Supplemental Listing Document

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

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

6,700,000 European Style Cash Settled Long Certificates relating to

the ordinary shares of Sun Hung Kai Properties Limited

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.60 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 21 June 2019 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 a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

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

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 21 June 2019 (the "**Guarantee**") and entered into by the Guarantor constitutes general unsecured 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 11 December 2019.

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.

10 December 2019

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

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

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

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

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

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

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

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RISK FACTORS

The following are risk factors relating to the Certificates:

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

(b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes general unsecured 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 fallen sharply on the Expiry Date;

(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 27 to 31 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long 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 Strategy (as described below) including the Funding 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 a 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 performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

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

(p) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall 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 fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 46 to 47 of this document for more information;

(q) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 33 to 35 of this document for more information;

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

(s) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(bb) U.S. withholding tax

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

(cc) risk factors relating to the BRRD

French 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. As a directive, the BRRD is not directly applicable in France and had to be transposed into national legislation. The French ordonnance no. 2015-1024 of 20 August 2015 transposed the BRRD into French law and amended the French Code monétaire et financier for this purpose. The French ordonnance has been ratified by law no. 2016-1691 dated 9 December 2016 (Loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique) which also incorporates provisions which clarify the implementation of the BRRD. In Luxembourg, the BRRD was implemented by the Luxembourg act dated 18 December 2015 (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the CSSF and the resolution authority is the CSSF acting as Resolution Council (*le Conseil de résolution*).

The stated aim of the BRRD and Regulation (EU) no. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the "**SRM Regulation**") is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the 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 minimizing the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralized power of resolution is established and entrusted to the Single Resolution Board (the "**SRB"**) and to the national resolution authorities.

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 French Code monétaire et financier implementing the BRRD are deemed to be met when: (i) the Resolution Authority or the relevant supervisory 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 the form defined in Article L. 613-48 III, 3° of the French Code monétaire et financier).

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion into ordinary shares or other instruments of ownership of the Certificates, 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, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such power.

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.

Since January 1, 2016, French credit institutions (such as the Issuer and the Guarantor) have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article L. 613-44 of the French Code monétaire et financier. 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.

In addition, on November 9, 2015, the Financial Stability Board (the "**FSB**") published a standard on total loss absorbing capacity ("**TLAC**") which is set forth in a term sheet (the "**FSB TLAC Term Sheet**"). That standard –which has been adopted after the BRRD –shares similar objectives to MREL but covers a different scope. Moreover, the Council of the European Union published on February 14, 2019 a final compromise text for the modification of CRR and BRRD intending to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility.

The TLAC requirements are expected to be complied with since January 1, 2019 in accordance with the FSB principles. The TLAC requirements impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as the Issuer and the Guarantor, 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). However, according to the final compromise text for the modification of CRR published by the Council of the European Union in February 2019, European Union G-SIBs will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the amending regulation. As such, G-SIBs will have to comply at the same time with TLAC and MREL described above.

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 banks' resolution plans have applied since January 1, 2015 and the SRM has been fully operational since January 1, 2016.

The application of any measure under the French BRRD implementing provisions 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 institution or its 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.

Following the publication on 7 June 2019 in the Official Journal of the EU 14 May 2019 by the Council of the 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 and Directive 98/26/EC and of the Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the Single Resolution Mechanism Regulation (Regulation 806/2014) as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, a comprehensive legislative package reducing risks in the banking sector and further reinforcing banks' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system from 28 December 2020.

TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

Certificates:	6,700,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Sun Hung Kai Properties Limited (the "**Underlying Stock**")
Company:	Sun Hung Kai Properties Limited (RIC: 0016.HK)
Underlying Price[3] and Source:	HK$113.3 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.60
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.60%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	5 December 2019
Closing Date:	10 December 2019
Expected Listing Date:	11 December 2019

[3] These figures are calculated as at, and based on information available to the Issuer on or about 10 December 2019. 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 10 December 2019.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 1 December 2022
Expiry Date:	8 December 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	7 December 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 38 to 52 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 1 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and ACT (t-1;t) means the number of calendar days between the Underlying

Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage 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 Long Certificates on Single Equities” section on pages 38 to 52 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 Strategy (as described below) on the Valuation Date The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 18 to 22 below.
Initial Exchange Rate[3]:	0.1737
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 Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise 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 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 20 to 22 below and the "Description of Air Bag Mechanism" section on pages 44 to 45 of this document for further information of the Air Bag Mechanism.
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 ("**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	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 in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in

accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

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 Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information: Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

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

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

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

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

On Observation Date(1):

$\mathrm{LSL}_1 = 1000$

On each subsequent Observation Date(t):
$\mathrm{LSL}_t = \mathrm{Max}\left[\mathrm{LSL}_{t-1} \times \left(1 + \mathrm{LR}_{t-1,t} - \mathrm{FC}_{t-1,t} - \mathrm{RC}_{t-1,t}\right), 0\right]$

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

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

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

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

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

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

TC means the Transaction Costs applicable (including Stamp Duty) that are equal to :
0.10%

Leverage 5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$\mathbf{Rate_t}$ means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$\mathrm{Rate}_t = \mathrm{CashRate}_t + \%\mathrm{SpreadLevel}_t$$

$\mathbf{Rfactor_t}$ means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula :

$$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$

where
Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

$\mathbf{CashRate_t}$ means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant

Reuters page.

$\%\mathbf{SpreadLevel_t}$ means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page.

Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.

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

DayCountBasisRate 365

<u>Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")</u>

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 Strategy Closing Level on the Intraday Restrike Date ($\mathrm{LSL_{IRD}}$) should be computed as follows :

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

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

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

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

(1) for k = 1 :

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

(2) for k > 1 :

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

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

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

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

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

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

(1) for k=0

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

(2) for k=1 to n

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

(3) with respect to IR(C)

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

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

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

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

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 decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price

$\mathbf{IS_{IR(k)}}$ as of such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage 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 21 June 2019, 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) or the Regulator (as defined below), 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 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 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

(ii) that the 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.

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

"**Bail-In Power**" means any power existing from time to time under any laws, regulations, rules or requirements in effect in France, relating to the transposition of 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, the "**BRRD**"), including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time, the "**20 August 2015 Decree Law**"), 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 and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the "**Single Resolution Mechanism Regulation**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

"**Regulated Entity**" means any entity referred to in Section I of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

"**Relevant Resolution Authority**" means the *Autorité de contrôle prudentiel et de résolution* (the ACPR), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

"**Regulator**" means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer 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 under the laws and regulations in effect in France and the European Union applicable to the Issuer or other members of its group.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Certificates, the Issuer will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Bail-in Power. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power 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 another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator 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.

If the Relevant Resolution Authority or the Regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless otherwise instructed by the Issuer or the Relevant Resolution Authority or the Regulator, any cancellation, write-off or conversion made in respect of the Certificates pursuant to the Bail-in Power will be made on a pro-rata basis.

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 and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer, shall be borne by any Certificate Holder.

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 a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

(i) that fifth Exchange Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level on the basis of its good faith estimate of the Final Reference Level that would have prevailed on that fifth Exchange Business Day but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence on the Valuation Date 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.

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(c).

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 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(c) 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.

(c) *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 or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the

Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Governing Law

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

15. Prescription

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

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

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

SUMMARY OF THE ISSUE

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

Issuer:	SG Issuer
Company:	Sun Hung Kai Properties Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	6,700,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 21 June 2019 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: 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 11 December 2019.
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 a qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

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

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long 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 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 increase and are seeking short-term leveraged 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 Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

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

Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage 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 Sun Hung Kai Properties Limited
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.60 SGD**
Notional Amount per Certificate:	**0.60 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**4.60%**
Strike Level:	Zero

Hedging Fee Factor

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

HFF(0) = 100%

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

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

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

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

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

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

$$\mathrm{HFF\ (2)} = 99.9733\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF\ (2)} = 99.9733\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

