on a year-on-year basis. The year-on-year decrease in Online Advertising revenues reflected weakness in advertiser categories including education, games and Internet services, partly offset by the consolidation of Sogou’s advertising revenue. Social and Others Advertising revenues decreased by 10% to RMB18.3 billion, primarily due to lower advertising revenues from our mobile advertising network and Weixin Moments. Media Advertising revenues decreased by 25% to RMB3.2 billion, reflecting lower advertising revenues from Tencent Video and Tencent News services.
- Revenues from FinTech and Business Services increased by 25% to RMB48.0 billion for the fourth quarter of 2021 on a year-on-year basis. FinTech Services revenue growth mainly reflected increasing commercial payment volume. Business Services revenue growth was primarily driven by increased use of our services by Internet services, public transportation and retail industries.

*Cost of revenues.* Cost of revenues increased by 15% to RMB86.4 billion for the fourth quarter of 2021 on a year-on-year basis, driven by transaction costs to handle increased payment-related transaction volumes, cloud project deployment costs, server and bandwidth costs, as well as content costs, partly offset by decreased channel and distribution costs. As a percentage of revenues, cost of revenues increased to 60% for the fourth quarter of 2021 from 56% for the fourth quarter of 2020, reflecting costs growing faster than revenues in certain businesses and our continued investment in key strategic areas. The following table sets forth our cost of revenues by line of business for the fourth quarter of 2021 and the fourth quarter of 2020:

	<b>Unaudited</b>			
	<b>Three months ended</b>			
	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Amount</b>	<b>% of segment revenues</b>	<b>Amount</b>	<b>% of segment revenues</b>
<b>(RMB in millions, unless specified)</b>				
VAS	<b>36,869</b>	<b>51%</b>	32,512	49%
Online Advertising	<b>12,338</b>	<b>57%</b>	11,520	47%
FinTech and Business Services	<b>34,942</b>	<b>73%</b>	27,538	72%
Others	<b>2,222</b>	<b>79%</b>	3,218	91%
Total cost of revenues	<b><u>86,371</u></b>		<b><u>74,788</u></b>	

- Cost of revenues for VAS increased by 13% to RMB36.9 billion for the fourth quarter of 2021 on a year-on-year basis, mainly due to increased content and channel costs for games, as well as revenue sharing costs associated with our Video Accounts live streaming service.
- Cost of revenues for Online Advertising increased by 7% to RMB12.3 billion for the fourth quarter of 2021 on a year-on-year basis, driven by increased server and bandwidth costs including those associated with our Video Accounts service, as well as increased content costs, partly offset by decreased channel and distribution costs.
- Cost of revenues for FinTech and Business Services increased by 27% to RMB34.9 billion for the fourth quarter of 2021 on a year-on-year basis, reflecting increased transaction costs due to payment volume growth, and our continuous investment in cloud computing talent and operations.

*Other gains, net.* We recorded net other gains of RMB86.2 billion for the fourth quarter of 2021, which were primarily non-IFRS adjustment items such as net gains on deemed disposals and disposals of certain investee companies (including a RMB78.0 billion gain arising from the cessation of JD.com as an associate, due to the resignation of our board representative).

*Selling and marketing expenses.* Selling and marketing expenses increased by 16% to RMB11.6 billion for the fourth quarter of 2021 on a year-on-year basis, reflecting increased marketing spending on games partly offset by decreased spending on digital content services. As a percentage of revenues, selling and marketing expenses was 8% for the fourth quarter of 2021, broadly stable compared to the fourth quarter of 2020.

*General and administrative expenses.* General and administrative expenses increased by 23% to RMB24.4 billion for the fourth quarter of 2021 on a year-on-year basis, mainly driven by increased R&D expenses and staff costs, including higher share-based compensation expenses, reflecting unusually intense competition for talent in 2020 and 2021, which we expect to moderate in 2022. As a percentage of revenues, general and administrative expenses increased to 17% for the fourth quarter of 2021 from 15% for the fourth quarter of 2020.

*Finance costs, net.* Net finance costs decreased by 17% to RMB1.9 billion for the fourth quarter of 2021 on a year-on-year basis, primarily due to foreign exchange gains recognised this quarter compared to losses for the fourth quarter of 2020, partly offset by the increase in interest expenses as a result of increased indebtedness.

*Share of loss/profit of associates and joint ventures, net.* We recorded share of losses of associates and joint ventures of RMB8.3 billion for the fourth quarter of 2021, compared to share of profits of RMB1.6 billion for the fourth quarter of 2020. Non-IFRS share of losses of associates and joint ventures were RMB0.8 billion for the fourth quarter of 2021, compared to non-IFRS share of profits of RMB2.7 billion for the fourth quarter of 2020, reflecting increased investments in community retail initiatives by certain associates, and losses recognised from an associate in the transportation services vertical.

*Income tax expense.* Income tax expense increased by 5% to RMB3.9 billion for the fourth quarter of 2021 on a year-on-year basis.

*Profit attributable to equity holders of the Company.* Profit attributable to equity holders of the Company increased by 60% to RMB95.0 billion for the fourth quarter of 2021 on a year-on-year basis. Non-IFRS profit attributable to equity holders of the Company decreased by 25% to RMB24.9 billion for the fourth quarter of 2021 as costs and expenses generally increased faster than revenues, and as net associate contributions moved from profits to losses, for the reasons cited above.

## Fourth Quarter of 2021 Compared to Third Quarter of 2021

The following table sets forth the comparative figures for the fourth quarter of 2021 and the third quarter of 2021:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 December</b>	<b>30 September</b>
	<b>2021</b>	<b>2021</b>
	(RMB in millions)	
Revenues	<b>144,188</b>	142,368
Cost of revenues	<b>(86,371)</b>	(79,621)
Gross profit	<b>57,817</b>	62,747
Interest income	<b>1,703</b>	1,703
Other gains, net	<b>86,199</b>	22,984
Selling and marketing expenses	<b>(11,616)</b>	(10,435)
General and administrative expenses	<b>(24,380)</b>	(23,862)
Operating profit	<b>109,723</b>	53,137
Finance costs, net	<b>(1,863)</b>	(1,942)
Share of losses of associates and joint ventures, net	<b>(8,267)</b>	(5,668)
Profit before income tax	<b>99,593</b>	45,527
Income tax expense	<b>(3,888)</b>	(5,452)
Profit for the period	<b>95,705</b>	40,075
Attributable to:		
Equity holders of the Company	<b>94,958</b>	39,510
Non-controlling interests	<b>747</b>	565
	<b>95,705</b>	40,075
Non-IFRS operating profit	<b>33,151</b>	40,828
Non-IFRS profit attributable to equity holders of the Company	<b>24,880</b>	31,751

*Revenues.* Revenues increased by 1% to RMB144.2 billion for the fourth quarter of 2021 on a quarter-on-quarter basis.

- Revenues from VAS decreased by 4% to RMB71.9 billion for the fourth quarter of 2021. Domestic Games revenues decreased by 12% to RMB29.6 billion due to lower revenues from several of our existing games reflecting seasonally lower revenues in the fourth quarter as well as additional measures implemented in the quarter for the protection of Minors. This weakness was partly offset by revenue contributions from recently launched titles including League of Legends: Wild Rift and Fight of The Golden Spatula. International Games revenues increased by 16% to RMB13.2 billion, reflecting revenue growth from games such as Valorant, Brawl Stars, and Clash Royale, as well as a true-up adjustment to revenue of Supercell upon periodic review of our revenue deferral periods. Social Networks revenues decreased by 4% to RMB29.1 billion, due to the decrease in revenues from in-game item sales, partly offset by revenue growth from our Video Accounts live streaming service.
- Revenues from Online Advertising decreased by 4% to RMB21.5 billion for the fourth quarter of 2021, reflecting a slower-than-usual seasonal spending upturn in advertiser categories such as eCommerce and consumer staples, as well as weakness in categories such as Internet services, education, and games. Social and Others Advertising revenues decreased by 4% to RMB18.3 billion, reflecting lower advertising revenues from Weixin and QQ properties, as well as our mobile advertising network, partly offset by the consolidation of Sogou’s advertising revenue. Media Advertising revenues decreased by 8% to RMB3.2 billion, primarily due to lower advertising revenues from the Tencent Video service.
- Revenues from FinTech and Business Services increased by 11% to RMB48.0 billion for the fourth quarter of 2021, reflecting seasonally higher revenues from cloud services due to year-end project deployments, as well as higher revenues from payment services.

*Cost of revenues.* Cost of revenues increased by 8% to RMB86.4 billion for the fourth quarter of 2021 on a quarter-on-quarter basis, reflecting increased investment in Business Services, content costs, and transaction costs of FinTech services, partly offset by decreased channel and distribution costs. As a percentage of revenues, cost of revenues increased to 60% for the fourth quarter of 2021 from 56% for the third quarter of 2021, reflecting costs growing faster than revenues in certain businesses and seasonality.

- Cost of revenues for VAS increased by 4% to RMB36.9 billion for the fourth quarter of 2021 primarily due to increased content costs, including those associated with eSports events held in the quarter.
- Cost of revenues for Online Advertising increased by 2% to RMB12.3 billion for the fourth quarter of 2021, driven by increased bandwidth and server costs, including those associated with Video Accounts, partly offset by decreased channel and distribution costs as well as content costs.

- Cost of revenues for FinTech and Business Services increased by 13% to RMB34.9 billion for the fourth quarter of 2021, primarily due to increased investment in cloud computing talent and operations, costs associated with year-end cloud project deployments, as well as increased transaction costs due to payment volume growth.

*Selling and marketing expenses.* Selling and marketing expenses increased by 11% to RMB11.6 billion for the fourth quarter of 2021 on a quarter-on-quarter basis, due to increased marketing spending related to games (including expenses associated with the global launch of the Arcane animated series), and Business Services, partly offset by decreased spending on user acquisition for non-core areas.

*General and administrative expenses.* General and administrative expenses increased by 2% to RMB24.4 billion for the fourth quarter of 2021 on a quarter-on-quarter basis.

*Share of losses of associates and joint ventures, net.* We recorded share of losses of associates and joint ventures of RMB8.3 billion for the fourth quarter of 2021, compared to share of losses of RMB5.7 billion for the third quarter of 2021. Non-IFRS share of losses of associates and joint ventures were RMB0.8 billion for the fourth quarter of 2021, compared to non-IFRS share of losses of RMB0.3 billion for the third quarter of 2021, reflecting increased losses recognised from certain associates in verticals such as transportation services and local services.

*Profit attributable to equity holders of the Company.* Profit attributable to equity holders of the Company increased by 140% to RMB95.0 billion for the fourth quarter of 2021 on a quarter-on-quarter basis. Non-IFRS profit attributable to equity holders of the Company decreased by 22% to RMB24.9 billion for the fourth quarter of 2021.

## Other Financial Information

	Unaudited				
	Three months ended			Year ended	
	31 December	30 September	31 December	31 December	31 December
	2021	2021	2020	2021	2020
	(RMB in millions, unless specified)				
EBITDA (a)	36,568	42,683	42,872	173,173	170,680
Adjusted EBITDA (a)	42,267	49,257	46,533	194,798	183,314
Adjusted EBITDA margin (b)	29%	35%	35%	35%	38%
Interest and related expenses	2,188	2,092	1,766	7,918	7,449
Net (debt)/cash (c)	(20,243)	(26,146)	11,063	(20,243)	11,063
Capital expenditures (d)	11,661	7,061	9,659	33,392	33,960

Note:

- (a) EBITDA is calculated as operating profit minus interest income and other gains/losses, net, and adding back depreciation of property, plant and equipment, investment properties as well as right-of-use assets, and amortisation of intangible assets and land use rights. Adjusted EBITDA is calculated as EBITDA plus equity-settled share-based compensation expenses.
- (b) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.
- (c) Net (debt)/cash represents period end balance and is calculated as cash and cash equivalents, plus term deposits and others, minus borrowings and notes payable.
- (d) Capital expenditures consist of additions (excluding business combinations) to property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets (excluding video and music content, game licences and other content).

The following table reconciles our operating profit to our EBITDA and Adjusted EBITDA for the periods presented:

	Unaudited			Year ended	
	Three months ended				
	31 December	30 September	31 December	31 December	31 December
	2021	2021	2020	2021	2020
	(RMB in millions, unless specified)				
Operating profit	109,723	53,137	63,713	271,620	184,237
Adjustments:					
Interest income	(1,703)	(1,703)	(1,708)	(6,650)	(6,957)
Other gains, net	(86,199)	(22,984)	(32,936)	(149,467)	(57,131)
Depreciation of property, plant and equipment and investment properties	5,466	5,374	4,939	21,517	17,685
Depreciation of right-of-use assets	1,376	1,129	1,036	4,649	3,773
Amortisation of intangible assets and land use rights	7,905	7,730	7,828	31,504	29,073
EBITDA	36,568	42,683	42,872	173,173	170,680
Equity-settled share-based compensation	5,699	6,574	3,661	21,625	12,634
Adjusted EBITDA	42,267	49,257	46,533	194,798	183,314

## Non-IFRS Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain additional non-IFRS financial measures (in terms of operating profit, operating margin, profit for the period, net margin, profit attributable to equity holders of the Company, basic EPS and diluted EPS) have been presented in this announcement. These unaudited non-IFRS financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The Company's management believes that the non-IFRS financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and certain impact of M&A transactions. In addition, non-IFRS adjustments include relevant non-IFRS adjustments for the Group's major associates based on available published financials of the relevant major associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the fourth quarter of 2021 and 2020, the third quarter of 2021, and the years ended 31 December 2021 and 2020 to the nearest measures prepared in accordance with IFRS:

	Unaudited three months ended 31 December 2021								
	Adjustments								
	As reported	Share-based compensation	Net (gains)/ losses from investee companies	Amortisation of intangible assets	Impairment provisions/ (reversals)	SSV& CPP	Others	Income tax effects	Non-IFRS
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	(RMB in millions, unless specified)								
Operating profit	109,723	5,664	(100,349)	1,316	15,217	604	976	–	33,151
Profit for the period	95,705	7,880	(98,046)	3,340	15,573	604	1,568	(866)	25,758
Profit attributable to equity holders	94,958	7,776	(97,804)	3,010	15,573	604	1,567	(804)	24,880
EPS (RMB per share)									
– basic	9.957								2.609
– diluted	9.788								2.547
Operating margin	76%								23%
Net margin	66%								18%

Unaudited three months ended 30 September 2021

	Adjustments							Non-IFRS
	As reported	Share-based compensation	Net (gains)/ losses from investee companies	Amortisation of intangible assets	Impairment provisions/ (reversals)	SSV& CPP	Income tax effects	
		(a)	(b)	(c)	(d)	(e)	(g)	
(RMB in millions, unless specified)								
Operating profit	53,137	6,652	(26,569)	1,149	6,389	70	–	40,828
Profit for the period	40,075	10,242	(26,781)	3,093	6,452	70	(633)	32,518
Profit attributable to equity holders	39,510	10,063	(26,491)	2,719	6,452	70	(572)	31,751
EPS (RMB per share)								
– basic	4.143							3.329
– diluted	4.074							3.269
Operating margin	37%							29%
Net margin	28%							23%

Unaudited three months ended 31 December 2020

	Adjustments						Non-IFRS
	As reported	Share-based compensation	Net (gains)/	Amortisation	Impairment	Income tax effects	
			losses from	of intangible	provisions/		
			investee companies	assets	(reversals)		
	(a)	(b)	(c)	(d)	(g)		
(RMB in millions, unless specified)							
Operating profit	63,713	3,744	(34,652)	885	4,394	–	38,084
Profit for the period	59,369	4,896	(36,149)	2,260	4,407	(329)	34,454
Profit attributable to equity holders	59,302	4,735	(36,928)	1,926	4,407	(235)	33,207
EPS (RMB per share)							
– basic	6.240						3.494
– diluted	6.112						3.413
Operating margin	48%						28%
Net margin	44%						26%

Year ended 31 December 2021

	Adjustments								
	As reported	Share-based compensation	Net (gains)/ losses from investee companies	Amortisation of intangible assets	Impairment provisions/ (reversals)	SSV& CPP	Others	Income tax effects	Non-IFRS
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	(RMB in millions, unless specified)								
Operating profit	271,620	22,222	(165,632)	4,651	25,028	674	976	–	159,539
Profit for the year	227,810	30,816	(167,471)	12,272	25,541	674	1,568	(3,291)	127,919
Profit attributable to equity holders	224,822	30,070	(166,661)	10,848	25,534	674	1,567	(3,066)	123,788
EPS (RMB per share)									
– basic	23.597								12.992
– diluted	23.164								12.698
Operating margin	48%								28%
Net margin	41%								23%

Year ended 31 December 2020

	Adjustments						Non-IFRS
	As reported	Share-based compensation (a)	Net (gains)/ losses from investee companies (b)	Amortisation of intangible assets (c)	Impairment provisions/ (reversals) (d)	Income tax effects (g)	
			(RMB in millions, unless specified)				
Operating profit	184,237	13,745	(63,299)	3,299	11,422	–	149,404
Profit for the year	160,125	17,089	(69,348)	7,723	12,684	(1,290)	126,983
Profit attributable to equity holders	159,847	16,228	(69,473)	6,387	10,673	(920)	122,742
EPS (RMB per share)							
– basic	16.844						12.934
– diluted	16.523						12.689
Operating margin	38%						31%
Net margin	33%						26%

Note:

- (a) Including put options granted to employees of investee companies on their shares and shares to be issued under investee companies' share-based incentive plans which can be acquired by the Group, and other incentives
- (b) Including net (gains)/losses on deemed disposals/disposals of investee companies, fair value changes arising from investee companies, and other expenses in relation to equity transactions of investee companies
- (c) Amortisation of intangible assets resulting from acquisitions
- (d) Impairment provisions/(reversals) for associates, joint ventures, goodwill and other intangible assets arising from acquisitions
- (e) Mainly including donations and expenses incurred for the Group's SSV & CPP initiatives
- (f) Mainly including expenses incurred for regulatory fines in the Mainland of China and certain litigation settlements
- (g) Income tax effects of non-IFRS adjustments

## Liquidity and Financial Resources

Our cash and debt positions as at 31 December 2021 and 30 September 2021 were as follows:

	<b>Audited</b> <b>31 December</b> <b>2021</b> (RMB in millions)	Unaudited 30 September 2021
Cash and cash equivalents	<b>167,966</b>	170,873
Term deposits and others	<b>113,320</b>	118,609
	<b>281,286</b>	289,482
Borrowings	<b>(155,939)</b>	(167,551)
Notes payable	<b>(145,590)</b>	(148,077)
Net debt	<b>(20,243)</b>	(26,146)

As at 31 December 2021, the Group had net debt of RMB20.2 billion, compared to net debt of RMB26.1 billion as at 30 September 2021. The sequential improvement was mainly due to free cash flow generation and on-market divestitures of certain listed securities, partly offset by our strategic investments in other companies.

For the fourth quarter of 2021, the Group had free cash flow of RMB33.5 billion. This was a result of net cash flow generated from operating activities of RMB51.3 billion, offset by payments for capital expenditures of RMB7.5 billion, payments for media content of RMB8.8 billion, and payments for lease liabilities of RMB1.5 billion.

As at 31 December 2021, the fair value of our shareholdings<sup>3</sup> in listed investee companies (excluding subsidiaries) was RMB982.8 billion.

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<sup>3</sup> Including those held via special purpose vehicles, on an attributable basis.

## FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
		2021	2020
	Note	RMB'Million	RMB'Million
<b>Revenues</b>			
Value-added Services		291,572	264,212
Online Advertising		88,666	82,271
FinTech and Business Services		172,195	128,086
Others		7,685	7,495
	2	560,118	482,064
Cost of revenues	4	(314,174)	(260,532)
<b>Gross profit</b>		245,944	221,532
Interest income		6,650	6,957
Other gains, net	3	149,467	57,131
Selling and marketing expenses	4	(40,594)	(33,758)
General and administrative expenses	4	(89,847)	(67,625)
<b>Operating profit</b>		271,620	184,237
Finance costs, net		(7,114)	(7,887)
Share of (loss)/profit of associates and joint ventures, net		(16,444)	3,672
<b>Profit before income tax</b>		248,062	180,022
Income tax expense	5	(20,252)	(19,897)
<b>Profit for the year</b>		227,810	160,125
<b>Attributable to:</b>			
Equity holders of the Company		224,822	159,847
Non-controlling interests		2,988	278
		227,810	160,125
<b>Earnings per share for profit attributable to equity holders of the Company (in RMB per share)</b>			
– basic	6(a)	23.597	16.844
– diluted	6(b)	23.164	16.523

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
<b>Profit for the year</b>	<b>227,810</b>	<b>160,125</b>
<b>Other comprehensive income, net of tax:</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	125	334
Transfer of share of other comprehensive loss/(income) to profit or loss upon disposal and deemed disposal of associates and joint ventures	8	(3)
Currency translation differences	(19,392)	(7,262)
Other fair value gains/(losses)	2,796	(1,552)
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures	387	—
Gain from changes in fair value of assets held for distribution	5,380	—
Net (losses)/gains from changes in fair value of financial assets at fair value through other comprehensive income	(16,166)	130,525
Currency translation differences	(558)	(1,285)
Other fair value gains	—	291
	<b>(27,420)</b>	<b>121,048</b>
<b>Total comprehensive income for the year</b>	<b>200,390</b>	<b>281,173</b>
<b>Attributable to:</b>		
Equity holders of the Company	200,323	277,834
Non-controlling interests	67	3,339
	<b>200,390</b>	<b>281,173</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

		<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RMB' Million</b>	<b>RMB' Million</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>61,914</b>	59,843
Land use rights		<b>17,728</b>	16,091
Right-of-use assets		<b>20,468</b>	12,929
Construction in progress		<b>5,923</b>	4,939
Investment properties		<b>517</b>	583
Intangible assets		<b>171,376</b>	159,437
Investments in associates	8	<b>316,574</b>	297,609
Investments in joint ventures		<b>6,614</b>	7,649
Financial assets at fair value through profit or loss	9	<b>192,184</b>	165,944
Financial assets at fair value through other comprehensive income	10	<b>250,257</b>	213,091
Prepayments, deposits and other assets		<b>37,177</b>	24,630
Other financial assets		<b>1,261</b>	4
Deferred income tax assets		<b>26,068</b>	21,348
Term deposits		<b>19,491</b>	31,681
		<b>1,127,552</b>	1,015,778
<b>Current assets</b>			
Inventories		<b>1,063</b>	814
Accounts receivable	11	<b>49,331</b>	44,981
Prepayments, deposits and other assets		<b>65,390</b>	40,321
Other financial assets		<b>1,749</b>	1,133
Financial assets at fair value through profit or loss	9	<b>10,573</b>	6,593
Term deposits		<b>83,813</b>	68,487
Restricted cash		<b>2,476</b>	2,520
Cash and cash equivalents		<b>167,966</b>	152,798
Assets held for distribution		<b>102,451</b>	—
		<b>484,812</b>	317,647
<b>Total assets</b>		<b>1,612,364</b>	1,333,425

		<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RMB' Million</b>	<b>RMB' Million</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		—	—
Share premium		67,330	48,793
Shares held for share award schemes		(4,843)	(4,412)
Other reserves		73,901	121,139
Retained earnings		669,911	538,464
		<b>806,299</b>	<b>703,984</b>
<b>Non-controlling interests</b>		<b>70,394</b>	<b>74,059</b>
<b>Total equity</b>		<b>876,693</b>	<b>778,043</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	136,936	112,145
Notes payable	15	145,590	122,057
Long-term payables		9,966	9,910
Other financial liabilities		5,912	9,254
Deferred income tax liabilities		13,142	16,061
Lease liabilities		16,501	10,198
Deferred revenue		4,526	6,678
		<b>332,573</b>	<b>286,303</b>
<b>Current liabilities</b>			
Accounts payable	13	109,470	94,030
Other payables and accruals		60,582	54,308
Borrowings	14	19,003	14,242
Current income tax liabilities		12,506	12,134
Other tax liabilities		2,240	2,149
Other financial liabilities		3,554	5,567
Lease liabilities		5,446	3,822
Deferred revenue		87,846	82,827
Dividends payable for distribution in specie	7(b)	102,451	—
		<b>403,098</b>	<b>269,079</b>
<b>Total liabilities</b>		<b>735,671</b>	<b>555,382</b>
<b>Total equity and liabilities</b>		<b>1,612,364</b>	<b>1,333,425</b>

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

	Attributable to equity holders of the Company							
	Share capital	Share premium	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Balance at 1 January 2021</b>	<b>-</b>	<b>48,793</b>	<b>(4,412)</b>	<b>121,139</b>	<b>538,464</b>	<b>703,984</b>	<b>74,059</b>	<b>778,043</b>
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	224,822	224,822	2,988	227,810
Other comprehensive income, net of tax:								
- share of other comprehensive income of associates and joint ventures	-	-	-	512	-	512	-	512
- transfer of share of other comprehensive loss to profit or loss upon disposal and deemed disposal of associates and joint ventures	-	-	-	8	-	8	-	8
- gain from changes in fair value of assets held for distribution	-	-	-	5,380	-	5,380	-	5,380
- net losses from changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(15,073)	-	(15,073)	(1,093)	(16,166)
- currency translation differences	-	-	-	(18,032)	-	(18,032)	(1,918)	(19,950)
- other fair value gains, net	-	-	-	2,706	-	2,706	90	2,796
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,499)</b>	<b>224,822</b>	<b>200,323</b>	<b>67</b>	<b>200,390</b>
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings	-	-	-	(22,393)	22,393	-	-	-
Transfer of share of other comprehensive income to retained earnings upon disposal and deemed disposal of associates and joint ventures	-	-	-	(35)	35	-	-	-
Share of other changes in net assets of associates and joint ventures	-	-	-	8,429	-	8,429	1	8,430
Transfer of share of other changes in net assets of associates and joint ventures to profit or loss upon disposal and deemed disposal	-	-	-	(5,089)	-	(5,089)	-	(5,089)

Attributable to equity holders of the Company								
	Shares held for share						Non-	Total
	Share capital	Share premium	award schemes	Other reserves	Retained earnings	Total	controlling interests	equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Transactions with equity holders</b>								
Capital injection	-	-	-	-	-	-	612	612
Employee share option schemes:								
– value of employee services	-	1,661	-	53	-	1,714	54	1,768
– proceeds from shares issued	-	1,043	-	-	-	1,043	-	1,043
Employee share award schemes:								
– value of employee services	-	18,347	-	611	-	18,958	543	19,501
– shares withheld for share award schemes	-	-	(2,827)	-	-	(2,827)	-	(2,827)
– vesting of awarded shares	-	(2,090)	2,090	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	462	-	462	-	462
Profit appropriations to statutory reserves	-	-	-	669	(669)	-	-	-
Repurchase and cancellation of shares	-	(2,170)	-	-	-	(2,170)	-	(2,170)
Cash dividends	-	-	-	-	(12,683)	(12,683)	(1,015)	(13,698)
Dividends distribution in specie (Note 7(b))	-	-	-	-	(102,451)	(102,451)	-	(102,451)
Distributions from a non wholly-owned subsidiary	-	-	-	-	-	-	(1,401)	(1,401)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	1,289	1,289
Disposal and deemed disposal of subsidiaries	-	-	-	-	-	-	(33)	(33)
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	(4,305)	-	(4,305)	(4,616)	(8,921)
Dilution of/changes in interests in subsidiaries	-	-	-	205	-	205	736	941
Changes in put option liabilities in respect of non-controlling interests	-	-	-	1,483	-	1,483	88	1,571
Lapses of put option liabilities in respect of non-controlling interests	-	-	-	783	-	783	-	783
Recognition of put option liabilities arising from business combinations	-	-	-	(1,289)	-	(1,289)	-	(1,289)
Transfer of equity interests of subsidiaries to non-controlling interests	-	1,746	306	(2,323)	-	(271)	10	(261)
<b>Total transactions with equity holders at their capacity as equity holders for the year</b>	-	18,537	(431)	(3,651)	(115,803)	(101,348)	(3,733)	(105,081)
<b>Balance at 31 December 2021</b>	-	67,330	(4,843)	73,901	669,911	806,299	70,394	876,693

	Attributable to equity holders of the Company							
	Share capital	Share premium	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Balance at 1 January 2020</b>	–	35,271	(4,002)	16,786	384,651	432,706	56,118	488,824
<b>Comprehensive income</b>								
Profit for the year	–	–	–	–	159,847	159,847	278	160,125
Other comprehensive income, net of tax:								
– share of other comprehensive income/(loss) of associates and joint ventures	–	–	–	347	–	347	(13)	334
– transfer of share of other comprehensive income to profit or loss upon disposal and deemed disposal of associates	–	–	–	(3)	–	(3)	–	(3)
– net gains from changes in fair value of financial assets at fair value through other comprehensive income	–	–	–	127,873	–	127,873	2,652	130,525
– currency translation differences	–	–	–	(9,016)	–	(9,016)	469	(8,547)
– other fair value losses, net	–	–	–	(1,214)	–	(1,214)	(47)	(1,261)
<b>Total comprehensive income for the year</b>	–	–	–	117,987	159,847	277,834	3,339	281,173
Transfer of gains on disposal and deemed disposal of financial instruments to retained earnings	–	–	–	(5,151)	5,151	–	–	–
Share of other changes in net assets of associates and joint ventures	–	–	–	3,320	–	3,320	(2)	3,318
Transfer of share of other changes in net assets of associates to profit or loss upon disposal and deemed disposal	–	–	–	(154)	–	(154)	–	(154)

Attributable to equity holders of the Company								
	Share capital	Share premium	Shares held for share award schemes	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
<b>Transactions with equity holders</b>								
Capital injection	-	-	-	-	-	-	314	314
Employee share option schemes:								
– value of employee services	-	1,768	-	60	-	1,828	62	1,890
– proceeds from shares issued	-	1,716	-	-	-	1,716	-	1,716
Employee share award schemes:								
– value of employee services	-	9,720	-	413	-	10,133	433	10,566
– shares withheld for share award schemes	-	-	(1,865)	-	-	(1,865)	-	(1,865)
– vesting of awarded shares	-	(1,209)	1,209	-	-	-	-	-
Tax benefit from share-based payments	-	-	-	588	-	588	-	588
Profit appropriations to statutory reserves	-	-	-	736	(736)	-	-	-
Dividends	-	-	-	-	(10,449)	(10,449)	(1,176)	(11,625)
Non-controlling interests arising from business combinations	-	-	-	-	-	-	12,459	12,459
Disposal and deemed disposal of subsidiaries	-	-	-	-	-	-	15	15
Acquisition of additional equity interests in non wholly-owned subsidiaries	-	-	-	(2,795)	-	(2,795)	(3,180)	(5,975)
Dilution of/changes in interests in subsidiaries	-	-	-	(684)	-	(684)	1,407	723
Changes in put option liability in respect of non-controlling interests	-	-	-	(765)	-	(765)	(293)	(1,058)
Recognition of put option liabilities arising from business combinations	-	-	-	(2,730)	-	(2,730)	-	(2,730)
Transfer of equity interests of subsidiaries to non-controlling interests	-	1,527	246	(6,472)	-	(4,699)	4,563	(136)
<b>Total transactions with equity holders at their capacity as equity holders for the year</b>	-	13,522	(410)	(11,649)	(11,185)	(9,722)	14,604	4,882
<b>Balance at 31 December 2020</b>	-	48,793	(4,412)	121,139	538,464	703,984	74,059	778,043

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
<b>Net cash flows generated from operating activities</b>	<b>175,186</b>	194,119
<b>Net cash flows used in investing activities</b>	<b>(178,549)</b>	(181,955)
<b>Net cash flows generated from financing activities</b>	<b>21,620</b>	13,647
<b>Net increase in cash and cash equivalents</b>	<b>18,257</b>	25,811
Cash and cash equivalents at beginning of the year	<b>152,798</b>	132,991
Exchange losses on cash and cash equivalents	<b>(3,089)</b>	(6,004)
<b>Cash and cash equivalents at end of the year</b>	<b>167,966</b>	152,798

**Note:**

**1 General information, basis of preparation and presentation**

The Company was incorporated in the Cayman Islands with limited liability. The shares of the Company have been listed on the Main Board of the Stock Exchange since 16 June 2004.