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

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

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

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

= [(1200 x 1) / (1000 x 1) – 0] x 99.7919%

= 119.75%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.75% x 0.60SGD

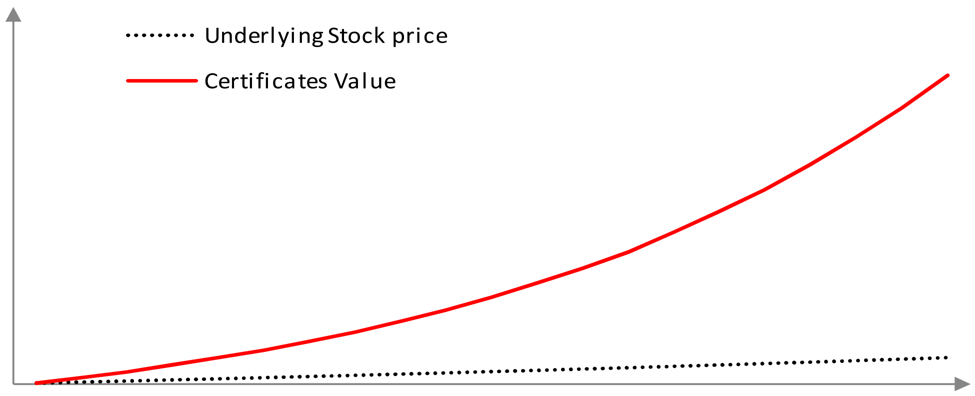
= 0.719 SGD

Illustration on how returns and losses can occur under different scenarios

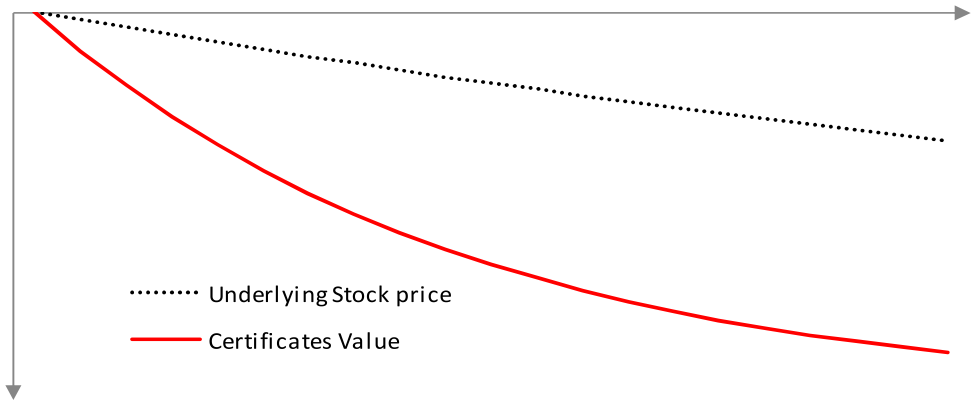
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

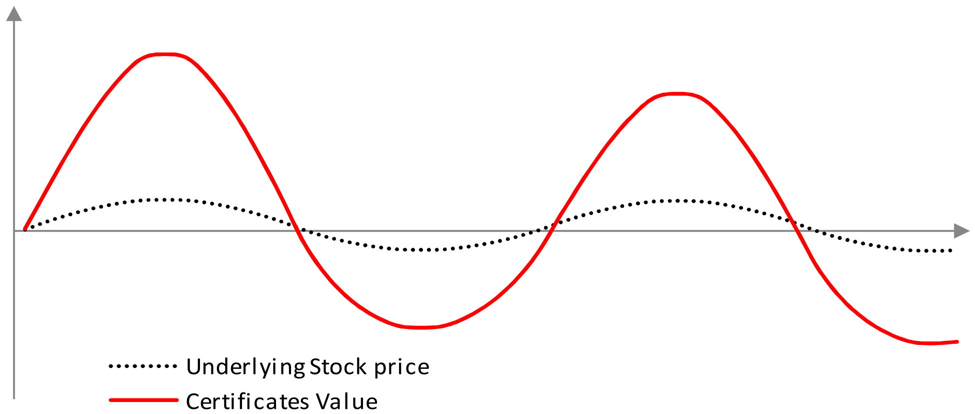
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.6	0.66	0.73	0.80	0.88	0.97
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.6	0.54	0.49	0.44	0.39	0.35
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.6	0.66	0.59	0.65	0.59	0.65
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

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 minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum 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 Strategy, 30 minutes after the Air Bag trigger.

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

Air Bag Mechanism timeline

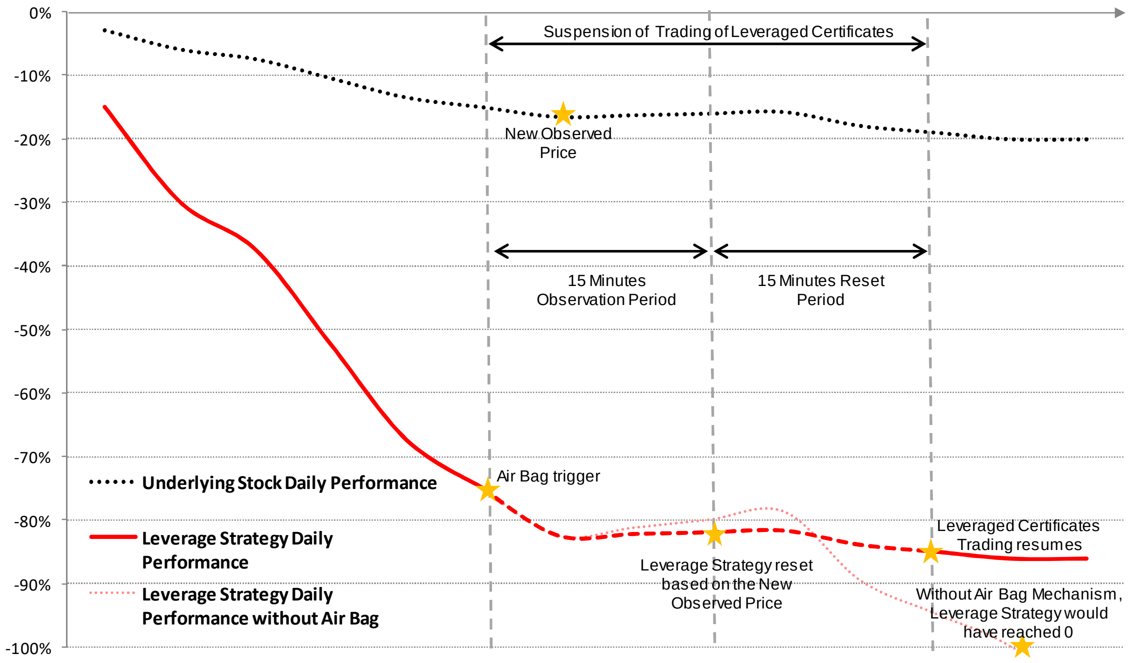
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>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

With **Market Close** defined as:

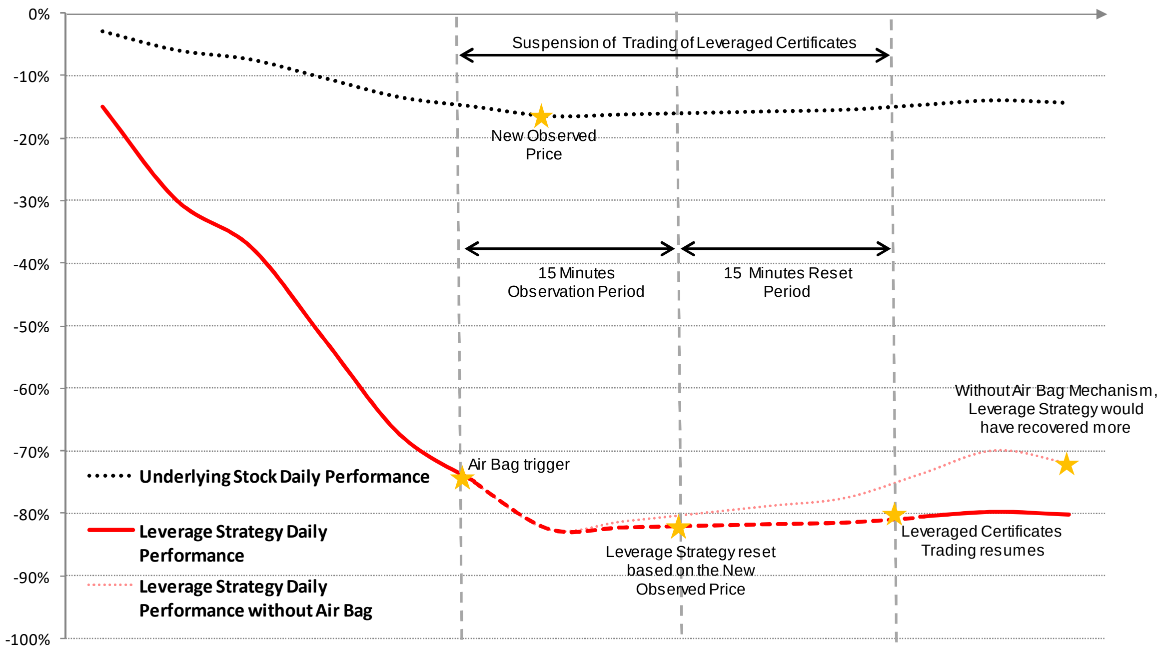
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

<u>Illustrative examples of the Air Bag Mechanism</u>[9]