The Company is an investment holding company. The Group is principally engaged in the provision of VAS, Online Advertising services and FinTech and Business Services.

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of FVPL, FVOCI, dividends payable for distribution in specie, certain other financial assets and liabilities, which are carried at fair value.

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2021:

Amendments to IFRS 9, IAS 39, Interest rate benchmark (IBOR) reform – phase 2  
IFRS 7, IFRS 4 and IFRS 16

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The Group has floating rate debts, linked to USD LIBOR, including borrowings and senior notes, whose cash flows are hedged by using interest rate swaps. The LIBOR benchmark in which the Group continues to have hedging instrument is USD LIBOR. It is expected that the transition out of USD LIBOR hedging derivatives will be completed before 30 June 2023, and no significant impact arose as a result of applying those amendments during the year ended 31 December 2021.

**2 Segment information**

The Group has the following reportable segments for the years ended 31 December 2021 and 2020:

- VAS;
- Online Advertising;
- FinTech and Business Services; and
- Others.

The “Others” business segment consists of the financials of investment in, production of and distribution of, films and television programmes for third parties, copyrights licensing, merchandise sales and various other activities.

There were no material inter-segment sales during the years ended 31 December 2021 and 2020. The revenues from external customers reported to the chief operating decision-makers are measured in a manner consistent with that applied in the consolidated income statement.

The segment information provided to the chief operating decision-makers for the reportable segments for the years ended 31 December 2021 and 2020 is as follows:

	Year ended 31 December 2021				
	VAS	Online	FinTech and Business	Others	Total
	RMB'Million	Advertising RMB'Million	Services RMB'Million	RMB'Million	RMB'Million
Segment revenues	<u>291,572</u>	<u>88,666</u>	<u>172,195</u>	<u>7,685</u>	<u>560,118</u>
Gross profit	<u>152,936</u>	<u>40,594</u>	<u>51,396</u>	<u>1,018</u>	<u>245,944</u>
Cost of revenues					
Depreciation	5,797	5,322	10,268	106	21,493
Amortisation	<u>18,740</u>	<u>7,810</u>	<u>72</u>	<u>1,973</u>	<u>28,595</u>

	Year ended 31 December 2020				
	VAS	Online	FinTech and Business	Others	Total
	RMB'Million	Advertising RMB'Million	Services RMB'Million	RMB'Million	RMB'Million
Segment revenues	<u>264,212</u>	<u>82,271</u>	<u>128,086</u>	<u>7,495</u>	<u>482,064</u>
Gross profit	<u>142,925</u>	<u>42,260</u>	<u>36,251</u>	<u>96</u>	<u>221,532</u>
Cost of revenues					
Depreciation	5,006	3,331	9,170	87	17,594
Amortisation	<u>17,771</u>	<u>6,628</u>	<u>30</u>	<u>2,329</u>	<u>26,758</u>

### 3 Other gains, net

	2021 RMB'Million	2020 RMB'Million
Net gains on disposals and deemed disposals of investee companies (a)	118,051	24,390
Net fair value gains on FVPL (b)	47,560	37,257
Impairment provision for investee companies, goodwill and other intangible assets arising from acquisitions (c)	(25,028)	(11,422)
Subsidies and tax rebates	8,888	7,922
Net fair value gains on other financial instruments	157	1,652
Donations (d)	(2,050)	(2,600)
Dividend income	660	1,765
Others	1,229	(1,833)
	<b>149,467</b>	<b>57,131</b>

Note:

- (a) The disposal and deemed disposal gains of approximately RMB118,051 million recognised during the year ended 31 December 2021 mainly comprised the following:
- net gains of approximately RMB18,646 million (2020: RMB15,492 million) on dilution of the Group's equity interests in certain associates due to new equity interests being issued by these associates (Note 8). These investee companies are principally engaged in games development, finance, online video-sharing platform, eCommerce and Internet-related businesses; and
  - aggregated net gains of approximately RMB99,405 million (2020: RMB8,898 million) on disposals, partial disposals or other deemed disposals of various investments of the Group, mainly comprised the following:
    - (i) step down gain of approximately RMB78.0 billion arising from the investment in JD.com, details of which are explained in Note 8(b)(i);
    - (ii) step down gain of approximately RMB11.6 billion arising from the transfer of an investee company engaged in games development from associate to FVOCI as a result of retirement of board representatives (Note 10(a)(v)); and
    - (iii) step up gain of approximately RMB3,807 million arising from the completion of privatisation of Sogou, an investment transferred from investment in an associate to a subsidiary (Note 16).
- (b) During the year ended 31 December 2021, the net fair value gains on FVPL comprised net gains of approximately RMB47,424 million (2020: RMB37,257 million) as a result of increase in valuations of certain investee companies, and approximately RMB136 million associated with treasury investments (2020: nil).

- (c) The impairment provision for investee companies, goodwill and other intangible assets arising from acquisitions mainly comprised the following:

	<b>2021</b>	2020
	<b>RMB'Million</b>	RMB'Million
Investments in associates (Note 8(c))	<b>15,391</b>	5,254
Investments in joint ventures and others	<b>924</b>	1,388
Goodwill and other intangible assets arising from acquisitions	<b>8,713</b>	4,780
	<b>25,028</b>	11,422

- (d) The donations mainly include RMB1,600 million of charity funds and RMB450 million for SSV & CPP.

#### **4 Expenses by nature**

	<b>2021</b>	2020
	<b>RMB'Million</b>	RMB'Million
Transaction costs (a)	<b>129,136</b>	107,628
Employee benefits expenses (b)	<b>95,523</b>	69,638
Content costs (excluding amortisation of intangible assets)	<b>66,911</b>	58,285
Amortisation of intangible assets (c)	<b>31,430</b>	29,073
Promotion and advertising expenses	<b>31,335</b>	26,596
Bandwidth and server custody fees (excluding depreciation of right-of-use assets)	<b>27,260</b>	21,876
Depreciation of property, plant and equipment, investment properties and right-of-use assets	<b>26,166</b>	21,458

Note:

- (a) Transaction costs primarily consist of bank handling fees, channel and distribution costs.
- (b) During the year ended 31 December 2021, the Group incurred expenses for the purpose of R&D of approximately RMB51,880 million (2020: RMB38,972 million), which comprised employee benefits expenses of approximately RMB42,958 million (2020: RMB31,643 million).

During the year ended 31 December 2021, employee benefits expenses included the share-based compensation expenses of approximately RMB22,222 million (2020: RMB13,745 million), which contained those incurred for SSV & CPP of approximately RMB21 million (2020: nil).

No significant development expenses had been capitalised for the years ended 31 December 2021 and 2020.

- (c) Amortisation charges of intangible assets are mainly in respect of media content including video and music content, game licenses, and other content. During the year ended 31 December 2021, amortisation of media content was approximately RMB28,393 million (2020: RMB26,620 million).

During the year ended 31 December 2021, amortisation of intangible assets included the amortisation of intangible assets resulting from business combinations of approximately RMB4,651 million (2020: RMB3,299 million).

- (d) During the year ended 31 December 2021, expenses incurred for SSV & CPP (excluding share-based compensation expenses) were approximately RMB224 million (2020: nil).
- (e) During the year ended 31 December 2021, expenses incurred for regulatory fines in the Mainland of China and certain litigation settlements were approximately RMB976 million (2020: nil), of which approximately RMB630 million (2020: nil) were included in “Other gains, net”.

## **5 Income tax expense**

Income tax expense is recognised based on management’s best knowledge of the income tax rates expected for the financial year.

### **(a) Cayman Islands and British Virgin Islands corporate income tax**

The Group was not subject to any taxation in the Cayman Islands and the British Virgin Islands for the years ended 31 December 2021 and 2020.

### **(b) Hong Kong profits tax**

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2021 and 2020.

### **(c) PRC CIT**

PRC CIT has been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profit of entities within the Group established in the Mainland of China for the years ended 31 December 2021 and 2020. The general PRC CIT rate is 25% in 2021 and 2020.

Certain subsidiaries of the Group in the Mainland of China were approved as High and New Technology Enterprise and they were subject to a preferential corporate income tax rate of 15% for the years ended 31 December 2021 and 2020. Moreover, according to the announcement and circular issued by relevant government authorities, a subsidiary was qualified as national key software enterprise and subject to a preferential corporate income tax rate of 10%.

In addition, certain subsidiaries of the Company are entitled to other tax concessions, mainly including the preferential policy of “2-year exemption and 3-year half rate concession” and the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of the Mainland of China upon fulfillment of certain requirements of the respective local governments.

**(d) Corporate income tax in other jurisdictions**

Income tax on profit arising from other jurisdictions, including the United States, Europe, Asia and South America, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 12.5% to 35%.

**(e) Withholding tax**

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the Mainland of China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong, under the double taxation arrangement between the Mainland of China and Hong Kong, the relevant withholding tax rate applicable to such foreign investor will be reduced from 10% to 5% subject to the fulfilment of certain conditions.

Dividends distributed from certain jurisdictions that the Group's entities operate in are also subject to withholding tax at respective applicable tax rates.

The income tax expense of the Group is analysed as follows:

	<b>2021</b>	<b>2020</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
Current income tax	<b>26,039</b>	19,499
Deferred income tax	<b>(5,787)</b>	398
	<b>20,252</b>	<b>19,897</b>

**6 Earnings per share**

**(a) Basic**

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>2021</b>	<b>2020</b>
Profit attributable to equity holders of the Company (RMB'Million)	<b>224,822</b>	159,847
Weighted average number of ordinary shares in issue (million shares)	<b>9,528</b>	9,490
Basic EPS (RMB per share)	<b>23.597</b>	16.844

**(b) Diluted**

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS).

In addition, the profit attributable to equity holders of the Company (numerator) has been adjusted by the effect of the share options and restricted shares granted by the Company's non wholly-owned subsidiaries and associates, excluding those which have anti-dilutive effect on the Group's diluted EPS.

	2021	2020
Profit attributable to equity holders of the Company (RMB'Million)	224,822	159,847
Dilution effect arising from share-based awards issued by non wholly-owned subsidiaries and associates (RMB'Million)	(217)	(403)
Profit attributable to equity holders of the Company for the calculation of diluted EPS (RMB'Million)	<u>224,605</u>	<u>159,444</u>
Weighted average number of ordinary shares in issue (million shares)	9,528	9,490
Adjustments for share options and awarded shares (million shares)	168	160
Weighted average number of ordinary shares for the calculation of diluted EPS (million shares)	<u>9,696</u>	<u>9,650</u>
Diluted EPS (RMB per share)	<u>23.164</u>	<u>16.523</u>

**7 Dividends**

**(a) Final dividends**

The final dividends amounting to HKD15,238 million (2020: HKD11,378 million) were paid during the year ended 31 December 2021.

A final dividend in respect of the year ended 31 December 2021 of HKD1.60 per share (2020: HKD1.60 per share) was proposed pursuant to a resolution passed by the Board on 23 March 2022 and subject to the approval of the shareholders at the 2022 AGM. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

**(b) Interim dividend by way of distribution in specie**

As announced on 23 December 2021 (the “Declaration Date”), the Company resolved to declare a special interim dividend in the form of a distribution in specie of approximately 457 million Class A ordinary shares of JD.com to the shareholders whose names appeared on the register of members of the Company on 25 January 2022 in proportion to their then respective shareholdings in the Company on the basis of 1 Class A ordinary share of JD.com for every 21 Shares held by the shareholders, being rounded down to the nearest whole number of Class A ordinary shares of JD.com and fractional entitlements to the JD.com Shares will be distributed in the form of cash-in-lieu payment, except that the net proceeds of less than HKD100 will not be distributed. Accordingly, approximately 457 million Class A ordinary shares of JD.com are expected to be distributed (“JD.com Shares to be distributed”), representing approximately 14.7% of the total number of issued shares of JD.com as at the Declaration Date.

These JD.com Shares to be distributed (Note 8(b)) are classified and presented as “Assets held for distribution” upon the Declaration Date.

Dividends payable for distribution in specie of approximately RMB97.1 billion was recognised on the Declaration Date and measured at fair value using the market price of the JD.com Shares to be distributed. Subsequent changes in the fair value of the said dividends payable as a result of the changes in the fair value of the JD.com Shares to be distributed was recognised in equity as an adjustment to the amount of the dividend distribution until its settlement. Fair value changes on the dividends payable amounting to approximately RMB5.4 billion were recognised in equity since the Declaration Date up to 31 December 2021. As at 31 December 2021, the amount of dividends payable for distribution in specie was approximately RMB102.5 billion.

The share certificates for the Distribution in Specie of JD.com Shares are expected to be dispatched to the qualifying shareholders in March 2022.

**8 Investments in associates**

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
Investments in associates		
– Listed entities (Note)	<b>200,785</b>	171,048
– Unlisted entities	<b>115,789</b>	126,561
	<b>316,574</b>	<b>297,609</b>

Note:

As at 31 December 2021, the fair value of the investments in associates consisting of directly and indirectly held listed equity interests was approximately RMB634,661 million (31 December 2020: RMB981,902 million).