<u>Scenario 1 – Downward Trend after Air Bag trigger</u>



<u>Scenario 2 – Upward Trend after Air Bag trigger</u>



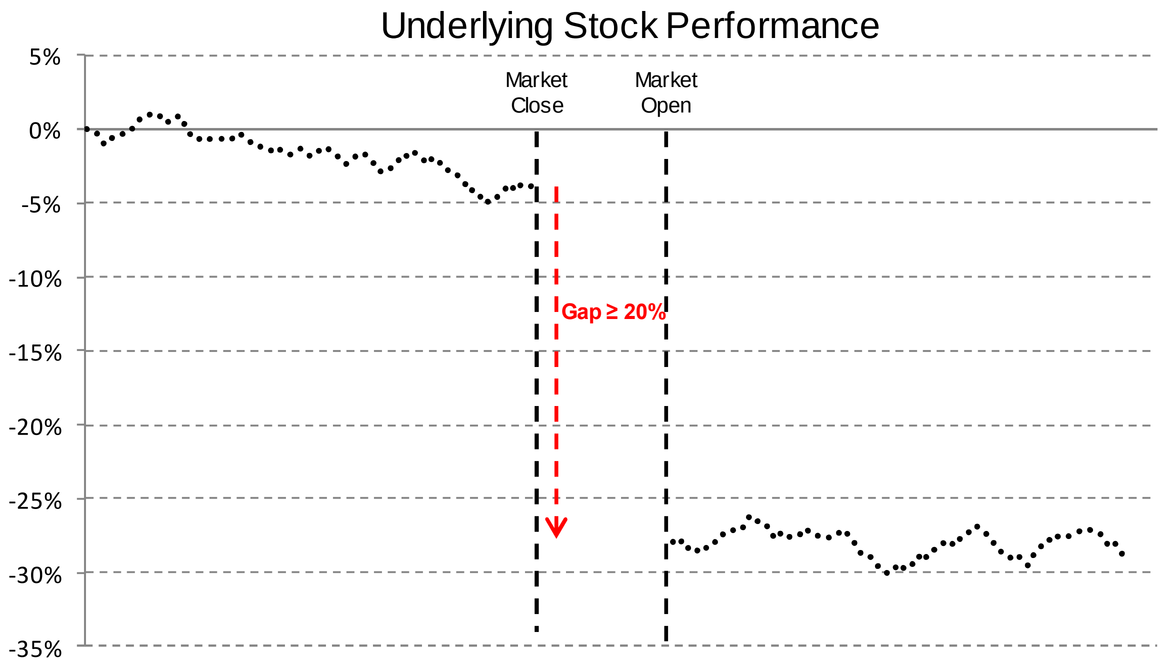
[9] The illustrative examples are not exhaustive.

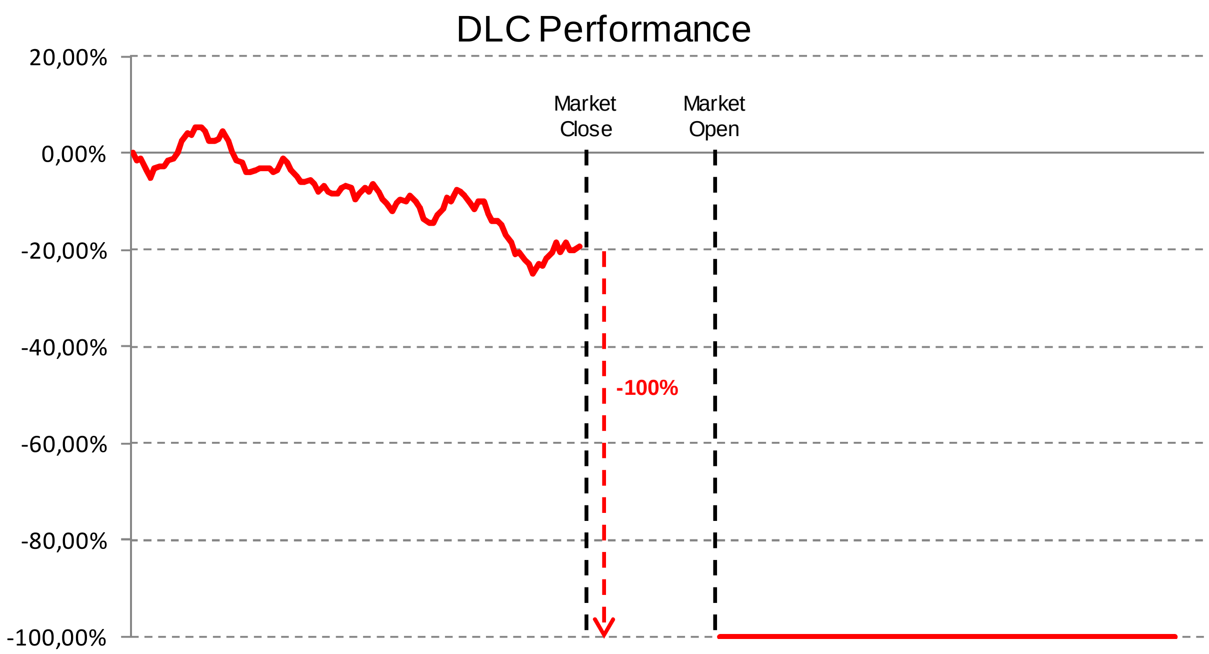
Scenarios where the investor may lose the entire value of the investment

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

Scenario 1 – Overnight fall of the Underlying Stock

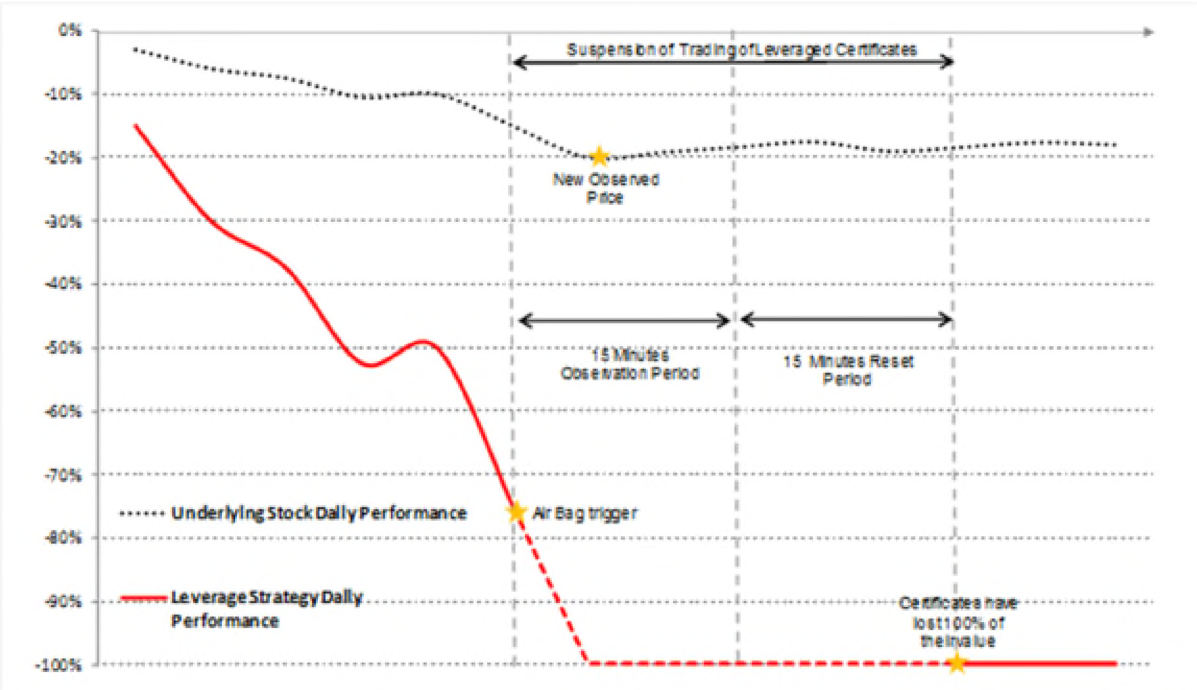
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below 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.





<u>*Scenario 2 – Sharp intraday fall of the Underlying Stock*</u>

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 falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event 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 events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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 falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

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

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

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

1. 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):

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

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.66	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

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

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

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.63	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $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

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.75	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $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

$Div_t = \$0$

$DivExc_t = \$0$

R = $0

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

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

As a consequence:

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

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)
0.6	0.66	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $70.83, which is 15% below $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

$Div_t = \$0$

$DivExc_t = \$20$

R = $0

M = 0

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.75	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$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.shkp.com/en-US. The Issuer has not independently verified any of such information.*

Sun Hung Kai Properties Limited is an investment holding company mainly engaged in the sale of property. Along with subsidiaries, the Company operates its business through six segments: the Property Sales segment, the Property Rental segment, the Telecommunications segment, the Hotel Operation segment, the Transport Infrastructure and Logistics segment, and the Other Businesses segment. The Property sales and Property rental segments operate in Hong Kong, Mainland China and Singapore. The Telecommunications segment is involved in the provision of mobile telephone services, and data centers and information technology (IT) infrastructure business. The Transport Infrastructure and Logistics segment is involved in transport infrastructure operation and management, port business, air transport and logistics business, and the operation of department stores and supermarkets through YATA Limited.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 June 2019 and has been extracted and reproduced from an announcement by the Company dated 3 October 2019 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

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

(a)	Maximum bid and offer spread	:	10 ticks or S$0.20 whichever is greater
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

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

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

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST), the DMM will not provide the bid price. In such an instance, the DMM will provide the offer price only;

(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 ISSUER

The information set out in Appendix II of this document is a reproduction of the Issuer's condensed interim financial statements as at and for the six-month period ended 30 June 2019.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix III of this document is a reproduction of the press release dated 6 November 2019 containing the Guarantor's consolidated financial results for the third quarter ended 30 September 2019.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 99 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 third 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 30 June 2019 or the Guarantor since 30 September 2019, in the context of the issuance of Certificates hereunder.

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

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

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

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

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

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

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

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

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

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

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

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

(e) the Base Listing Document;

(f) this document; and

(g) the Guarantee.

PLACING AND SALE

General

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

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

Singapore

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

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance.

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 the 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 Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the Prospectus Directive); and

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

United Kingdom

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

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of Financial Services and Markets Act, as amended (the "**FSMA**") by the Issuer;

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

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

United States

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

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

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

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC, 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 OF SUN HUNG KAI PROPERTIES LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 June 2019 and has been extracted and reproduced from an announcement by the Company dated 3 October 2019 in relation to the same.

Deloitte. 德勤

TO THE SHAREHOLDERS OF SUN HUNG KAI PROPERTIES LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 162 to 236, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole and because significant judgment is involved in determining the inputs used in the valuation. As at 30 June 2019, the Group's investment properties amounted to HK$386,612 million which represented 51.5% of the Group's total assets. Increase in fair value of investment properties of HK$12,535 million was recognized in the consolidated income statement for the year then ended. The Group's investment properties are stated at fair value based on the valuation carried out by independent qualified valuers (the "Valuers"). The valuation was dependent on certain key estimates which requires significant judgment, including capitalization rates. The valuation of investment properties under development was also dependent on the estimated costs that will be incurred to complete the development with appropriate allowance for profit and risk. Details of the valuation methodology and key inputs used in the valuation are disclosed in note 15 to the consolidated financial statements.	Our procedures in relation to the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers; • Assessing the appropriateness and reasonableness of the valuation methodology, key assumptions and estimates used in the valuations, by comparing them to an estimated range, on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry; and • Assessing the completeness and consistency of information provided by the Group to the Valuers; and evaluating the accuracy of the key inputs used in the valuation on a sample basis.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Assessment of the net realizable values of properties for sale	
We identified the assessment of the net realizable values of properties for sale as a key audit matter as the properties for sale is significant to the Group's consolidated financial statements as a whole; and the Group's assessment of the carrying values of properties for sale, being the lower of cost and net realizable value, takes into account the price ultimately expected to be realized and the anticipated costs to completion. As disclosed in note 23 to the consolidated financial statements, the Group's properties for sale amounted to HK$196,107 million which represented 26.1% of the Group's total assets, as at 30 June 2019.	Our procedures in relation to the Group's assessment of the net realizable values of properties for sale included: • Assessing the reasonableness of the net realizable values of properties for sale, on a sample basis, by comparing the carrying values with the market prices achieved less future costs to completion in the same projects or comparable properties, based on our knowledge of the Group's business and current market development in the real estate industry; and • Obtaining an understanding of the management's process in estimating the future costs to completion for the properties pending/under development for sale; and assessing the reasonableness of their estimations, on a sample basis, by comparing the expected costs to the Group's development budgets and the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents.
Revenue recognition of property sales	
We identified revenue recognition of property sales as a key audit matter as it is significant to the consolidated income statement and there is judgment involved in determining the appropriate point in time for recognizing revenue from property sales. The Group's revenue from property sales for the year ended 30 June 2019 amounted to HK$38,573 million, which is disclosed in note 6 to the consolidated financial statements, and represented 45.2% of the Group's revenue. As disclosed in note 5(c)(i) to the consolidated financial statements, revenue from sale of properties is recognized when control over the ownership or physical possession of the property is transferred to the customers.	Our procedures in relation to revenue recognition of property sales included: • Obtaining an understanding on the management's controls over the determination of appropriate point in time to recognize revenue and testing the effectiveness of such controls; and • Assessing whether the controls over the ownership of the properties have been transferred to the buyers, on a sample basis, with reference to the correspondences issued by the relevant government authorities and the terms set out in the sales and purchase agreements and checking the status of the transfer of the properties to the buyers and the settlement of the considerations for the property sales.

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Sze Ching Yiu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 September 2019

Consolidated Income Statement

For the year ended 30 June 2019
(Expressed in millions of Hong Kong dollars)

	Notes	2019	2018
Revenue	6(a)	**85,302**	85,644
Cost of sales		**(40,455)**	(43,752)
Gross profit		**44,847**	41,892
Other net income		**740**	1,156
Selling and marketing expenses		**(4,791)**	(4,937)
Administrative expenses		**(2,938)**	(2,658)
Operating profit before changes in fair value of investment properties	6(a)	**37,858**	35,453
Increase in fair value of investment properties		**12,535**	15,772
Operating profit after changes in fair value of investment properties		**50,393**	51,225
Finance costs		**(2,446)**	(1,985)
Finance income		**395**	368
Net finance costs	8	**(2,051)**	(1,617)
Share of results (including increase in fair value of investment properties net of deferred tax of HK$2,230 million (2018: HK$6,081 million)) of:			
Associates		**445**	612
Joint ventures		**5,696**	9,136
	6(a) & 14(b)	**6,141**	9,748
Profit before taxation	9	**54,483**	59,356
Taxation	12	**(8,474)**	(8,402)
Profit for the year	6(a)	**46,009**	50,954
Attributable to:			
Company's shareholders		**44,912**	49,951
Perpetual capital securities holders		**171**	174
Non-controlling interests		**926**	829
		46,009	50,954
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	14(a)		
Basic		**$15.50**	$17.24
Diluted		**$15.50**	$17.24
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	14(b)		
Basic		**$11.18**	$10.49
Diluted		**$11.18**	$10.49

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019
(Expressed in millions of Hong Kong dollars)

	2019	2018
Profit for the year	**46,009**	50,954
Items that may be reclassified subsequently to profit or loss:		
Translation difference on foreign operations	**(3,522)**	2,127
Cash flow hedge		
– fair value gains recognized directly in reserves during the year	**105**	–
Available-for-sale investments		
– fair value gains recognized directly in reserves during the year	**–**	427
– fair value gains transferred to consolidated income statement on disposal	**–**	(1)
	–	426
Debt securities at fair value through other comprehensive income		
– fair value gains recognized directly in reserves during the year	**2**	–
Share of other comprehensive (loss)/income of associates and joint ventures	**(605)**	441
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
– fair value losses recognized directly in reserves during the year	**(253)**	–
Share of other comprehensive (loss)/income of an associate	**(88)**	225
Other comprehensive (loss)/income for the year	**(4,361)**	3,219
Total comprehensive income for the year	**41,648**	54,173
Total comprehensive income for the year attributable to:		
Company's shareholders	**40,659**	53,109
Perpetual capital securities holders	**171**	174
Non-controlling interests	**818**	890
	41,648	54,173

Consolidated Statement of Financial Position

As at 30 June 2019
(Expressed in millions of Hong Kong dollars)

	Notes	2019	2018
Non-current assets			
Investment properties	15	**386,612**	369,477
Property, plant and equipment	16	**35,862**	34,587
Associates	17	**6,014**	5,570
Joint ventures	18	**67,737**	66,197
Financial investments	19	**3,313**	3,384
Intangible assets	20	**4,445**	4,976
Other non-current assets	21	**4,764**	6,171
		508,747	490,362
Current assets			
Properties for sale	23	**196,107**	177,367
Inventories		**356**	440
Trade and other receivables	24	**22,811**	20,363
Financial investments	19	**1,103**	859
Bank deposits and cash	25	**22,038**	26,095
		242,415	225,124
Current liabilities			
Bank and other borrowings	26	**(9,168)**	(12,646)
Trade and other payables	27	**(28,699)**	(30,825)
Deposits received on sales of properties	28	**(16,983)**	(12,230)
Current tax payable		**(11,052)**	(10,551)
		(65,902)	(66,252)
Net current assets		**176,513**	158,872
Total assets less current liabilities		**685,260**	649,234
Non-current liabilities			
Bank and other borrowings	29	**(85,838)**	(78,788)
Deferred tax liabilities	30	**(23,328)**	(21,660)
Other non-current liabilities	31	**(275)**	(354)
		(109,441)	(100,802)
NET ASSETS		**575,819**	548,432
CAPITAL AND RESERVES			
Share capital	32	**70,683**	70,612
Reserves		**495,722**	468,486
Shareholders' equity		**566,405**	539,098
Perpetual capital securities	33	**3,813**	3,887
Non-controlling interests		**5,601**	5,447
TOTAL EQUITY		**575,819**	548,432

Directors:

Kwok Ping-luen, Raymond

Lui Ting, Victor

Consolidated Statement of Cash Flows

For the year ended 30 June 2019
(Expressed in millions of Hong Kong dollars)