Movement of investments in associates is analysed as follows:

	2021 RMB'Million	2020 RMB'Million
<b>At beginning of the year</b>	<b>297,609</b>	213,614
Additions (a)	<b>51,288</b>	37,651
Transfers (b)	<b>(19,731)</b>	33,585
Dilution gains on deemed disposal (Note 3(a))	<b>18,646</b>	15,492
Share of (loss)/profit of associates	<b>(16,592)</b>	3,748
Share of other comprehensive income of associates	<b>508</b>	363
Share of other changes in net assets of associates	<b>8,430</b>	3,310
Dividends	<b>(1,407)</b>	(344)
Disposals	<b>(3,238)</b>	(2,227)
Impairment provision, net (c)	<b>(15,391)</b>	(5,254)
Currency translation differences	<b>(3,548)</b>	(2,329)
<b>At end of the year</b>	<b>316,574</b>	297,609

Note:

- (a) During the year ended 31 December 2021, the Group's additions to investments in associates mainly comprised the following:
- (i) a consortium (the "UMG Consortium") formed together with Tencent Music Entertainment Group ("TME"), a non wholly-owned subsidiary of the Company, and certain global financial investors to acquire additional 10% equity interests in Universal Music Group ("UMG") from its parent company, Vivendi S.A.. The Group's additional investment in the UMG Consortium amounted to approximately EUR975 million (equivalent to approximately RMB7,792 million), and the investment remained as an associate;
  - (ii) the Group acquired additional ordinary shares of an existing investee, which is engaged in eCommerce at a cash consideration of approximately RMB3,554 million. Upon completion of the additional investment, the Group's equity interests in the investee have been increased from 5.23% to 6.26%. Since there is no change in the assessment of significant influence, this investment continues to be considered as an associate of the Group;
  - (iii) the Group acquired 27% shares of a new investee engaged in games development at a cash consideration of approximately USD540 million (equivalent to approximately RMB3,474 million);
  - (iv) the Group acquired additional ordinary shares of an existing investee, which is engaged in games development at a cash consideration of approximately RMB2,795 million. Upon completion of the additional investment, the Group's equity interests in the investee have been increased from 5% to 10%. Since there is no change in the assessment of significant influence, this investment continues to be considered as an associate of the Group; and

- (v) new associates and additional investments in existing associates with an aggregate amount of approximately RMB33,673 million during the year ended 31 December 2021 are principally engaged in games development, eCommerce platform and other Internet-related businesses.
- (b) During the year ended 31 December 2021, transfers mainly comprised the following:
- (i) the entire investment in JD.com of the Group with a carrying value of approximately RMB39.0 billion was transferred from investment in an associate to financial instruments as a result of resignation of board representative and the Group irrevocably designated it as FVOCI (Note 10(a)(iv)) with step down gain of approximately RMB78.0 billion recognised in “Other gains, net” (Note 3(a));
  - (ii) investment in an existing associate engaged in games development of approximately RMB6.6 billion transferred to FVOCI (Note 10(a)(v)) as a result of retirement of board representative; and
  - (iii) investments in associates of approximately RMB33,982 million transferred from FVPL mainly due to conversion of the redeemable instruments into ordinary shares upon their IPOs or obtaining board representatives.
- (c) During the year ended 31 December 2021, an aggregate impairment loss of approximately RMB15,391 million (2020: RMB5,254 million) has been recognised for associates with impairment indicators. The majority of these associates’ recoverable amounts were determined using fair value less costs of disposal.

## 9 Financial assets at fair value through profit or loss

FVPL include the following:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
<b>Included in non-current assets:</b>		
Investments in listed entities	<b>19,802</b>	23,554
Investments in unlisted entities	<b>163,382</b>	133,506
Treasury investments and others	<b>9,000</b>	8,884
	<b>192,184</b>	165,944
<b>Included in current assets:</b>		
Investments in listed entities	<b>4</b>	10
Treasury investments and others	<b>10,569</b>	6,583
	<b>10,573</b>	6,593
	<b>202,757</b>	172,537

Movement of FVPL is analysed as follows:

	<b>2021</b>	2020
	<b>RMB'Million</b>	RMB'Million
<b>At beginning of the year</b>	<b>172,537</b>	135,936
Additions and transfers ((a) and Note 8(b))	<b>23,240</b>	21,960
Changes in fair value (Note 3)	<b>47,560</b>	37,257
Disposals and others	<b>(34,282)</b>	(13,314)
Currency translation differences	<b>(6,298)</b>	(9,302)
	<hr/>	<hr/>
<b>At end of the year</b>	<b>202,757</b>	172,537
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (a) During the year ended 31 December 2021, the Group's additions and transfers mainly comprised the following:
- (i) an additional investment in a social network platform of approximately USD531 million (equivalent to approximately RMB3,432 million);
  - (ii) new investments and additional investments with an aggregate amount of approximately RMB80,946 million in listed and unlisted entities. These companies are principally engaged in express delivery, Internet platform, retail, eCommerce, technology and other Internet-related businesses. None of the above investment was individually significant that triggers any disclosure requirements pursuant to Chapter 14 of the Listing Rules at the time of inception; and
  - (iii) except as described in Note 8(b), transfers also mainly comprised certain investments with an aggregate amount of approximately RMB27,233 million designated as FVOCI due to the conversion of preferred shares into ordinary shares upon their IPOs.

## 10 Financial assets at fair value through other comprehensive income

FVOCI include the following:

	As at 31 December	
	2021	2020
	RMB'Million	RMB'Million
Equity investments in listed entities	227,788	199,465
Equity investments in unlisted entities	22,392	13,626
Treasury investments	77	—
	<u>250,257</u>	<u>213,091</u>

Movement of FVOCI is analysed as follows:

	2021	2020
	RMB'Million	RMB'Million
<b>At beginning of the year</b>	<b>213,091</b>	81,721
Additions and transfers (a)	93,211	16,474
Changes in fair value	(16,834)	131,655
Disposals	(33,555)	(6,957)
Currency translation differences	(5,656)	(9,802)
<b>At end of the year</b>	<b>250,257</b>	<b>213,091</b>

Note:

- (a) During the year ended 31 December 2021, except as described in Note 9(a)(iii), the Group's additions and transfers mainly comprised the following:
- (i) an additional investment in an eCommerce entity of approximately JPY72,406 million (equivalent to approximately RMB4,294 million);
  - (ii) a new investment in a games development entity of approximately RMB2,616 million;
  - (iii) new investments and additional investments with an aggregate amount of approximately RMB23,473 million. These companies are principally engaged in publishing, Internet platform, technology, property management and other Internet-related businesses;
  - (iv) transfer from investment in an associate in relation to the Class A ordinary shares of JD.com held by the Group to the extent of approximately RMB15.2 billion (Note 8(b)(i)) (other than those held by the Group for the Distribution in Specie of approximately RMB97.1 billion that were classified as "Assets held for distribution"); and
  - (v) an existing investee company engaged in games development with carrying value of approximately RMB6.6 billion transferred from investment in an associate to FVOCI due to retirement of board representative, resulting in step down gain of approximately RMB11.6 billion (Note 3(a)(ii)).

## 11 Accounts receivable

Accounts receivable and their ageing analysis, based on recognition date, are as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
0 ~ 30 days	<b>21,639</b>	19,708
31 ~ 60 days	<b>13,255</b>	10,867
61 ~ 90 days	<b>6,105</b>	4,506
Over 90 days	<b>8,332</b>	9,900
	<hr/>	<hr/>
	<b>49,331</b>	44,981
	<hr/>	<hr/>

Receivable balances as at 31 December 2021 and 31 December 2020 mainly represented amounts due from online advertising customers and agencies, FinTech and cloud customers, content production related customers, and third party platform providers.

Some online advertising customers and agencies are usually granted with a credit period within 90 days immediately following the month-end in which the relevant obligations under the relevant contracted advertising orders are delivered. Third party platform providers usually settle the amounts due by them within 60 days. Other customers, mainly including content production related customers and FinTech and cloud customers, are usually granted with a credit period within 90 days.

## 12 Share-based payments

### (a) Share option schemes

The Company has adopted five share option schemes, namely, the Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II, the Post-IPO Option Scheme III and the Post-IPO Option Scheme IV.

The Pre-IPO Option Scheme, the Post-IPO Option Scheme I, the Post-IPO Option Scheme II and the Post-IPO Option Scheme III expired on 31 December 2011, 23 March 2014, 16 May 2017 and 13 May 2019, respectively. Upon the expiry of these schemes, no further options would be granted under these schemes, but the options granted prior to such expiry continued to be valid and exercisable in accordance with provisions of the schemes. As at 31 December 2021, there were no outstanding options exercisable of the Pre-IPO Option Scheme, the Post-IPO Option Scheme I and the Post-IPO Option Scheme III.

In respect of the Post-IPO Option Scheme IV which continues to be in force, the Board may, at its discretion, grant options to any qualifying participants to subscribe for shares in the Company, subject to the terms and conditions stipulated therein. The exercise price must be in compliance with the requirement under the Listing Rules. In addition, the option vesting period is determined by the Board provided that it is not later than the last day of a 7-year period for the Post-IPO Option Scheme IV after the date of grant of option.

During the year ended 31 December 2021, the Company allowed certain grantees under the Post-IPO Option Scheme II and the Post-IPO Option Scheme IV to surrender their rights to receive a portion of the underlying shares (with equivalent fair value) to set off against the exercise price and/or individual income tax payable when they exercised their options.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Post-IPO Option Scheme II		Post-IPO Option Scheme IV		Total
	Average exercise price	No. of options	Average exercise price	No. of options	No. of options
At 1 January 2021	HKD205.36	37,435,134	HKD380.50	67,806,750	105,241,884
Granted	–	–	HKD587.26	16,785,250	16,785,250
Exercised	HKD189.79	(2,278,079)	HKD321.25	(2,556,236)	(4,834,315)
Lapsed/forfeited	HKD124.30	(10,938)	HKD429.76	(346,483)	(357,421)
At 31 December 2021	HKD206.40	<u>35,146,117</u>	HKD424.63	<u>81,689,281</u>	<u>116,835,398</u>
Exercisable as at 31 December 2021	HKD206.36	<u>35,024,304</u>	HKD381.54	<u>30,418,848</u>	<u>65,443,152</u>
At 1 January 2020	HKD185.86	50,358,800	HKD375.36	61,738,193	112,096,993
Granted	–	–	HKD396.39	9,318,989	9,318,989
Exercised	HKD129.34	(12,919,216)	HKD321.74	(2,737,705)	(15,656,921)
Lapsed/forfeited	HKD175.14	(4,450)	HKD364.34	(512,727)	(517,177)
At 31 December 2020	HKD205.36	<u>37,435,134</u>	HKD380.50	<u>67,806,750</u>	<u>105,241,884</u>
Exercisable as at 31 December 2020	HKD200.96	<u>30,654,571</u>	HKD376.39	<u>20,038,030</u>	<u>50,692,601</u>

During the year ended 31 December 2021, 3,374,630 options (2020: 4,399,815 options) were granted to an executive director of the Company, out of which 843,657 options were voluntarily waived in February 2022.

As a result of the Distribution in Specie (Note 7(b)), pursuant to the scheme rules of the Post-IPO Option Scheme II and the Post-IPO Option Scheme IV, adjustments had been made to the exercise price of the outstanding share options thereunder as at the Ex-dividend Date. Please refer to the announcement of the Company dated 14 March 2022 for details.

**(b) Share award schemes**

The Company has adopted the Share Award Schemes as of 31 December 2021, which are administered by an independent trustee appointed by the Group. The vesting period of the awarded shares is determined by the Board.

Movements in the number of awarded shares for the years ended 31 December 2021 and 2020 are as follows:

	<b>Number of awarded shares</b>	
	<b>2021</b>	<b>2020</b>
<b>At beginning of the year</b>	<b>82,594,936</b>	76,615,755
Granted	<b>77,054,748</b>	37,196,540
Lapsed/forfeited	<b>(5,586,066)</b>	(3,866,143)
Vested and transferred	<b>(32,749,222)</b>	(27,351,216)
<b>At end of the year</b>	<b>121,314,396</b>	82,594,936
<b>Vested but not transferred as at the end of the year</b>	<b>17,515</b>	30,172

During the year ended 31 December 2021, 40,500 awarded shares were granted to four independent non-executive directors of the Company (2020: 59,500 awarded shares were granted to five independent non-executive directors of the Company).

As a result of the Distribution in Specie (Note 7(b)), pursuant to the scheme rules of the 2013 Share Award Scheme and the 2019 Share Award Scheme, adjustments had been made to the number of shares subject to share awards which remained unvested as at the Ex-dividend Date. Please refer to the announcement of the Company dated 14 March 2022 for details.

**13 Accounts payable**

Accounts payable and their ageing analysis, based on invoice date, are as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'Million</b>	<b>RMB'Million</b>
0 ~ 30 days	<b>102,396</b>	82,916
31 ~ 60 days	<b>2,999</b>	2,196
61 ~ 90 days	<b>1,329</b>	665
Over 90 days	<b>2,746</b>	8,253
	<b>109,470</b>	94,030

## 14 Borrowings

	As at 31 December	
	2021	2020
	RMB'Million	RMB'Million
<b>Included in non-current liabilities:</b>		
Non-current portion of long-term USD bank borrowings, unsecured (a)	136,874	110,629
Non-current portion of long-term EUR bank borrowings, unsecured (a)	–	1,204
Non-current portion of long-term EUR bank borrowings, secured (a)	11	12
Non-current portion of long-term RMB bank borrowings, unsecured (a)	–	300
Non-current portion of long-term JPY bank borrowings, unsecured (a)	47	–
Non-current portion of long-term JPY bank borrowings, secured (a)	4	–
	<u>136,936</u>	<u>112,145</u>
<b>Included in current liabilities:</b>		
RMB bank borrowings, unsecured (b)	13,340	4,079
RMB bank borrowings, secured (b)	200	100
USD bank borrowings, unsecured (b)	–	9,135
HKD bank borrowings, secured (b)	–	144
Current portion of long-term USD bank borrowings, unsecured (a)	4,061	783
Current portion of long-term RMB bank borrowings, unsecured (a)	300	–
Current portion of long-term EUR bank borrowings, unsecured (a)	1,083	–
Current portion of long-term EUR bank borrowings, secured (a)	2	1
Current portion of long-term JPY bank borrowings, unsecured (a)	16	–
Current portion of long-term JPY bank borrowings, secured (a)	1	–
	<u>19,003</u>	<u>14,242</u>
	<u><u>155,939</u></u>	<u><u>126,387</u></u>

Note:

- (a) The aggregate principal amounts of long-term bank borrowings and applicable interest rates are as follows:

	31 December 2021		31 December 2020	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
USD bank borrowings	USD22,045	LIBOR + 0.80% ~ 1.27%	USD17,075	LIBOR + 0.70% ~ 1.27%
USD bank borrowings	USD60	1.41%	–	–
EUR bank borrowings	EUR152	0.52%~1.00%	EUR151	0.52%~1.00%
RMB bank borrowings	RMB300	5.70%	RMB300	5.70%
JPY bank borrowings	JPY1,234	0.00%~2.50%	–	–

The zero interest rate of JPY borrowings was due to the special interest exemption for COVID-19 by Tokyo Metropolitan Government.

- (b) The aggregate principal amounts of short-term bank borrowings and applicable interest rates are as follows:

	31 December 2021		31 December 2020	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
RMB bank borrowings	RMB13,540	2.45% ~ 5.10%	RMB4,179	3.55% ~ 5.22%
USD bank borrowings	–	–	USD1,400	LIBOR + 0.45% ~ 0.50%
HKD bank borrowings	–	–	HKD171	HIBOR+ 0.90% ~ 3.90%

## 15 Notes payable

	As at 31 December	
	2021 RMB'Million	2020 RMB'Million
<b>Included in non-current liabilities:</b>		
Non-current portion of long-term USD notes payable	<u>145,590</u>	<u>122,057</u>

Note:

The aggregate principal amounts of notes payable and applicable interest rates are as follows:

	31 December 2021		31 December 2020	
	Amount (Million)	Interest rate (per annum)	Amount (Million)	Interest rate (per annum)
USD notes payable	USD1,250	LIBOR + 0.605% ~ 0.910%	USD1,250	LIBOR + 0.605% ~ 0.910%
USD notes payable	USD21,700	1.375% ~ 4.700%	USD17,550	1.375% ~ 4.700%

All of these notes payable issued by the Group were unsecured.

In April 2021, the Company issued four tranches of senior notes under the Global Medium Term Note Programme with an aggregate principal amount of USD4.15 billion from 10 years to 40 years, with interest rates ranging from 2.88% to 3.94%.

## 16 Business combinations

### Privatisation of Sogou

On 23 September 2021, the Group completed the privatisation of Sogou, an existing listed associate (NYSE: SOGO; with equity interests held of approximately 39%) of the Group, at a cash consideration of approximately USD2,135 million (equivalent to approximately RMB13,812 million) for all of the remaining interest ("Privatisation"). As a result of the Privatisation, Sogou became a wholly-owned subsidiary of the Group. The existing equity interest (of approximately 39%) held under investment in an associate was re-measured to fair value and resulted in step up gain of approximately RMB3,807 million (Note 3(a)(iii)).

Goodwill of approximately RMB10,978 million was recognised as a result of the transaction. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining the operations. None of the goodwill is expected to be deductible for income tax purpose.

The following table summarises the purchase consideration, fair value of assets acquired and liabilities assumed as at the acquisition date of Sogou.

	RMB'Million
<b>Total consideration:</b>	
Cash consideration	13,812
Fair value of the previously held interests	8,822
	<u>22,634</u>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed:</b>	
Intangible assets	7,500
Cash and cash equivalents and term deposits	4,325
Other assets	3,780
Deferred income tax liabilities	(1,872)
Other payables and accruals	(740)
Other liabilities	(1,337)
	<u>11,656</u>
<b>Total identifiable net assets</b>	<b>11,656</b>
Goodwill	10,978
	<u>22,634</u>

Note:

The Group's revenue for the year ended 31 December 2021 would be increased by not more than 5% and results for the year ended 31 December 2021 would not be materially different should the transaction have occurred on 1 January 2021.

The related transaction costs of the transaction are not material to the Group's consolidated financial information.

## 17 Subsequent events

On 4 January 2022, the Group has entered into a transaction to divest an aggregate of 14,492,751 Class A ordinary shares of Sea Limited ("Sea"; NYSE: SE), an existing associate of the Group, and to convert its all supervoting Class B ordinary shares to Class A ordinary shares (collectively, the "Transaction"). Upon the completion of the Transaction, the Group's equity interest in Sea was reduced from 21.3% to 18.7% with its voting power reduced to less than 10%. In connection with the Transaction, the Group is subject to a lockup period of six months for further disposal of shares of Sea. The Transaction has been completed as of the date of this announcement.

## OTHER INFORMATION

### Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2021, the Company repurchased 5,581,800 Shares on the Stock Exchange for an aggregate consideration of approximately HKD2,598.8 million before expenses. The repurchased Shares were subsequently cancelled. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of purchase in 2021	No. of Shares purchased	Purchase consideration per Share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
August	1,332,600	478.20	412.60	596,186,676
September	4,249,200	516.00	443.40	2,002,589,555
Total	5,581,800			2,598,776,231

Save as disclosed above and in the “Financial Information” section, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

### Closure of Register of Members

#### (a) Entitlement to Attend and Vote at the 2022 AGM

For the purpose of determining the shareholders' entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Friday, 13 May 2022 to Wednesday, 18 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the 2022 AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 May 2022.

**(b) Entitlement to the Proposed Final Dividend**

For the purpose of determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 24 May 2022 to Wednesday, 25 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 May 2022.

**Employee and Remuneration Policies**

As at 31 December 2021, the Group had 112,771 employees (2020: 85,858). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds and in-house training programmes, discretionary bonuses, share awards and share options may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for the year ended 31 December 2021 was RMB95,523 million (2020: RMB69,638 million).

**Audit Committee**

The Audit Committee, together with the Auditor, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

### **Auditor's Procedures Performed on this Results Announcement**

The figures in respect of the announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

### **Compliance with the Corporate Governance Code**

Except for the deviation from code provisions A.2.1 (now rearranged as C.2.1) and A.4.2 (now rearranged as B.2.2) of the CG Code as disclosed and explained in the 2021 interim report and the corporate governance report in the 2020 annual report of the Company, the Company has complied with the code provisions as set out in the CG Code for the year ended 31 December 2021.

As to the deviation from code provisions A.2.1 (now rearranged as C.2.1) and A.4.2 (now rearranged as B.2.2) of the CG Code, the Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

### **Publication of the Annual Results and Annual Report**

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tencent.com](http://www.tencent.com)) in due course.

## APPRECIATION

On behalf of the Board, I would like to thank wholeheartedly our staff and management team for their dedication and professionalism, which have been the cornerstone of the Group's sustainable development. Further, I would like to extend our gratitude to all our shareholders and stakeholders for their continuous support and trust. We will continue to adhere to our strategy of promoting sustainable innovations for social value, alongside nurturing the consumer Internet and embracing the industrial Internet, and contribute more to the common good and value of our society.

By Order of the Board  
**Ma Huateng**  
Chairman

Hong Kong, 23 March 2022

*As at the date of this announcement, the directors of the Company are:*

*Executive Directors:*

Ma Huateng and Lau Chi Ping Martin;

*Non-Executive Directors:*

Jacobus Petrus (Koos) Bekker and Charles St Leger Searle; and

*Independent Non-Executive Directors:*

Li Dong Sheng, Ian Charles Stone, Yang Siu Shun and Ke Yang.

*This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a lot of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.*

## DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>Term</b>	<b>Definition</b>
“2013 Share Award Scheme”	the share award scheme adopted by the Company on 13 November 2013, as amended from time to time
“2019 Share Award Scheme”	the share award scheme adopted by the Company on 25 November 2019, as amended from time to time
“2022 AGM”	the annual general meeting of the Company to be held on 18 May 2022 or any adjournment thereof
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the auditor of the Company
“Bitauto”	Bitauto Holdings Limited, a company incorporated in the Cayman Islands with limited liability, which became a non wholly-owned subsidiary of the Company following completion of its privatisation in November 2020
“Board”	the board of directors of the Company
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and the Shares of which are listed on the Stock Exchange
“CRM”	Customer Relationship Management
“DAU”	daily active user accounts

“Distribution in Specie”	the distribution of a special interim dividend by the Company in the form of a distribution in specie of the JD.com Shares held by the Group to the shareholders whose names appeared on the register of members of the Company on 25 January 2022 in proportion to their then respective shareholdings in the Company on the basis of 1 Class A ordinary share of JD.com for every 21 Shares held by the shareholders
“DnF”	Dungeon and Fighter
“Domestic Games”	for the purpose of preparing financial and operating information, Domestic Games refers to our games business in the PRC, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EPS”	earnings per share
“EUR”	the lawful currency of the European Union
“Ex-dividend Date”	20 January 2022, being the date of commencement of dealing in the Shares on an ex-entitlement basis following the declaration of interim dividend by way of the Distribution in Specie as announced by the Company on 23 December 2021
“FinTech”	financial technology
“FVOCI”	financial assets at fair value through other comprehensive income
“FVPL”	financial assets at fair value through profit or loss
“GMV”	gross merchandise value
“Group”	the Company and its subsidiaries
“HIBOR”	Hong Kong InterBank Offered Rate
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC

“IAS”	International Accounting Standards
“IaaS”	Infrastructure-as-a-Service
“IFRS”	International Financial Reporting Standards
“International Games”	for the purpose of preparing financial and operating information, International Games refers to our games business other than our Domestic Games business
“IP”	intellectual property
“IPO”	initial public offering
“JD.com”	JD.com, Inc., a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability, whose American depositary shares are listed on NASDAQ (stock symbol: JD, ISIN Code: US47215P1066) and whose Class A ordinary shares are listed on the Stock Exchange (stock code: 9618)
“JD.com Shares”	the approximately 457 million Class A ordinary shares in the share capital of JD.com with a par value of USD0.00002 each, held by the Group conferring a holder of a Class A ordinary share to one vote per share on any resolution tabled at JD.com’s general meeting and which are to be distributed pursuant to the Distribution in Specie
“JPY”	the lawful currency of Japan
“LIBOR”	London InterBank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&A”	mergers and acquisitions
“MAU”	monthly active user accounts
“Minor(s)”	players who are aged under 18
“PaaS”	Platform-as-a-Service
“PBOC”	People’s Bank of China

“PC”	personal computer
“Post-IPO Option Scheme I”	the Post-IPO Share Option Scheme adopted by the Company on 24 March 2004
“Post-IPO Option Scheme II”	the Post-IPO Share Option Scheme adopted by the Company on 16 May 2007
“Post-IPO Option Scheme III”	the Post-IPO Share Option Scheme adopted by the Company on 13 May 2009
“Post-IPO Option Scheme IV”	the Post-IPO Share Option Scheme adopted by the Company on 17 May 2017
“PRC” or “China”	the People’s Republic of China
“PRC CIT”	PRC corporate income tax as defined in the “Corporate Income Tax Law of the People’s Republic of China”
“Pre-IPO Option Scheme”	the Pre-IPO Share Option Scheme adopted by the Company on 27 July 2001
“PUBG”	PlayerUnknown’s Battlegrounds
“R&D”	research and development
“RMB”	the lawful currency of the PRC
“SaaS”	Software-as-a-Service
“Share(s)”	ordinary share(s) of HKD0.00002 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Award Schemes”	the share award scheme adopted by the Company on 13 December 2007, the 2013 Share Award Scheme and the 2019 Share Award Scheme, as amended from time to time
“SMEs”	small and medium enterprises

“Sogou”	Sogou Inc., a company incorporated in the Cayman Islands with limited liability, which became a wholly-owned subsidiary of the Company following completion of its privatisation in September 2021
“SSV & CPP”	Sustainable Social Value and Common Prosperity Programme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supercell”	Supercell Oy, a private company incorporated in Finland
“United States”	the United States of America
“USD”	the lawful currency of the United States
“VAS”	value-added services

## **APPENDIX II**

### **REPRODUCTION OF THE PRESS RELEASE DATED 10 FEBRUARY 2022 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

The information set out below is a reproduction of the press release dated 10 February 2022 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2021.

## RESULTS AT DECEMBER 31<sup>ST</sup> 2021

### Press release

Paris, February 10<sup>th</sup> 2022

### 2021, RECORD GROUP NET INCOME

**Substantial increase in underlying revenues of +16.1%<sup>(1)</sup> vs. 2020 (+17.2%<sup>(1)\*</sup>)**, with a historically high level of Financing & Advisory and Financial Services activities, very solid Global Markets activities throughout the year, and a healthy momentum in Retail Banking

**Underlying gross operating income of EUR 8.5 billion<sup>(1)</sup>**, up 51.0%<sup>(1)</sup> vs. 2020, with a significant positive jaws effect and costs under control, up +4.3%<sup>(1)</sup>

**Still low cost of risk at 13 basis points**

**Underlying Group net income of EUR 5.3 billion<sup>(1)</sup> (EUR 5.6 billion on a reported basis)**

**Underlying profitability (ROTE) of 10.2%<sup>(1)</sup> (11.7% on a reported basis)**

**In Q4 21, underlying gross operating income of EUR 1.9 billion<sup>(1)</sup>**, +24.1% vs. Q4 20

**Underlying Group net income of EUR 1.2 billion<sup>(1)</sup>**, +94.4% vs. Q4 20 (EUR 1.8 billion on a reported basis)

**Underlying profitability (ROTE) of 9.2%<sup>(1)</sup> (16.6% on a reported basis)**

### ATTRACTIVE SHAREHOLDER DISTRIBUTION

**Distribution equivalent to EUR 2.75 per share, or:**

- **a dividend in cash**, proposed to the General Meeting, **of EUR 1.65 per share**
- **a share buyback programme**, for around EUR 915 million, **equivalent to EUR 1.1 per share**

**Solid CET 1 ratio of 13.7%<sup>(2)</sup>** at end-2021, around 470 basis points above the regulatory requirement

### ACCELERATION IN STRATEGIC AND BUSINESS DEVELOPMENTS

**Strengthening of our competitive position on mobility, announcement of the planned acquisition of LeasePlan by ALD** with a view to creating a mobility leader

**Client onboarding by Boursorama one year ahead of schedule**, announcement of entry into exclusive discussions with the ING group with a view to offering ING's customers in France the best alternative banking solution

**Good momentum of the retail banking networks** in France in the context of **preparations for the merger**

**Continued digitalisation initiatives and improvement of operational efficiency** in International Retail Banking

**Solid performance by Global Markets throughout the year**, with the successful repositioning of structured products and a reduction in the risk profile

**Record performance by Financing & Advisory**, driven by strong market momentum and an increase in allocated capital

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

*"2021 marks a milestone for the Société Générale Group, which achieved the best financial results in its history, enabling it to generate a good level of profitability and offer its shareholders an attractive return. All the businesses have contributed to this excellent performance. The Group also had a very robust balance sheet at the end of the year, with a very good quality loan portfolio and high capital ratios. In addition, the Group was able, firstly, to successfully continue advancing on major projects such as the merger of the two retail banking networks Société Générale and Crédit du Nord and secondly, achieve two strategic transactions strengthening two differentiating assets, with the entry into exclusive discussions for the acquisition of Leaseplan by ALD and with ING concerning its retail banking activities in France. The Group is therefore entering 2022 with confidence, with the priority objective of the disciplined execution of this high value-creating roadmap and the finalisation of its outlines by accelerating the transformations around ESG issues and new technologies."*

<sup>(1)</sup> Underlying data (see methodology note section 10.5 for the transition from accounting data to underlying data)

<sup>(2)</sup> Phased-in ratio (fully-loaded ratio of 13.6%) after distribution provision

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	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	6,620	5,838	+13.4%	+11.7%*	25,798	22,113	+16.7%	+17.7%*
<i>Underlying net banking income<sup>(1)</sup></i>	6,503	5,838	+11.4%	+9.8%*	25,681	22,113	+4.3%	+17.2%*
Operating expenses	(4,565)	(4,351)	+4.9%	+3.6%*	(17,590)	(16,714)	+5.2%	+5.8%*
<i>Underlying operating expenses<sup>(1)</sup></i>	(4,617)	(4,318)	+6.9%	+5.6%*	(17,211)	(16,504)	+4.3%	+4.9%*
Gross operating income	2,055	1,487	+38.2%	+35.3%*	8,208	5,399	+52.0%	+55.1%*
<i>Underlying gross operating income<sup>(1)</sup></i>	1,886	1,520	+24.1%	+21.4%*	8,470	5,609	+51.0%	+53.9%*
Net cost of risk	(86)	(689)	-87.5%	-87.7%*	(700)	(3,306)	-78.8%	-78.6%*
Operating income	1,969	798	x 2.5	x 2.4	7,508	2,093	x 3.6	x 3.7*
<i>Underlying operating income<sup>(1)</sup></i>	1,800	851	x 2.1	x 2.1	7,770	2,323	x 3.3	x 3.4*
Net profits or losses from other assets	449	(94)	n/s	n/s	635	(12)	n/s	n/s*
Impairment losses on goodwill	(114)	0	n/s	n/s	(114)	(684)	n/s	n/s
Income tax	(311)	(125)	x 2.5	x 2.4	(1,697)	(1,204)	+41.0%	+43.2%*
Net income	1,995	582	x 3.4	x 3.3	6,338	196	x 32.3	x 43.8
O.w. non-controlling interests	208	112	+85.7%	+81.2%*	697	454	+53.5%	+53.6%*
Reported Group net income	1,787	470	x 3.8	x 3.7	5,641	(258)	n/s	n/s
<i>Underlying Group net income<sup>(1)</sup></i>	1,226	631	+94.4%	+90.4%*	5,264	1,435	x 3.7	x 3.8*
ROE	12.1%	2.4%			9.6%	-1.7%		
ROTE	16.6%	2.7%			11.7%	-0.4%		
<i>Underlying ROTE<sup>(1)</sup></i>	9.2%	4.1%			10.2%	1.7%		

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

Societe Generale's Board of Directors, which met on February 9<sup>th</sup>, 2022 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and full-year 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

**Net banking income was substantially higher in 2021, up +16.7% (+17.7%\*) vs. 2020**, and +16.1% (+17.2%\*) vs. 2020 on an underlying basis, with a very strong momentum in all the businesses.