	Notes	2019	2018
Operating activities			
Operating cash inflow	36(a)	**40,631**	36,711
Changes in working capital	36(a)	**(17,020)**	(26,402)
Cash generated from operations	36(a)	**23,611**	10,309
Interest paid		**(3,018)**	(2,320)
Bank interest received		**392**	371
Interest received from investments		**190**	135
Dividends received from equity securities		**154**	178
Dividends received from associates and joint ventures		**3,965**	2,491
Hong Kong profits tax paid		**(4,521)**	(2,530)
Outside Hong Kong tax paid		**(1,018)**	(1,268)
Net cash from operating activities		**19,755**	7,366
Investing activities			
Additions to investment properties		**(4,720)**	(14,362)
Additions to property, plant and equipment		**(7,840)**	(8,825)
Additions to concession assets		**(22)**	–
Purchase of an associate		**–**	(8)
Purchase of financial investments		**(647)**	(79)
Net (advances)/repayments from associates and joint ventures		**(391)**	98
Loans and advances repaid/(made)		**123**	(1,578)
Payment of telecommunications licence fees		**(62)**	(62)
Net proceeds from disposal of investment properties		**316**	740
Proceeds from disposal of property, plant and equipment		**13**	9
Proceeds from disposal of financial investments		**394**	314
Net cash used in investing activities		**(12,836)**	(23,753)
Financing activities			
Bank and other borrowings raised		**38,704**	37,395
Repayment of bank and other borrowings		**(34,649)**	(13,578)
(Decrease)/increase in fundings from non-controlling interests		**(78)**	211
Decrease in bank deposits maturing after more than three months		**2,461**	3,167
Decrease in pledged bank deposits		**–**	2
Proceeds from issue of shares		**64**	85
Proceeds from issue of shares by a subsidiary		**3**	7
Payment for repurchase of shares by a subsidiary		**(58)**	(266)
Purchase of shares for share award scheme in a subsidiary		**(9)**	–
Buy-back of perpetual capital securities		**(58)**	(20)
Dividends paid to shareholders		**(13,617)**	(12,167)
Dividends paid to non-controlling interests		**(665)**	(591)
Distributions paid to perpetual capital securities holders		**(171)**	(174)
Net cash (used in)/from financing activities		**(8,073)**	14,071
Decrease in cash and cash equivalents		**(1,154)**	(2,316)
Cash and cash equivalents at beginning of year		**23,035**	25,074
Effect of foreign exchange rates changes		**(451)**	277
Cash and cash equivalents at end of year	36(b)	**21,430**	23,035

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019
(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders								
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Perpetual capital securities	Non-controlling interests	Total
At 1 July 2017	70,516	681	1,158	(695)	426,555	498,215	3,910	5,238	507,363
Profit for the year	–	–	–	–	49,951	49,951	174	829	50,954
Other comprehensive income for the year	–	–	425	2,508	225	3,158	–	61	3,219
Total comprehensive income for the year	–	–	425	2,508	50,176	53,109	174	890	54,173
Shares issued on exercise of share options	96	(11)	–	–	–	85	–	–	85
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	3	3
Share options lapsed	–	(1)	–	–	1	–	–	–	–
Final dividend paid	–	–	–	–	(8,690)	(8,690)	–	–	(8,690)
Interim dividend paid	–	–	–	–	(3,477)	(3,477)	–	–	(3,477)
Adjustments relating to changes in interests in subsidiaries	–	(147)	–	–	–	(147)	–	(68)	(215)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(616)	(616)
Distributions paid to perpetual capital securities holders	–	–	–	–	–	–	(174)	–	(174)
Buy-back of perpetual capital securities	–	–	–	–	3	3	(23)	–	(20)
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	–	3	–	–	(3)	–	–	–	–
At 30 June 2018 (Originally stated)	70,612	525	1,583	1,813	464,565	539,098	3,887	5,447	548,432
Adjustment on initial adoption of HKFRS 9 (Note 3(a) and 3(c)(i))	**–**	**–**	**173**	**–**	**7**	**180**	**–**	**–**	**180**
Adjustment on initial adoption of HKFRS 15 (Note 3(b) and 3(c)(i))	**–**	**–**	**–**	**–**	**44**	**44**	**–**	**18**	**62**
At 1 July 2018 (Restated)	**70,612**	**525**	**1,756**	**1,813**	**464,616**	**539,322**	**3,887**	**5,465**	**548,674**
Profit for the year	**–**	**–**	**–**	**–**	**44,912**	**44,912**	**171**	**926**	**46,009**
Other comprehensive (loss)/income for the year	**–**	**105**	**(242)**	**(4,019)**	**(97)**	**(4,253)**	**–**	**(108)**	**(4,361)**
Total comprehensive (loss)/income for the year	**–**	**105**	**(242)**	**(4,019)**	**44,815**	**40,659**	**171**	**818**	**41,648**
Transfer to retained profits upon disposal of equity investments	**–**	**–**	**(26)**	**–**	**26**	**–**	**–**	**–**	**–**
Shares issued on exercise of share options	**71**	**(7)**	**–**	**–**	**–**	**64**	**–**	**–**	**64**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19**	**19**
Purchase of shares for Share Award Scheme in a subsidiary	**–**	**–**	**–**	**–**	**(6)**	**(6)**	**–**	**(3)**	**(9)**
Final dividend paid	**–**	**–**	**–**	**–**	**(9,995)**	**(9,995)**	**–**	**–**	**(9,995)**
Interim dividend paid	**–**	**–**	**–**	**–**	**(3,622)**	**(3,622)**	**–**	**–**	**(3,622)**
Adjustments relating to changes in interests in subsidiaries	**–**	**(33)**	**–**	**–**	**–**	**(33)**	**–**	**(19)**	**(52)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(679)**	**(679)**
Distributions paid to perpetual capital securities holders	**–**	**–**	**–**	**–**	**–**	**–**	**(171)**	**–**	**(171)**
Buy-back of perpetual capital securities	**–**	**–**	**–**	**–**	**16**	**16**	**(74)**	**–**	**(58)**
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	**–**	**1**	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**
At 30 June 2019	**70,683**	**591**	**1,488**	**(2,206)**	**495,849**	**566,405**	**3,813**	**5,601**	**575,819**

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards and interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance (Cap. 622) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value, as explained in the principal accounting policies set out in Note 5.

2. Application of New and Amendments to HKFRSs

In the current year, the Group has adopted a number of new and amendments to HKFRSs issued by the HKICPA that are first effective for the Group's financial year beginning 1 July 2018. Except for HKFRS 9, Financial Instruments and HKFRS 15, Revenue from Contracts with Customers, the adoption of these new or amended HKFRSs does not have a material effect on the Group's financial statements.

The Group has to change its accounting policies with effect from 1 July 2018 as a result of adopting HKFRS 9 and HKFRS 15. In initially applying these two new standards, the Group has taken transitional provisions and methods not to restate comparative information for prior years and recognized the cumulative effects as adjustments to the opening balance of the Group's equity at 1 July 2018. The comparative information continues to be reported under the accounting policies prevailing prior to 1 July 2018. The overall effect of adopting these two standards was an increase of HK$224 million (HKFRS 9: HK$180 million; and HKFRS 15: HK$44 million) in the opening balance of the Group's equity at 1 July 2018. Details of the changes in accounting policies and effects are explained in Note 3.

The Group has not applied any new standard or amendment that is not effective for the current year.

3. Changes in Accounting Policies

(a) HKFRS 9, Financial Instruments

HKFRS 9 replaces HKAS 39, Financial Instruments: Recognition and Measurement. It introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 July 2018 in accordance with the transitional provisions. Differences between the previous reported carrying amounts and the new carrying amounts under HKFRS 9 at 1 July 2018 are recognized as adjustments to the opening balance of retained profits or reserves as at 1 July 2018. Comparative information is not restated.

The Group has been impacted by HKFRS 9 in relation to changes in classification and measurement by an associated company of its financial assets. This resulted in a HK$180 million increase in the opening balance of the Group's equity and a corresponding increase in the carrying amount of the Group's interest in this associated company at 1 July 2018.

Further details of the nature and effects of the changes to the previous accounting policies are set out below and in Note 3(c).

3. Changes in Accounting Policies (cont'd)

(a) HKFRS 9, Financial Instruments (cont'd)

Key changes to the Group's accounting policies

HKFRS 9 has no significant impact on the Group's accounting policies related to financial liabilities. While hedge accounting requirements are revised under HKFRS 9, there are no significant changes to the Group's current practices on hedge accounting. The Group's existing hedge accounting relationships designated under HKAS 39 have met the hedge effectiveness requirements and are regarded as continuing hedging relationships in accordance with HKFRS 9. The key changes to the Group's accounting policies are on the classification and measurement, and impairment of the Group's financial assets, as further explained below:

(i) Classification and measurement of financial assets

HKFRS 9 categorizes financial assets into three principal classification categories: measured at amortized cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVTPL"). These superseded the previous HKAS 39's categories of held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Effective on 1 July 2018, the Group's financial assets are classified into the following measurement categories:

– Financial assets measured at amortized cost

Financial assets measured at amortized cost represent those assets which are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. These comprise primarily loans and receivables, trade receivables and certain debt investments.