French Retail Banking posted a solid performance in 2021. As a result, net banking income (excluding PEL/CEL provision) increased by +4.8% vs. 2020, driven by the recovery in net interest income and buoyant commissions, particularly financial commissions.

International Retail Banking & Financial Services enjoyed strong revenue growth (+9.9%\* vs. 2020), underpinned by the excellent momentum in Financial Services to Corporates (+32.0%\* vs. 2020) and Insurance (+8.6%\* vs. 2020). International Retail Banking benefited from a rebound in its activities (+2.8%\* vs. 2020).

Global Banking & Investor Solutions delivered a remarkable performance, with revenues up +25.2% (+26.1%\*) vs. 2020. Financing & Advisory enjoyed a record performance, with growth of +14.8% (+15.8%\*) vs. 2020, while the revenues of Global Markets & Investor Services were substantially higher (+35.6%, +36.9%\*) than in 2020.

**In Q4 21**, the Group continued to enjoy a strong revenue growth momentum (+13.4%, +11.7%\*) vs. Q4 20, with a positive and evenly balanced contribution from all the businesses.

## Operating expenses

In 2021, operating expenses totalled EUR 17,590 million on a reported basis and EUR 17,211 million on an underlying basis (restated for transformation costs), an increase of +4.3% vs. 2020.

This increase can be explained primarily by the rise in variable costs linked to the growth in revenues (EUR +701 million) and the increase in the contribution to the Single Resolution Fund (EUR +116 million). The other operating expenses declined by EUR 70 million, excluding structure effect.

**Driven by a very positive jaws effect**, underlying gross operating income grew substantially (+51.0%) to EUR 8,470 million and the underlying cost to income ratio improved by nearly 8 points (67.0% vs. 74.6% in 2020).

In **Q4 21**, operating expenses totalled EUR 4,565 million on a reported basis and EUR 4,617 million on an underlying basis (restated for the linearisation of IFRIC 21 and transformation costs), representing an increase of +6.9% vs. Q4 20.

**Excluding the contribution to the Single Resolution Fund, the underlying cost to income ratio is expected to be between 66% and 68% in 2022 and improving onwards. This aggregate, excluding the contribution to the SRF, amounts to 64.7% in 2021, it being specified that the contribution to the Single Resolution Fund is EUR 586 million in 2021.**

There is expected to be an increase in the contribution to the Single Resolution Fund until 2023 included.

The Group's radical transformations as announced in 2021 have led to changes in 2023 cost outlook. The various initiatives in progress will contribute to a decline in the Group's underlying cost to income ratio beyond 2022 excluding the contribution to the Single Resolution Fund year after year.

## Cost of risk

**In 2021, the cost of risk stood at a low level of 13 basis points**, lower than in 2020 (64 basis points), or EUR 700 million (vs. EUR 3,306 million in 2020). It breaks down into a provision on non-performing loans of EUR 949 million and a provision write-back on performing loans of EUR 249 million.

The Group's provisions on performing loans amounted to EUR 3,355 million at end-2021.

**In Q4 21, the cost of risk stood at 6 basis points**, lower than in Q4 20 (54 basis points), or EUR 86 million and lower than in Q3 21 (15 basis points). It breaks down into a provision on non-performing loans of EUR 218 million and a provision write-back on performing loans of EUR 132 million.

In order to support its customers during the crisis, the Group granted State Guaranteed Loans. At December 31<sup>st</sup> 2021, the residual amount of State Guaranteed Loans represented around EUR 17 billion. In France, the total amount of State Guaranteed Loans ("PGE") amounts to around EUR 14 billion and net exposure is around EUR 1.5 billion.

The gross doubtful outstandings ratio amounted to 2.9%<sup>(1)</sup> at December 31<sup>st</sup> 2021, lower than at end-September 2021 (3.1%). The Group's gross coverage ratio for doubtful outstandings amounted to 51%<sup>(2)</sup> at December 31<sup>st</sup> 2021.

**The cost of risk is expected to be below 30 basis points in 2022.**

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<sup>(1)</sup> NPL ratio calculated according to the EBA methodology published on July 16<sup>th</sup>, 2019

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

## Group net income

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	1,787	470	5,641	(258)
Underlying Group net income (1)	1,226	631	5,264	1,435

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	16.6%	2.7%	11.7%	-0.4%
Underlying Group net income (1)	9.2%	4.1%	10.2%	1.7%

(1) Adjusted for exceptional items and linearisation of IFRIC21

Earnings per share amounts to EUR 5.97 in 2021 (EUR -1.02 in 2020). Underlying earnings per share amounts to EUR 5.52 over the same period (EUR 0.97 in 2020).

## Distribution to shareholders

**The Board of Directors has established its distribution policy at 50% of underlying Group net income<sup>(2)</sup>, which is equivalent to EUR 2.75 per share.**

**A dividend in cash of EUR 1.65 per share will therefore be proposed to the Combined General Meeting of Shareholders on May 17<sup>th</sup> 2022.** The dividend will be detached on May 25<sup>th</sup> 2022 and paid on May 27<sup>th</sup> 2022.

**Furthermore, the Group plans to launch a share buyback programme for a total amount of around EUR 915 million, or the equivalent of EUR 1.1 per share.** This programme is subject to the customary authorisation of the ECB and the General Meeting for its implementation.

<sup>(2)</sup> After deducting interest on deeply subordinated notes and undated subordinated notes

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 65.1 billion at December 31<sup>st</sup>, 2021 (EUR 61.7 billion at December 31<sup>st</sup>, 2020). Net asset value per share was EUR 68.7 and tangible net asset value per share was EUR 61.1.

The consolidated balance sheet totalled EUR 1,464 billion at December 31<sup>st</sup>, 2021 (EUR 1,444 billion<sup>(1)</sup> at December 31<sup>st</sup>, 2020). The net amount of customer loan outstandings at December 31<sup>st</sup>, 2021, including lease financing, was EUR 488 billion (EUR 440 billion at December 31<sup>st</sup>, 2020) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 502 billion, vs. EUR 451 billion at December 31<sup>st</sup>, 2020 (excluding assets and securities sold under repurchase agreements).

At December 31<sup>st</sup>, 2021, the parent company had issued EUR 35.3 billion of medium/long-term debt, having an average maturity of 5.1 years and an average spread of 33 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 3.8 billion. In total, the Group had issued EUR 39.1 billion of medium/long-term debt.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 129% at end-December 2021 (131% on average in Q4), vs. 149% at end-December 2020. At the same time, the NSFR (Net Stable Funding Ratio) was at a level of 110% at end-December 2021.

The Group's **risk-weighted assets** (RWA) amounted to EUR 363.4 billion at December 31<sup>st</sup>, 2021 (vs. EUR 351.9 billion at end-December 2020) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 83.9% of the total, at EUR 304.9 billion, up 6.1% vs. December 31<sup>st</sup>, 2020.

At December 31<sup>st</sup>, 2021, the Group's **Common Equity Tier 1** ratio stood at 13.7%, or around 470 basis points above the regulatory requirement. The CET1 ratio at December 31<sup>st</sup>, 2021 includes an effect of +16 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.6%. The Tier 1 ratio stood at 15.9% at end-December 2021 (16% at end-December 2020) and the total capital ratio amounted to 18.8% (19.2% at end-December 2020).

**The Group is aiming for a CET1 ratio between 200-250 basis points minimum above the regulatory requirement including after the entry into force of the regulation finalising the Basel III reform.**

The **leverage ratio** stood at 4.9% at December 31<sup>st</sup>, 2021 (4.8% at end-December 2020).

With a level of 31.1% of RWA and 9.5% of leverage exposure at end-December 2021, the Group's TLAC ratio is above the Financial Stability Board's requirements for 2021 and 2022. At December 31<sup>st</sup>, 2021, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leverage 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".

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<sup>(1)</sup> Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of financial statements)

### 3. FRENCH RETAIL BANKING

In EURm	Q4 21	Q4 20	Change	2021	2020	Change
Net banking income	2,048	1,845	+11.0%	7,777	7,315	+6.3%
<i>Net banking income excl. PEL/CEL</i>	<i>2,027</i>	<i>1,870</i>	<i>+8.4%</i>	<i>7,738</i>	<i>7,381</i>	<i>+4.8%</i>
Operating expenses	(1,534)	(1,443)	+6.3%	(5,635)	(5,418)	+4.0%
<i>Underlying operating expenses<sup>(1)</sup></i>	<i>(1,573)</i>	<i>(1,476)</i>	<i>+6.6%</i>	<i>(5,635)</i>	<i>(5,418)</i>	<i>+4.0%</i>
Gross operating income	514	402	+27.9%	2,142	1,897	+12.9%
<i>Underlying gross operating income<sup>(1)</sup></i>	<i>454</i>	<i>394</i>	<i>+15.3%</i>	<i>2,103</i>	<i>1,963</i>	<i>+7.1%</i>
Net cost of risk	20	(276)	n/s	(104)	(1,097)	-90.5%
Operating income	534	126	x 4.2	2,038	800	x 2.5
Net profits or losses from other assets	22	19	+15.8%	24	158	-84.8%
Reported Group net income	400	104	x 3.8	1,492	666	x 2.2
<i>Underlying Group net income<sup>(1)</sup></i>	<i>356</i>	<i>99</i>	<i>x 3.6</i>	<i>1,463</i>	<i>712</i>	<i>x 2.1</i>
RONE	14.6%	3.7%		13.4%	5.8%	
<i>Underlying RONE<sup>(1)</sup></i>	<i>13.0%</i>	<i>3.5%</i>		<i>13.1%</i>	<i>6.2%</i>	

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

#### Societe Generale and Crédit du Nord networks

Average loan outstandings were -1% lower than in Q4 20 at EUR 210 billion. They were 9% higher than in Q4 19. Average outstanding loans to individuals were up +2%, bolstered by the growth in home loan production (+33% vs. Q4 20). The production of medium/long-term loans to corporate and professional customers climbed +45% excluding State Guaranteed Loans vs. Q4 20.

Average outstanding balance sheet deposits increased by +7% vs. Q4 20 to EUR 241 billion (+22% vs. Q4 19), still driven by sight deposits.

As a result, the average loan/deposit ratio stood at 87% in Q4 21 vs. 94% in Q4 20.

Insurance assets under management totalled EUR 93 billion at end-December 2021, up +6% year-on-year. Gross life insurance inflow amounted to EUR 1.9 billion in Q4 21, with the unit-linked share accounting for 36%.

Private Banking's assets under management totalled EUR 78 billion at end-December 2021. Net inflow was buoyant at EUR 4.1 billion in 2021, an increase of 68% vs. 2020.

Property/casualty insurance premiums were up +5% vs. Q4 20, while personal protection insurance premiums were up +4% vs. Q4 20. The penetration rate for our customer base has improved both for property/casualty insurance and personal protection insurance.

#### Boursorama

The bank consolidated its position as the leading online bank in France, with more than 3.3 million clients at end-December 2021, thanks to the onboarding of 266,000 new clients in Q4 21 (+38% vs. Q4 20). Boursorama is aiming to have more than 4 million clients at end-2022, one year ahead of schedule relative to its plan.

This quarter, Boursorama distinguished itself by obtaining the highest NPS score among French banks in 2021 in the classification established by Bain & Company in December 2021. Moreover, Boursorama was ranked No. 1 in the classification best bank for Customer Experience Excellence in France in 2021 awarded by KPMG in November 2021. The bank also obtained the highest rating scores for its App among French banks with 4.8 on iOS (App Store) and 4.9 on Android (Google Play Store). In addition, Boursorama was voted the least expensive bank for the 14<sup>th</sup> consecutive year by Le Monde and Meilleurebanque.com in December 2021.

Average outstanding loans rose +28% vs. Q4 20 to EUR 14 billion. Home loan outstandings were up +30% vs. Q4 20.

Average outstanding savings including deposits and financial savings were 25% higher than in Q4 20 at EUR 35 billion, while outstanding deposits were up +25% vs. Q4 20. Life insurance outstandings were 13% higher than in Q4 20 while assets under management in UCITS increased by +16% vs. Q4 20. Brokerage volumes were stable in 2021 compared to 2020 at a record level (x3 compared to 2019).

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

**2021:** revenues (excluding PEL/CEL) totalled EUR 7,738 million, up +4.8% vs. 2020. Net interest income (excluding PEL/CEL) was up +2.1% vs. 2020, underpinned by catch-up effects related to the TLTRO allowance and to State Guaranteed Loans. Commissions enjoyed a healthy momentum (+5.1% vs. 2020) against the backdrop of a recovery in activity following the lockdowns in 2020.

**Q4 21:** revenues (excluding PEL/CEL) totalled EUR 2,027 million, up +8.4% vs. Q4 20. Net interest income (excluding PEL/CEL) was up +6.7% vs. Q4 20. Commissions were 5.0% higher than in Q4 20.

### **Operating expenses**

**2021:** operating expenses totalled EUR 5,635 million (+4.0% vs. 2020). The cost to income ratio (restated for the PEL/CEL provision) stood at 72.8%, an improvement of 0.6 points vs. 2020.

**Q4 21:** operating expenses amounted to EUR 1,534 million (+6.3% vs. Q4 20) and EUR 1,573 million on an underlying basis. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 77.6%, an improvement of 1.3 points vs. Q4 20.

### **Cost of risk**

**2021:** the cost of risk amounted to EUR 104 million or 5 basis points, a substantial decline compared to 2020 (52 basis points) which was marked by an environment of uncertainty linked to the pandemic.

**Q4 21:** the cost of risk represented a write-back of EUR 20 million or -4 basis points, a significant improvement vs. Q4 20 (50 basis points) and Q3 21 (write-back of 1 basis point).

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

**2021:** the contribution to Group net income was EUR 1,492 million (x2.2 vs. 2020 impacted by the pandemic). RONE (restated for the PEL/CEL provision) stood at 13.1% in 2021 (6.2% in 2020) and 14.4% excluding Boursorama.

**Q4 21:** the contribution to Group net income was EUR 400 million vs. EUR 104 million in Q4 20. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 13.0% in Q4 21 (3.5% in Q4 20).

## 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	2,159	1,919	+12.5%	+10.3%*	8,117	7,524	+7.9%	+9.9%*
Operating expenses	(1,088)	(1,018)	+6.9%	+4.2%*	(4,203)	(4,142)	+1.5%	+3.1%*
<i>Underlying operating expenses<sup>(1)</sup></i>	(1,112)	(1,042)	+6.7%	+4.1%*	(4,203)	(4,142)	+1.5%	+3.1%*
Gross operating income	1,071	901	+18.9%	+17.3%*	3,914	3,382	+15.7%	+18.3%*
<i>Underlying gross operating income<sup>(1)</sup></i>	1,047	877	+19.4%	+17.8%*	3,914	3,382	+15.7%	+18.3%*
Net cost of risk	(96)	(287)	-66.6%	-67.2%*	(504)	(1,265)	-60.2%	-59.4%*
Operating income	975	614	+58.8%	+57.5%*	3,410	2,117	+61.1%	+65.2%*
Net profits or losses from other assets	8	6	+33.3%	+36.6%*	18	15	+20.0%	+21.2%*
Reported Group net income	584	376	+55.3%	+54.9%*	2,082	1,304	+59.7%	+64.4%*
<i>Underlying Group net income<sup>(1)</sup></i>	570	362	+57.5%	+57.1%*	2,082	1,304	+59.7%	+64.4%*
RONE	22.2%	14.9%			20.3%	12.4%		
<i>Underlying RONE<sup>(1)</sup></i>	21.7%	14.3%			20.3%	12.4%		

(1) Adjusted for the linearisation of IFRIC 21

**International Retail Banking's** loan and deposit production provided confirmation in Q4 of its rebound in all geographical regions. Outstanding loans totalled EUR 93.6 billion. They rose +6.0%\* vs. end-December 2020. Outstanding deposits were 8.5%\* higher than in December 2020, at EUR 89.5 billion.