– Debt investments measured at FVOCI

Debt investments are measured at FVOCI when they are held for both collection of contractual cash flows and for selling the assets, where those assets' cash flows represent solely payments of principal and interest. Changes in fair value are recognized in other comprehensive income ("OCI"). When the investment is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to and recognized in profit or loss.

– Equity investments measured at FVOCI

Equity investments measured at FVOCI represent those investments which are not held for trading and for which the Group irrevocably makes an election on initial recognition to designate them to be measured at FVOCI such that subsequent changes in fair value are recognized in OCI. When the investment is derecognized, the cumulative gain or loss previously recognized in OCI is transferred to retained profits and is not reclassified to profit or loss.

– Financial assets measured at FVTPL

Financial assets which do not meet the criteria for being measured at amortized cost or FVOCI as described above are measured at FVTPL. These include derivative financial assets and equity investments, unless they are eligible for and designated at FVOCI by the Group on initial recognition. Changes in fair value of these financial assets are recognized in profit or loss.

3. Changes in Accounting Policies (cont'd)

(a) *HKFRS 9, Financial Instruments (cont'd)*

Key changes to the Group's accounting policies (cont'd)

(i) Classification and measurement of financial assets (cont'd)

The following table shows the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018. The measurement categories for the Group's financial liabilities remain the same.

	Original (HKAS 39)		New (HKFRS 9)	
	Measurement Category	Carrying Amount	Measurement Category	Carrying Amount
Bank deposits and cash	Amortized cost	26,095	Amortized cost	26,095
Trade and other receivables	Amortized cost	13,026	Amortized cost	13,026
Loan receivables	Amortized cost	7,008	Amortized cost	7,008
Held-to-maturity debt securities	Amortized cost	559	Amortized cost	559
Debt securities	Available-for-sale, at fair value	702	FVOCI	366
			FVTPL[1]	336
Equity securities	Available-for-sale, at fair value	2,340	FVOCI[2]	2,243
			FVTPL[1]	97
Financial assets at fair value through profit or loss	FVTPL	642	FVTPL	642
Derivative financial instruments	FVTPL	205	FVTPL	205
Total financial assets		50,577		50,577

(1) Certain available-for-sale debt securities (HK$336 million) and equity securities (HK$97 million) are mandatorily measured at FVTPL under HKFRS 9. While there is no change in the carrying amounts under HKFRS 9 and, therefore, no impact on the Group's equity, the related cumulative fair value gains of HK$7 million were reclassified from investment revaluation reserve to retained profits on 1 July 2018.

(2) Equity securities of HK$2,243 million were designated to be measured at FVOCI as these securities are held for strategic purpose.

(ii) Impairment of financial assets

HKFRS 9 requires recognition of impairment provisions based on the expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. It replaces the incurred loss model under HKAS 39, and applies to financial assets measured at amortized costs, debt investments measured at FVOCI and contract assets. The impairment methodology used depends on whether there has been a significant increase in credit risk since initial recognition. For trade receivables and contract assets, the Group applies the simplified approach to recognize lifetime expected credit losses. The application of the new impairment requirements has not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's financial assets.

3. Changes in Accounting Policies (cont'd)

(b) HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 replaces HKAS 11, Construction Contracts and HKAS 18, Revenue which covers contracts for goods and services. The core principle of HKFRS 15 is that revenue is recognized when a performance obligation is satisfied by transferring control of a promised good or service to a customer. Depending on the nature and terms of the contract, control may transfer at a point in time or over time. Where customer contracts contain more than one performance obligation, HKFRS 15 requires entities to apportion revenue from contract between individual performance obligations on a relative standalone selling price basis. The standard also sets out criteria for capitalization of incremental cost of obtaining a contract.

The Group has elected the cumulative catch-up method for transition to the new standard, recognizing the cumulative effect of the initial application of HKFRS 15 only to contracts that had not been completed on 1 July 2018 as an adjustment to the opening balance of the Group's equity at 1 July 2018, without restating comparative information.

The adoption of HKFRS 15 has resulted in a HK$44 million increase in the opening balance of the Group's equity at 1 July 2018, which is mainly attributable to changes in accounting policies adopted by SmarTone on revenue recognition for multiple-element arrangements in telecommunication services contracts and capitalization of certain incremental costs associated with obtaining a contract.

Further details of the nature and effects of the changes to the previous accounting policies are set out below and in Note 3(c).

Key changes to the Group's accounting policies

The impact of HKFRS 15 to the Group is mainly on revenue recognition for sales of properties in Hong Kong and multiple-element arrangements in telecommunication services contracts, and on accounting for costs to obtain a contract. The standard does not have a material impact on how the Group recognizes rental revenue from leasing of properties, and revenue from hotel, transport infrastructure and logistics, data centre and other businesses.

(i) Revenue recognition for sales of properties

The Group has assessed that revenue from property sales in Hong Kong and Mainland China will continue to be recognized at a point in time rather than over time, after taking into consideration the terms of the contracts, applicable laws and regulatory requirements.

In previous years, the Group recognized revenue from sales of properties when significant risks and rewards of ownership of the completed property (where relevant occupation permit has been issued) have passed to the customer. Effective from 1 July 2018, revenue from sales of properties is generally recognized when the control over the ownership or physical possession of the completed property is transferred to the customer, which is the point in time when the Group satisfies its performance obligations. This change in accounting policy has resulted in the Group's revenue from sales of properties in Hong Kong being recognized later than it would have been under the previous accounting policy. As disclosed in Note 3(c)(ii), recognition of revenue of HK$15,168 million and operating profit of HK$7,223 million from property sales in Hong Kong has been deferred to the next financial year as a result of applying the new accounting policy.

No adjustments to the opening balance of the Group's equity at 1 July 2018 have been made on the initial application of HKFRS 15 as the Group did not have contracts that were not completed under HKAS 18 before 1 July 2018.

HKFRS 15 has no significant impact on the Group's existing accounting policies on revenue recognition for sales of properties in the Mainland.

3. Changes in Accounting Policies (cont'd)

(b) HKFRS 15, Revenue from Contracts with Customers (cont'd)

Key changes to the Group's accounting policies (cont'd)

(ii) *Revenue recognition for multiple-element arrangements in telecommunication services contracts*

The amount of revenue recognized for each performance obligation is determined by considering the standalone selling prices or estimated fair values of each of the services element and handset devices element provided within the bundled contracts. Previously, revenue allocation was made using the residual value method.

(iii) *Incremental costs to obtain a contract*

HKFRS 15 requires the incremental costs of obtaining a contract to be capitalized if they are recoverable, and amortized over the contract period. Previously, these costs incurred in telecommunication services contracts were expensed as incurred.

(iv) *Presentation of contract assets and liabilities*

The adoption of HKFRS 15 resulted in changes in presentation of certain assets and liabilities arising from contract with customers. Under HKFRS 15, a contract asset arises when the Group transfers a good or performs a service in the contract before receiving consideration from the customer. A contract asset is transferred to a receivable when the right to receive the consideration becomes unconditional. Conversely, a contract liability arises if amounts received from a customer exceed revenue recognized for a contract or when advance payment is received from a customer before a good or service is transferred. Contract liabilities arising from advance payments from customers in relation to contracts of sales of properties are recognized as "Deposits received on sales of properties" and presented as a separate line item under current liabilities in the consolidated statement of financial position. Contract assets and other contract liabilities are presented under "Trade and other receivables" and "Trade and other payables" in the consolidated financial statements.

(c) Effects on adoption of HKFRS 9 and HKFRS 15

(i) The table below shows the amount by which each individual line item in the consolidated statement of financial position at 1 July 2018 is affected by the adoption of HKFRS 9 and HKFRS 15. Line items that were not affected have not been included:

Consolidated statement of financial position (extract)	30 June 2018 Before the effects of adopting new HKFRSs	Effects of adopting HKFRS 9	Effects of adopting HKFRS 15	1 July 2018
Assets				
Associates	5,570	180	–	5,750
Trade and other receivables	20,363	–	53	20,416
Liabilities				
Trade and other payables	30,825	–	(21)	30,804
Current tax payable	10,551	–	12	10,563
Shareholders' equity				
Reserves	468,486	180	44	468,710
Non-controlling interests	5,447	–	18	5,465

(Expressed in millions of Hong Kong dollars)

3. Changes in Accounting Policies (cont'd)

(c) *Effects on adoption of HKFRS 9 and HKFRS 15 (cont'd)*

(ii) The following tables summarize the impact of HKFRS 15 on the consolidated income statement for the year ended 30 June 2019 and the consolidated statement of financial position at 30 June 2019, by comparing the amounts reported under HKFRS 15 with the hypothetical amounts that would have been recognized under the previous accounting standard HKAS 18 if it had been continued to be applied in the current year instead of HKFRS 15. Only line items affected by the adoption of HKFRS 15 are shown:

	For the year ended 30 June 2019		
Consolidated income statement (extract)	As reported in accordance with HKFRS 15	Estimated effects of adopting HKFRS 15	Amount reported under HKAS 18
Revenue	85,302	15,241	100,543
Cost of sales	(40,455)	(7,163)	(47,618)
Selling and marketing expenses	(4,791)	(884)	(5,675)
Operating profit before changes in fair value of investment properties	37,858	7,194	45,052
Taxation	(8,474)	(1,187)	(9,661)
Profit for the year	46,009	6,007	52,016
Profit attributable to:			
Company's shareholders	44,912	6,014	50,926
Non-controlling interests	926	(7)	919
Underlying profit attributable to the Company's shareholders	32,398	6,014	38,412

3. Changes in Accounting Policies (cont'd)

(c) *Effects on adoption of HKFRS 9 and HKFRS 15 (cont'd)*

Based on the previous accounting standard HKAS 18, the Group's revenue, operating profit, profit and underlying profit attributable to the Company's shareholders for the year ended 30 June 2019 would be HK$100,543 million, HK$45,052 million, HK$50,926 million and HK$38,412 million, respectively. The effects of adopting HKFRS 15 were to defer recognition of the Group's revenue, operating profit and profit (and underlying profit) attributable to the Company's shareholders by HK$15,241 million, HK$7,194 million and HK$6,014 million, respectively. These effects, mostly related to property sales in Hong Kong, are analyzed as below:

	Estimated effects of adopting HKFRS 15		
	Hong Kong property sales(1)	Others(2)	Total
Revenue	15,168	73	15,241
Operating profit	7,223	(29)	7,194
Profit attributable to the Company's shareholders	6,031	(17)	6,014
Underlying profit attributable to the Company's shareholders	6,031	(17)	6,014

(1) Recognition of revenue from sales of certain residential units in Hong Kong in the aggregate amount of HK$15,168 million, together with operating profit of HK$7,223 million and profit (and underlying profit) attributable to the Company's shareholders of HK$6,031 million attributable to these units, was deferred under HKFRS 15, and will be recognized when property ownership of these units is transferred to the customers in the next financial year.

(2) Other effects mainly related to the Group's telecommunication business arising from reallocation of service revenue of handset bundled plans to handset and accessory sales and recognition of handset subsidy as cost of inventories sold for bundled contracts, and capitalization of customer acquisition costs. The impact on the Group's financial results was minimal.

	As at 30 June 2019		
Consolidated statement of financial position (extract)	As reported in accordance with HKFRS15	Estimated effects of adopting HKFRS 15	Amount reported under HKAS 18
Assets			
Properties for sale	196,107	(7,031)	189,076
Trade and other receivables	22,811	6,601	29,412
Liabilities			
Trade and other payables	28,699	1,150	29,849
Deposits received on sales of properties	16,983	(8,700)	8,283
Current tax payable	11,052	1,175	12,227
Shareholders' equity			
Reserves	495,722	5,970	501,692
Non-controlling interests	5,601	(25)	5,576

4. Future Accounting Development

HKFRS 16, Leases (effective for the financial year beginning 1 July 2019)

HKFRS 16 requires lessees to recognize most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments. The leased assets will be amortized over the term of the leases and the lease liabilities measured at amortized cost with the corresponding depreciation charges and interest cost to be recognized in the income statement. Lessor accounting will remain largely unchanged.

The Group will adopt the cumulative catch-up method for transition to the new standard, recognizing the cumulative effects of the initial application of HKFRS 16 as an adjustment to the opening balance of the Group's equity at 1 July 2019, without restating comparative information.

Adoption of HKFRS 16 is not expected to have a significant impact on the Company's consolidated financial statements.

5. Principal Accounting Policies

(a) Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries made up to 30 June each year and include the Group's interests in associates and joint ventures on the basis set out in Note 5(e) and Note 5(f) below, respectively. The financial statements of the associates and joint ventures used for this purpose are either coterminous with the financial statements of the Company or cover a year end not more than three months before the Company's year-end. The results of subsidiaries, associates and joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition and to the effective dates of disposal. All material intra-group transactions and balances are eliminated on consolidation. Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture.

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Non-controlling interests in the net assets or liabilities consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination.

(b) Revenue

Income is classified by the Group as revenue when it arises in the course of the Group's ordinary activities. Revenue from the Group's principal activities comprises proceeds from sale of properties, gross rental income from properties letting under operating leases, revenue from hotel operations, telecommunications, transport infrastructure and logistics, data centre operations and revenue derived from other business activities including department store, financial services, property management and construction. It does not include the revenue of associates and joint ventures.

5. Principal Accounting Policies (cont'd)

(c) Revenue recognition

The Group recognizes revenue from contracts with customers when control over a product or service is transferred to the customer at the transaction price to which the Group expects to be entitled in exchange for the promised product and service, excluding those amounts collected on behalf of third parties (such as value added tax or other sales taxes). Transfer of control may be at a point in time or over time, dependent on the nature and terms of and laws applicable to the contracts. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of financing component if it is significant.

Further details of the Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are as follows:

(i) Property sales

Revenue from sale of properties is recognized when the control over the ownership or physical possession of the property is transferred to the customer, which is the point in time when the Group satisfies its performance obligations under the contracts.

Deposits and instalments received on properties sold prior to the date of revenue recognition are presented in the statement of financial position as deposits received on sale of properties which are regarded as contract liabilities.

In the comparative period, revenue from sale of properties is recognized when the significant risks and rewards of ownership of the properties are transferred to the buyers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

(ii) Rental income

Rental income from properties letting under operating leases is recognized on a straight line basis over the lease terms. Contingent rentals are recognized in the accounting period in which they are earned.

(iii) Hotel operations

Revenue from hotel operations is recognized when the accommodation and related services are provided.

(iv) Telecommunications

Revenue from telecommunication service is recognized over time when the services are rendered based on usage of the Group's telecommunications network and facilities. Service revenue in respect of standard service plans billed in advance is deferred and included under contract liabilities. For sales of handset, equipment and gifts, revenue is recognized when the products are delivered to and accepted by the customer. When multiple-element arrangements exist, the amount of revenue recognized for each performance obligation is determined by considering the standalone selling prices or estimated fair value of each of the services element and handset devices element provided within the bundled contracts. In previous years, revenue allocation was made using the residual value method.

5. Principal Accounting Policies (cont'd)

(c) Revenue recognition (cont'd)

(v) Transport infrastructure and logistics

Toll income from toll road operations is recognized upon the passage of vehicles through the toll road.

Revenue from operation of business aviation centre including aircraft and passengers handling, fuel sales and hangar fee is recognized over time based on usage of services.

Management fee income from management and operation of tunnel and road infrastructure, and car park facilities are recognized when the services are provided and in accordance with the terms of the management contracts.

Income from logistic and freight forwarding services is recognized when the services are rendered.

(vi) Data centre operations

Revenue from customers' use of data centre and information technology ("IT") facilities is recognized ratably over the terms of the agreement in the amount which the Group has right to invoice while other value-added service income is recognized over the period of service.

(vii) Department store operations

Revenue from sale of goods is recognized at point of sale when the customer takes possession of and accepts the product. Commission income from concessionaire sales is recognized upon sales of goods by counter suppliers.

(viii) Financial services

Interest income from loan financing business is accrued on a time basis using the effective interest method. Premiums from general insurance business are recognized as revenue proportionally over the period of coverage.

(ix) Property management

Income from provision of property and facilities management services are recognized when the services are rendered.

(x) Construction

Revenue in respect of building construction job is recognized over the contract period based on the stage of completion method measured by reference to the proportion that costs incurred to date bear to estimated total costs for the contract.

(xi) Investment income

Dividend income from equity investments is recognized when the right to receive payment is established.

Interest income from financial investments is recognized using the effective interest method.

(d) Subsidiaries

A subsidiary is an entity controlled by the Company. The Group controls an entity when the Group has power over the entity; is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns.

5. Principal Accounting Policies (cont'd)

(e) Associates

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post acquisition changes in the Group's share of their results and OCI less any identified impairment loss.

(f) Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

(i) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement in accordance with contractual arrangements.

Results of joint ventures are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in joint ventures are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and OCI less any identified impairment loss.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement in accordance with contractual arrangements.

Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(g) Intangible assets

(i) Telecommunication licences

Spectrum utilization fees represent the payments for using the assigned spectrum to provide telecommunication services in Hong Kong within a specified period. The upfront payments and the present value of the annual fixed fees payable over the period are recorded as intangible assets, together with the related obligations. Amortization is provided on a straight line basis over the remaining assignment period from the date when the asset is ready for its intended use.

5. Principal Accounting Policies (cont'd)

(g) *Intangible assets (cont'd)*

(i) Telecommunication licences (cont'd)

The difference between the discounted value and the total of the minimum annual fee payments represents the effective cost of financing and, accordingly, for the period prior to the asset being ready for its intended use, is capitalized as part of the intangible asset. Subsequent to the date when the asset is ready for its intended use, such finance costs are charged to the consolidated income statement in the year in which they are incurred.

Variable annual payments on top of the minimum annual payments, if any, are recognized in the consolidated income statement as incurred.

(ii) Goodwill

Goodwill on acquisition of subsidiaries or business is measured initially at cost, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and any fair value of the Group's previously held equity interest in the acquiree over the fair value of the acquiree's net identifiable assets acquired and liabilities assumed as at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized directly in the consolidated income statement.