For the Europe scope, outstanding loans were up +6.6%\* vs. December 2020 at EUR 59.9 billion, driven by all the regions: +6.5%\* in the Czech Republic, +11.1%\* in Romania, and +5.4%\* in Western Europe. Outstanding deposits increased by +6.0%\* to EUR 50.8 billion.

In Russia, outstanding loans rose +13.3%\* vs. end-December 2020, with a robust commercial performance particularly in home loans (+15%\* year-on-year) and in the corporate customers segment (+22%\* year-on-year). There was a significant increase in outstanding deposits (+20.8%\*).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +1.6%\* year-on-year. Outstanding deposits continued to enjoy a healthy momentum, up +7.7%\*.

**In the Insurance business,** the life insurance savings business saw outstandings increase +7%\* at end-December 2021 vs. end-December 2020 to EUR 135 billion. The share of unit-linked products in outstandings was 37%, an increase of +4 points vs. December 2020.

**Financial Services to Corporates** also enjoyed a healthy momentum. Operational Vehicle Leasing and Fleet Management had 1.7 million contracts, including 1.4 million financed vehicles, an increase of +4.0% vs. end-December 2020. Equipment Finance's new leasing business was up +12.1%\* vs. 2020, while outstanding loans rose +1.1% vs. end-December 2020, to EUR 14.7 billion (excluding factoring).

### Net banking income

Net banking income amounted to EUR 8,117 million in 2021, up +9.9%\* vs. 2020. Revenues amounted to EUR 2,159 million in Q4 21, up +10.3%\* vs. Q4 20.

**International Retail Banking's** net banking income totalled EUR 5,000 million in 2021, an increase of +2.8%\* vs. 2020. It was up +3.5%\* in Q4 21 at EUR 1,311 million.

Thanks to a rise in interest rates, a healthy commercial momentum and an increase in commissions (+16%\* vs. Q4 20), revenues in Europe were 10.7%\* higher than in Q4 20. Activity in the individual customers segment remained particularly robust in specialised consumer finance, with revenues up +9%\* vs. Q4 20.

In 2021, the revenues of SG Russia<sup>(1)</sup> were down -2.8%\* (-7.0%\* vs. Q4 20), adversely affected firstly, by a temporary squeeze on individual customer margins (part of the rise in rates not being passed on to individual customers) and secondly, by a non-recurring item affecting the recognition of commissions.

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +4.6%\* vs. 2020 at EUR 1,770 million. Despite persistent supply chain pressures and the sharp decline in tourism, activity proved resilient in Q4 21, with a gradual improvement in the commercial momentum. As a result, revenues were slightly lower (-1.2%) at EUR 453 million, with strong growth in certain key countries of Sub-Saharan Africa (Cote d'Ivoire, Senegal and Madagascar) particularly in the corporate customers segment.

**The Insurance business** posted net banking income up +8.6%\* vs. 2020, at EUR 963 million in 2021. The gross premiums of the life insurance savings business were 25%\* higher in Q4 21 than in Q4 20, with an attractive share of unit-linked products (44%). Protection insurance saw an increase of +5%\* vs. December 2020. Property/casualty premiums rose +9%\* in Q4 21 (including +7%\* in France and +10%\* internationally) and +8%\* in 2021, as did personal protection insurance (+3%\* vs. 2020). The Insurance business' net banking income was 8.1%\* higher in Q4 21 than in Q4 20 at EUR 243 million.

**Financial Services to Corporates'** net banking income was substantially higher (+32.0%\*) than in 2020, at EUR 2,154 million. This performance was driven primarily by the activities of ALD which posted strong growth in its fleet and the used car sale result (EUR 1,422 per vehicle in 2021). Financial Services to Corporates' net banking income totalled EUR 605 million in Q4 21, up +30.6%\* vs. Q4 20.

## Operating expenses

Operating expenses totalled EUR 4,203 million, an increase of +3.1%\* on a reported and underlying basis vs. 2020. Operating expenses amounted to EUR 1,088 million in Q4 21, up +4.2%\* vs. Q4 20, in conjunction with the growth in revenue. As a result, the quarter generated a positive jaws effect. The cost to income ratio stood at 51.8% in 2021.

**In International Retail Banking**, operating expenses were slightly higher (+2.5%\*) than in 2020. Operating expenses were 4.0%\* higher than in Q4 20.

In the **Insurance** business, operating expenses were in line with the expansion ambitions and rose +4.8%\* vs. 2020 and +6.6%\* vs. Q4 20.

In **Financial Services to Corporates**, operating expenses increased by +4.4%\* vs. 2020 and +4.7%\* vs. Q4 20.

## Cost of risk

**Q4 21:** the cost of risk amounted to 28 basis points (EUR 96 million), vs. 43 basis points in Q3 21 and 89 basis points in Q4 20.

**2021:** the cost of risk amounted to 38 basis points (EUR 504 million). It was 96 basis points in 2020.

## Contribution to Group net income

The contribution to Group net income totalled EUR 2,082 million in 2021 (+64.4%\* vs. 2020) and EUR 584 million in Q4 21 (+54.9%\* vs. Q4 20).

Underlying RONE stood at 20.3% in 2021 (vs. 12.4% in 2020) and 21.7% in Q4 21 (14.3% in Q4 20), with RONE of 16% in International Retail Banking and 26% in Financial Services.

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<sup>(1)</sup> SG Russia encompasses the entities Rosbank, Rosbank Insurance, ALD Automotive and their consolidated subsidiaries

## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q4 21	Q4 20	Variation		2021	2020	Variation	
Net banking income	2,320	2,072	+12.0%	+9.7%*	9,530	7,613	+25.2%	+26.1%*
Operating expenses	(1,556)	(1,688)	-7.8%	-9.3%*	(6,863)	(6,713)	+2.2%	+2.7%*
<i>Underlying operating expenses<sup>(1)</sup></i>	<i>(1,681)</i>	<i>(1,638)</i>	<i>+2.6%</i>	<i>+0.9%*</i>	<i>(6,863)</i>	<i>(6,556)</i>	<i>+4.7%</i>	<i>+5.1%*</i>
Gross operating income	764	384	+99.0%	+91.5%*	2,667	900	x 3.0	x 3.0*
<i>Underlying gross operating income<sup>(1)</sup></i>	<i>639</i>	<i>434</i>	<i>+47.3%</i>	<i>+42.4%*</i>	<i>2,667</i>	<i>1,057</i>	<i>x 2.5</i>	<i>x 2.6</i>
Net cost of risk	(3)	(104)	-97.1%	-97.2%*	(86)	(922)	-90.7%	-90.5%*
Operating income	761	280	x 2.7	x 2.6	2,581	(22)	n/s	n/s
Reported Group net income	635	280	x 2.3	x 2.2	2,076	57	x 36.4	x 40.8
<i>Underlying Group net income<sup>(1)</sup></i>	<i>539</i>	<i>320</i>	<i>+68.4%</i>	<i>+64.1%*</i>	<i>2,076</i>	<i>183</i>	<i>x 11.4</i>	<i>x 11.8</i>
RONE	16.3%	7.8%			13.9%	0.4%		
<i>Underlying RONE<sup>(1)</sup></i>	<i>13.8%</i>	<i>9.0%</i>			<i>13.9%</i>	<i>1.3%</i>		

(1) Adjusted for the linearisation of IFRIC 21

### Net banking income

**In 2021, Global Banking & Investor Solutions** posted substantially higher revenues (+25.2%) than in 2020 at EUR 9,530 million, driven by a very strong momentum in all the businesses. Revenues rose +9.5% compared to 2019. This solid financial performance reflects the successful execution of the strategic plan presented in May 2021.

**In Q4 21**, revenues rose +12.0% vs. Q4 20, to EUR 2,320 million.

**In Global Markets & Investor Services**, net banking income totalled EUR 5,648 million in 2021 (+35.6% vs. 2020). It amounted to EUR 1,260 million in Q4 21 (+8.6% vs. Q4 20).

Global Markets turned in a very strong performance in 2021 (EUR 5,001 million), with an increase of +40.2% compared to 2020 which was heavily impacted by the health crisis. Market conditions were favourable in the Equity market and more complex in the fixed income markets in 2021. The reduction in the risk profile of structured products was completed in the first half of the year, ahead of schedule.

Q4 21 also delivered a solid performance (EUR 1,103 million), with an increase of +9.5% vs. Q4 20. The fourth quarter was marked by very buoyant commercial activity in most client segments.

The Equity activity enjoyed its best year since 2009 (EUR 3,150 million vs. EUR 1,275 million in 2020 and EUR 2,502 million in 2019), driven by good market conditions and the successful repositioning of the Investment Solutions product offering.

In Q4 21, the business was able to take advantage of still favourable market conditions on all products, and posted revenues of EUR 727 million, up +22.6% vs. Q4 20.

Fixed Income & Currency activities posted revenues of EUR 1,851 million in 2021, down -19.2% compared to 2020 which was marked by exceptional market conditions in the first half of the year.

Q4 21 delivered a resilient performance (-9.2% vs. Q4 20) in a more complex market, with higher revenues in emerging markets and financing.

There was a significant increase in Securities Services' revenues in 2021, with revenues up +8.4% vs. 2020, at EUR 647 million. They were 2.6% higher in Q4 21 than in Q4 20, at EUR 157 million.

Securities Services' assets under custody and assets under administration amounted to EUR 4,586 billion and EUR 697 billion respectively, up +6.3% and +9.2% in 2021.

**Financing & Advisory** delivered the best historical annual performance, with revenues of EUR 2,924 million, up +14.8% vs. 2020. Firstly, the business capitalised on the good market momentum, particularly in Investment Banking, by playing key roles in our clients' major transactions and secondly, it benefited from an additional capital allocation.

In Q4 21, the business again enjoyed record revenues of EUR 814 million, substantially higher (+19.5%) than in Q4 20.

Investment Banking enjoyed an excellent quarter, driven by the strong momentum of M&A, Leveraged Buyout and equity capital market activities. Revenues from Asset Finance, Natural Resources and Infrastructure activities and the Asset-Backed Products platform also showed a substantial increase.

Global Transaction and Payment Services continued to experience strong growth, up +25.2% vs. Q4 20.

**Asset and Wealth Management's** net banking income totalled EUR 958 million in 2021 (+6.1% vs. 2020). It was 6.5% higher in Q4 21 vs. Q4 20.

In 2021, Private Banking posted an increase in revenues of +3.1% vs. 2020, to EUR 699 million (when restated for an exceptional impact of EUR +29 million related to an insurance payout received in 2020, revenues are up +7.7%). The business benefited from strong commercial activity in all regions. Net inflow amounted to EUR +7.7 billion in 2021. Assets under management totalled EUR 130 billion. They rose +12% in 2021.

In Q4 21, net banking income amounted to EUR 171 million, up +5.6% vs. Q4 20.

In 2021, Lyxor's net banking income totalled EUR 239 million, an increase of +15.5% vs. 2020. Assets under management were up +27% in 2021, at EUR 178 billion.

In Q4 21, revenues were 10.9% higher than in Q4 20.

### Operating expenses

**2021:** operating expenses totalled EUR 6,863 million, an increase of +2.2% vs. 2020 on a reported basis, and +4.7% on an underlying basis (operating expenses included a restructuring charge of EUR 157 million in Q4 20). This increase can be explained by the rise in variable costs related to the increase in earnings and IFRIC 21 charges. Thanks to a very positive jaws effect, there was a significant improvement in the cost to income ratio of 14 points (72% vs. 86% on an underlying basis in 2020).

**Q4 21:** operating expenses were up +2.6% on an underlying basis (at EUR 1,681 million).

### Net cost of risk

**2021:** the cost of risk was at a low level of 5 basis points (or EUR 86 million), well below 2020 (57 basis points) which was adversely affected by the health crisis.

**Q4 21:** it amounted to 1 basis point (or EUR 3 million), vs. 28 basis points in Q4 20.

### Contribution to Group net income

**2021:** the contribution to Group net income was EUR 2,076 million.

**Q4 21:** it was EUR 635 million on a reported basis and EUR 539 million on an underlying basis (+68.4% vs. Q4 20).

Global Banking & Investor Solutions posted a significant RONE of 13.9% in 2021 (16.1% when restated for the impact of the contribution to the Single Resolution Fund).

The underlying RONE was 13.8% in Q4 21.

## 6. CORPORATE CENTRE

In EURm	Q4 21	Q4 20	2021	2020
Net banking income	93	2	374	(339)
<i>Underlying net banking income<sup>(1)</sup></i>	<i>(24)</i>	<i>2</i>	<i>257</i>	<i>(339)</i>
Operating expenses	(387)	(202)	(889)	(441)
<i>Underlying operating expenses<sup>(1)</sup></i>	<i>(251)</i>	<i>(162)</i>	<i>(510)</i>	<i>(388)</i>
Gross operating income	(294)	(200)	(515)	(780)
<i>Underlying gross operating income<sup>(1)</sup></i>	<i>(275)</i>	<i>(160)</i>	<i>(253)</i>	<i>(727)</i>
Net cost of risk	(7)	(22)	(6)	(22)
Net profits or losses from other assets	429	(105)	603	(185)
Impairment losses on goodwill	(114)	-	(114)	(684)
Income tax	193	52	187	(482)
Reported Group net income	168	(290)	(9)	(2,285)
<i>Underlying Group net income<sup>(1)</sup></i>	<i>(255)</i>	<i>(133)</i>	<i>(386)</i>	<i>(718)</i>

(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 activities for the Group, certain costs related to cross-functional projects as well as certain costs incurred by the Group not re-invoiced to the businesses.

**The Corporate Centre's net banking income totalled EUR +374 million** in 2021 vs. EUR -339 million in 2020 and EUR +93 million in Q4 21, including the positive impact of a revaluation of securities for EUR 117 million vs. EUR +2 million in Q4 20.

**Operating expenses totalled EUR 889 million** in 2021 vs. EUR 441 million in 2020. They include the Group's transformation costs for a total amount of EUR 379 million relating to the activities of French Retail Banking (EUR 194 million), Global Banking & Investor Solutions (EUR 99 million) and the Corporate Centre (EUR 86 million). Underlying costs came to EUR 510 million in 2021 compared to EUR 388 million in 2020.

Operating expenses totalled EUR 387 million in Q4 21 vs. EUR 202 million in Q4 20. They include the Group's transformation costs for a total amount of EUR 147 million relating to the activities of French Retail Banking (EUR 88 million), Global Banking & Investor Solutions (EUR 33 million) and the Corporate Centre (EUR 26 million). Underlying costs came to EUR 251 million in Q4 21 compared to EUR 162 million in Q4 20.

**Gross operating income totalled EUR -515 million in 2021** vs. EUR -780 million in 2020 and EUR -294 million in Q4 21 vs. EUR -200 million in Q4 20. Underlying gross operating income came to EUR -253 million in 2021 vs. EUR -727 million in 2020.

Net profits or losses from other assets amounted to EUR +603 million in 2021 vs. EUR -185 million in 2020. In Q4 21, they totalled EUR +429 million including the proceeds of the disposal of Lyxor's asset management activities for EUR 439 million, vs. EUR -105 million in Q4 20 including EUR -101 million in respect of the disposal of SG Finans.

In Q4 21, the Group benefited from the recognition of EUR 130 million of deferred tax assets. Furthermore, the review of International Retail Banking's financial trajectory led to the impairment of goodwill for EUR 114 million in Q4 21.

**The Corporate Centre's contribution to Group net income was EUR -9 million** in 2021 vs. EUR -2,285 million in 2020 and EUR +168 million in Q4 21 vs. EUR -290 million in Q4 20. The Corporate Centre's contribution to Group net income on an underlying basis was EUR -255 million.

## 7. CONCLUSION

In 2021, the Group delivered the best annual performance in its history, with Group net income of EUR 5.6 billion and a strong contribution from all its businesses.

2021 was also marked by major progress in the execution of all our strategic initiatives and in the strategic reallocation of our capital in favour of businesses offering profitable growth. The Group therefore announced the planned acquisition of LeasePlan by ALD to create a mobility leader, as well as Boursorama's entry into exclusive discussions with ING with a view to offering ING's individual customers in France the best alternative banking solution.

At end-December 2021, the Group had a CET1 ratio of 13.7%<sup>(1)</sup>, comfortably above its regulatory requirement.

The Board of Directors has established an attractive distribution of 2021 financial results to shareholders equivalent to EUR 2.75 per share. A dividend in cash of EUR 1.65 per share will be proposed to the General Meeting of Shareholders on May 17<sup>th</sup>.

Furthermore, the Group foresees a buyback programme for around EUR 915 million, or an amount equivalent to EUR 1.10 per share. Exceptionally, it has been retained a split of the distribution between 60% in cash and 40% through share buy-back.

In future, the Group intends to maintain a distribution policy of 50% of underlying Group net income<sup>(2)</sup> with up to 20% of the distribution in the form of a share buyback.

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<sup>(1)</sup> Phased-in (13.6% fully-loaded) post distribution provision

<sup>(2)</sup> After deducting interest on deeply subordinated notes and undated subordinated notes

## 8. 2022 FINANCIAL CALENDAR

### 2022 Financial communication calendar

May 5 <sup>th</sup> , 2022	First quarter 2022 results
May 17 <sup>th</sup> , 2022	2022 General Meeting
August 3 <sup>rd</sup> , 2022	Second quarter and first half 2022 results
November 4 <sup>th</sup> , 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, 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	Q4 21	Q4 20	Variation	2021	2020	Variation
French Retail Banking	400	104	x 3.8	1,492	666	x 2.2
International Retail Banking and Financial Services	584	376	+55.3%	2,082	1,304	+59.7%
Global Banking and Investor Solutions	635	280	x 2.3	2,076	57	x 36.4
<b>Core Businesses</b>	<b>1,619</b>	<b>760</b>	<b>x 2.1</b>	<b>5,650</b>	<b>2,027</b>	<b>x 2.8</b>
Corporate Centre	168	(290)	n/s	(9)	(2,285)	+99.6%
<b>Group</b>	<b>1,787</b>	<b>470</b>	<b>x 3.8</b>	<b>5,641</b>	<b>(258)</b>	<b>n/s</b>

## CONSOLIDATED BALANCE SHEET

In EUR m	31.12.2021	31.12.2020
Cash, due from central banks	179,969	168,179
Financial assets at fair value through profit or loss *	342,714	411,916
Hedging derivatives	13,239	20,667
Financial assets at fair value through other comprehensive income	43,450	52,060
Securities at amortised cost	19,371	15,635
Due from banks at amortised cost	55,972	53,380
Customer loans at amortised cost	497,164	448,761
Revaluation differences on portfolios hedged against interest rate risk	131	378
Investments of insurance companies	178,898	166,854
Tax assets *	4,812	4,995
Other assets	92,898	67,341
Non-current assets held for sale	27	6
Investments accounted for using the equity method	95	100
Tangible and intangible fixed assets	31,968	30,088
Goodwill	3,741	4,044
<b>Total *</b>	<b>1,464,449</b>	<b>1,444,404</b>

In EUR m	31.12.2021	31.12.2020
Due to central banks	5,152	1,489
Financial liabilities at fair value through profit or loss *	307,563	372,705
Hedging derivatives	10,425	12,461
Debt securities issued	135,324	138,957
Due to banks	139,177	135,571
Customer deposits	509,133	456,059
Revaluation differences on portfolios hedged against interest rate risk	2,832	7,696
Tax liabilities *	1,577	1,227
Other liabilities	106,305	84,937
Non-current liabilities held for sale	1	-
Insurance contracts related liabilities	155,288	146,126
Provisions *	4,850	4,732
Subordinated debts	15,959	15,432
<b>Total liabilities *</b>	<b>1,393,586</b>	<b>1,377,392</b>
<b>Shareholder's equity</b>		
<b>Shareholders' equity, Group share</b>		
Issued common stocks and capital reserves	21,913	22,333
Other equity instruments	7,534	9,295
Retained earnings *	30,631	32,102
Net income	5,641	(258)
<b>Sub-total *</b>	<b>65,719</b>	<b>63,472</b>
Unrealised or deferred capital gains and losses	(652)	(1,762)
<b>Sub-total equity, Group share *</b>	<b>65,067</b>	<b>61,710</b>
Non-controlling interests *	5,796	5,302
<b>Total equity *</b>	<b>70,863</b>	<b>67,012</b>
<b>Total *</b>	<b>1,464,449</b>	<b>1,444,404</b>

(\*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of financial statements)

## 10. APPENDIX 2: METHODOLOGY

**1 –The financial information presented in respect of Q4 and 2021 was examined by the Board of Directors on February 9<sup>th</sup>, 2021** and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

### **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 31<sup>st</sup>, 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.

The contributions to **Single Resolution Fund (« SRF »)** are part of IFRIC21 adjusted charges, they include contributions to national resolution funds within the EU.

## 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:

Q4 21 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
<b>Reported</b>	<b>6 620</b>	<b>(4 565)</b>	<b>(86)</b>	<b>449</b>	<b>(114)</b>	<b>(311)</b>	<b>1 787</b>	
(+) Revaluation gain*	(117)					2	(115)	Corporate Center
(+) IFRIC 21 linearisation		(199)				46	(149)	
(+) Transformation charges*		147				(39)	108	Corporate Center <sup>(1)</sup>
(+) Lyxor disposal*				(439)		50	(389)	Corporate Center
(+) DTA recognition*						(130)	(130)	Corporate Center
(+) Goodwill impairment*					114		114	Corporate Center
<b>Underlying</b>	<b>6 503</b>	<b>(4 617)</b>	<b>(86)</b>	<b>10</b>	<b>0</b>	<b>(382)</b>	<b>1 226</b>	

Q4 20 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
<b>Reported</b>	<b>5 838</b>	<b>(4 351)</b>	<b>(689)</b>	<b>(94)</b>	<b>0</b>	<b>(125)</b>	<b>470</b>	
(+) IFRIC 21 linearisation		(177)				52	(121)	
(+) Transformation charges*		210				(63)	147	o/w GBIS (EUR -157m), Corporate Center (EUR -53m)
(+) Group refocusing plan*			20	101		14	135	Corporate Center
<b>Underlying</b>	<b>5 838</b>	<b>(4 318)</b>	<b>(669)</b>	<b>7</b>	<b>0</b>	<b>(123)</b>	<b>631</b>	

2021 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
<b>Reported</b>	<b>25 798</b>	<b>(17 590)</b>	<b>(700)</b>	<b>635</b>	<b>(114)</b>	<b>(1 697)</b>	<b>5 641</b>	
(+) Lyxor disposal*				(439)		50	(389)	Corporate Center
(+) Transformation charges*		379				(104)	275	Corporate Center <sup>(2)</sup>
(+) Capital gains on Haussmann office disposal*				(185)		53	(132)	Corporate Center
(+) Revaluation gain*	(117)					2	(115)	Corporate Center
(+) DTA recognition*						(130)	(130)	Corporate Center
(+) Goodwill impairment*					114		114	Corporate Center
<b>Underlying</b>	<b>25 681</b>	<b>(17 211)</b>	<b>(700)</b>	<b>11</b>	<b>0</b>	<b>(1 826)</b>	<b>5 264</b>	

2020 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
<b>Reported</b>	<b>22 113</b>	<b>(16 714)</b>	<b>(3 306)</b>	<b>(12)</b>	<b>(684)</b>	<b>(1 204)</b>	<b>(258)</b>	
(+) Transformation charges*		210				(63)	147	o/w GBIS (EUR -157m), Corporate Center (EUR -53m)
(+) Group refocusing plan*			20	178		14	212	Corporate center
(+) Goodwill impairment*					684		684	Corporate center
(+) DTA impairment*						650	650	Corporate center
<b>Underlying</b>	<b>22 113</b>	<b>(16 504)</b>	<b>(3 286)</b>	<b>166</b>	<b>0</b>	<b>(603)</b>	<b>1 435</b>	

(\*) Exceptional item

(1) Transformation and/or restructuring charges in Q4 21 related to RBDF (EUR 88m), GBIS (EUR 33m) and Corporate Center (EUR 26m)

(2) Transformation and/or restructuring charges in 2021 related to RBDF (EUR 194m), GBIS (EUR 99m) and Corporate Center (EUR 86m)

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

The 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 EURm		Q4 21	Q4 20	2021	2020
French Retail Banking	Net Cost Of Risk	(20)	276	104	1,097
	Gross loan Outstandings	219,522	222,926	218,043	212,185
	Cost of Risk in bp	(4)	50	5	52
International Retail Banking and Financial Services	Net Cost Of Risk	96	287	504	1,265
	Gross loan Outstandings	137,018	128,965	133,321	132,082
	Cost of Risk in bp	28	89	38	96
Global Banking and Investor Solutions	Net Cost Of Risk	3	104	86	922
	Gross loan Outstandings	178,116	147,508	165,603	160,918
	Cost of Risk in bp	1	28	5	57
Corporate Centre	Net Cost Of Risk	7	22	6	22
	Gross loan Outstandings	14,574	14,044	13,835	11,611
	Cost of Risk in bp	16	62	4	20
Societe Generale Group	Net Cost Of Risk	86	689	700	3,306
	Gross loan Outstandings	549,229	513,443	530,801	516,797
	Cost of Risk in bp	6	54	13	64

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	Q4 21	Q4 20	2021	2020
Shareholders' equity Group share*	65,067	61,710	65,067	61,710
Deeply subordinated notes	(8,003)	(8,830)	(8,003)	(8,830)
Undated subordinated notes		(264)		(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	20	19	20	19
OCI excluding conversion reserves	(489)	(942)	(489)	(942)
Dividend provision	(2,286)	(467)	(2,286)	(467)
<b>ROE equity end-of-period*</b>	<b>54,310</b>	<b>51,227</b>	<b>54,310</b>	<b>51,227</b>
<b>Average ROE equity*</b>	<b>53,878</b>	<b>51,307</b>	<b>52,634</b>	<b>52,091</b>
Average Goodwill	(3,776)	(3,928)	(3,890)	(4,172)
Average Intangible Assets	(2,687)	(2,477)	(2,584)	(2,432)
<b>Average ROTE equity*</b>	<b>47,415</b>	<b>44,902</b>	<b>46,160</b>	<b>45,487</b>
<b>Group net Income (a)</b>	<b>1,787</b>	<b>470</b>	<b>5,641</b>	<b>(258)</b>
<b>Underlying Group net income (b)</b>	<b>1,226</b>	<b>631</b>	<b>5,264</b>	<b>1,435</b>
Interest on deeply subordinated notes and undated subordinated notes (c)	(151)	(164)	(590)	(611)
Cancellation of goodwill impairment (d)	337	-	337	684
<b>Ajusted Group net Income (e) = (a)+ (c)+(d)</b>	<b>1,973</b>	<b>306</b>	<b>5,388</b>	<b>(185)</b>
<b>Ajusted Underlying Group net Income (f)=(b)+(c)</b>	<b>1,075</b>	<b>467</b>	<b>4,674</b>	<b>824</b>
<b>Average ROTE equity (g)*</b>	<b>47,415</b>	<b>44,902</b>	<b>46,160</b>	<b>45,487</b>
ROTE [quarter: (4*e/g), 12M: (2*e/g)]	16.6%	2.7%	11.7%	-0.4%
<b>Average ROTE equity (underlying) (h)*</b>	<b>46,854</b>	<b>45,063</b>	<b>45,783</b>	<b>47,180</b>
Underlying ROTE [quarter: (4*f/h), 12M: (2*f/h)]	9.2%	4.1%	10.2%	1.7%

(\*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements)

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

In EUR m	Q4 21	Q4 20	Change	2021	2020	Change
French Retail Banking	10,990	11,186	-1.8%	11,149	11,427	-2.4%
International Retail Banking and Financial Services	10,523	10,112	+4.1%	10,246	10,499	-2.4%
Global Banking and Investor Solutions	15,602	14,287	+9.2%	14,916	14,302	+4.3%
<b>Core Businesses</b>	<b>37,115</b>	<b>35,585</b>	<b>+4.3%</b>	<b>36,310</b>	<b>36,228</b>	<b>+0.2%</b>
Corporate Center	16,763	15,722	+6.7%	16,324	15,863	+2.9%
<b>Group</b>	<b>53,878</b>	<b>51,307</b>	<b>+5.0%</b>	<b>52,634</b>	<b>52,091</b>	<b>+1.0%</b>

(\*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements)

## 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 – in EUR m	2021	2020	2019
Shareholders' equity Group share*	65,067	61,710	63,527
Deeply subordinated notes	(8,003)	(8,830)	(9,501)
Undated subordinated notes		(264)	(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	20	19	4
Bookvalue of own shares in trading portfolio	37	301	375
<b>Net Asset Value*</b>	<b>57,121</b>	<b>52,936</b>	<b>54,122</b>
Goodwill	(3,624)	(3,928)	(4,510)
Intangible Assets	(2,733)	(2,484)	(2,362)
<b>Net Tangible Asset Value*</b>	<b>50,764</b>	<b>46,524</b>	<b>47,250</b>
Number of shares used to calculate NAPS**	831,162	848,859	849,665
Net Asset Value per Share	68.7	62.4	63.7
Net Tangible Asset Value per Share	61.1	54.8	55.6

(\*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements)

(\* \*) The number of shares considered is the number of ordinary shares outstanding as at end of period, 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) – in EUR m	2021	2020	2019
Existing shares	853,371	853,371	834,062
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	3,861	2,987	4,011
Other own shares and treasury shares	3,249		149
Number of shares used to calculate EPS**	846,261	850,385	829,902
Group net Income	5,641	(258)	3,248
Interest on deeply subordinated notes and undated subordinated notes	(590)	(611)	(715)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	5,051	(869)	2,533
EPS (in EUR)	5.97	(1.02)	3.05
Underlying EPS* (in EUR)	5.52	0.97	4.03

(\*) Calculated on the basis of underlying Group net income.

(\*\*) The number of shares considered is the average number of ordinary shares outstanding during the period, 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 following 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](http://www.societegenerale.com) in the "Investor" section.

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## Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 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, Credit 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 (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 the MSCI Low Carbon Leaders Index (World and Europe).

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