Goodwill on acquisition of associates and joint ventures, being the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired, is included in the carrying amount of the investments in associates and joint ventures respectively and is not tested for impairment separately.

On disposal of a subsidiary, associate or joint venture, the carrying amount of goodwill attributable to the entity sold is included in the calculation of the profit or loss on disposal.

(iii) Concession assets

The Group has entered into a service concession arrangement with the Government of Hong Kong Special Administrative Region ("HKSAR Government") to participate in the development, financing, operation and maintenance of toll road infrastructures. Under the arrangement, the Group carries out the construction of toll road for the granting authority and receives in exchange a right to operate the toll road and the entitlement to toll fees collected from users of the toll road. The assets including the cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement are recorded as intangible assets. Once the underlying infrastructure of the concession arrangement is completed, the concession assets are amortized over the term of the concession on a straight line basis.

(h) *Contract acquisition and fulfillment costs*

Costs of obtaining and fulfilling a contract with a customer are capitalized as an asset if (i) the costs are incremental of obtaining the contract and they are expected to be recovered; and (ii) the costs of fulfilling a contract relate directly to the contract, generate or enhance resources of the Groups that will be used in satisfying performance obligations in the future and are expected to be recovered. Capitalized contact costs are amortized on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the asset relates. Impairment loss is recognized to the extent that the carrying amount of the capitalized costs exceeds the remaining considerations to be received less the future costs to be incurred.

5. Principal Accounting Policies (cont'd)

(i) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains right to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net contract asset or net contract liability depending on the relationship between the remaining rights and the performance obligations.

A contract asset is recognized when the Group transfers a good or performs a service in the contract before receiving consideration from the customer or when the cumulative revenue recognized exceeds cumulative payments made by the customer. A contract asset is transferred to a receivable when the right to receive the consideration becomes unconditional. Conversely, a contract liability is recognized when the amounts received from a customer exceed revenue recognized for a contract or when advance payment is received from a customer before a good or service is transferred. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortized cost. Contract liabilities are recognized as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations. Deposits received on sales of properties are regarded as contract liabilities and presented separately on the face of the consolidated statement of financial position under current liabilities.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Group are classified in four categories:

- Financial assets at amortized cost
- Debt investments at FVOCI
- Equity investments designated at FVOCI
- Financial assets at FVTPL

5. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables, loan receivables and certain debt investments.

Debt investments at FVOCI

The Group measures debt investments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. Fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Equity investments designated at FVOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Cumulative gains and losses recognized in OCI are transferred to revenue reserves on disposal.

Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group has elected to classify irrevocably certain equity investments under this category.

5. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are mandatorily required to be measured at FVTPL.

This category includes financial assets held for trading, derivative instruments, equity investments which the Group had not irrevocably elected to classify at FVOCI, and debt investments with cash flows that are not solely payments of principal and interest.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are carried in the statement of financial position at fair value. Net gains and losses, including dividend or interest income, are recognized in profit or loss.

Derecognition of financial assets

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows in a transaction in which the Group has transferred substantially all the risks and rewards of ownership of the asset or in which the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group enters into transactions whereby it transfers its rights to receive cash flows from an asset, but retains substantially all of the risks and rewards of ownership or control of the transferred asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not measured at FVTPL:

- financial assets measured at amortized cost, and
- debt investments measured at FVOCI.

5. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets (cont'd)

ECLs are a probability-weighted estimate of credit losses, measured based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months after the reporting date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses that result from all possible default events over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Loss allowance for financial assets measured at amortized cost is deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI instead of reducing the carrying amount of the assets.

The Group considers a financial asset in default when the Group is unlikely to receive the outstanding contractual amounts in full, without recourse by the Group to action such as realizing the security (if any is held). A financial asset can be classified as in default but without an allowance for credit losses (i.e. no impairment loss is expected) after taking into account the value of collateral held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Write-offs can relate to a financial asset in its entirety, or to a portion of it, and constitute a derecognition event.

5. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Accounting policy for classification and measurement of financial assets applied prior to 1 July 2018

The Group classifies its financial assets into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired and is reviewed by the management at every reporting date.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset on initial recognition.

(i) Financial assets at FVTPL

Financial assets at FVTPL comprise marketable securities held for trading. At each year end date subsequent to initial recognition, these investments are measured at fair value. Changes in fair value are recognized in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at amortized cost using the effective interest method less impairment loss.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any identified impairment loss. Any impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either so designated or not classified as any of the other categories. At each year end date subsequent to initial recognition, available-for-sale investments are measured at fair value by reference to market prices. Changes in fair value are recognized in OCI, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gains or losses previously recognized in OCI are removed from equity and recognized in profit or loss. Any impairment loss on available-for-sale investments is immediately recognized in profit or loss. Impairment loss recognized on available-for-sale equity investments will not reverse through consolidated income statement in subsequent periods.

For available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment loss at each year end date subsequent to initial recognition. Any impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired. Such impairment loss will not reverse in subsequent periods.

5. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(ii) Financial liabilities

Classification and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. The Group has not designated any financial liability at FVTPL.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. These include trade and other payables, loans and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is represented in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

(k) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and currency forwards to hedge its interest rate and foreign currency risk exposures.

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purpose of hedge accounting, hedges are classified as:

(a) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;

5. Principal Accounting Policies (cont'd)

(k) Derivative financial instruments and hedging accounting (cont'd)

(b) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized commitment; and

(c) hedges of a net investment in a foreign operation

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognized in profit or loss when the changes arise.

The Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The following hedges in place as at 30 June 2019 qualified respectively as fair value and cash flow hedges under HKFRS 9. The Group's management strategies and hedge documentation are aligned with the requirements of HKFRS 9 and are thus treated as continuing hedges. The Group has not designated any derivative financial instruments as hedges of net investment in foreign operations.

(a) Cash flow hedge

Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and they are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognized in OCI, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense and/or exchange differences from the translation of the borrowings are recognized in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognized immediately in profit or loss.

(b) Fair value hedge

Interest rate swaps and cross currency interest rate swaps

The Group has entered into fixed to floating interest rate swaps that are fair value hedges for the fair value exposures to interest rate movements of its borrowings ("hedged item"). The fair value changes on the hedged item resulting from the fair value risk are recognized in profit or loss. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognized in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognized separately in profit or loss.

5. Principal Accounting Policies (cont'd)

(l) Investment properties

Investment properties are properties held for long term rental income or capital appreciation or both and are not substantially occupied by the Group. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are carried at fair value determined by independent qualified valuers on the highest and best use basis, and separate values are not attributed to land and buildings. Changes in fair values are recognized in consolidated income statement in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is included in consolidated income statement in the period in which the asset is derecognized.

(m) Property, plant and equipment

(i) Hotel properties

Hotel properties and their integral fixed plant used in the operation of hotel are stated at cost less accumulated depreciation and impairment losses, if any.

(ii) Other properties, plant and equipment

Other properties, plant and equipment held for own use are stated at cost less accumulated depreciation and impairment losses. Other properties held for own use are those properties which are occupied by the Group for production or administrative purposes. Plant and equipment are long-lived tangible assets used in business operations and comprise mainly furniture, fixtures, vessels, vehicles, machinery and equipment.

Gains or losses arising from the disposal or retirement of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carry amount of the asset and are recognized in the consolidated income statement on the date of disposal or retirement.

(n) Depreciation of property, plant and equipment

(i) Hotel properties

Depreciation is provided on hotel property and on its integral fixed plant and calculated on a straight line basis to write off their costs over the shorter of the unexpired term of the lease and estimated useful lives at rates ranging from 0.68% to 20% per annum.

(ii) Other properties held for own use

The cost of leasehold land and construction cost of buildings thereon are depreciated on a straight line basis over the unexpired term of the lease or their estimated useful lives whichever is shorter.

(iii) Network equipment

Network equipment includes assets and equipment of the telecommunications networks. Depreciation is calculated on a straight line basis to write off their costs over their estimated useful lives at rates ranging from 10% to 50% per annum. No depreciation is provided on network equipment under construction.

5. Principal Accounting Policies (cont'd)

(n) Depreciation of property, plant and equipment (cont'd)

(iv) Other plant and equipment

Depreciation is calculated on a straight line method to write off their costs over their estimated useful lives at rates ranging from 4% to 33.3% per annum.

(v) Properties under development

No depreciation is provided on hotel and other properties that are under development. Depreciation commences when they are available for use.

(o) Properties for sale

(i) Stock of completed properties for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties.

Net realizable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price in the ordinary course of business less estimated selling expenses.

(ii) Properties pending/under development for sale

Properties pending/under development for sale are classified as current assets and stated at the lower of cost and net realizable value. Cost comprises specifically identified costs, including land acquisition costs, development expenditure, capitalized borrowing costs and other related expenditures. Net realizable value is estimated by the management, taking into account the price ultimately expected to be realized and the anticipated costs to completion.

(p) Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using effective interest method. The carrying amount of hedged borrowings is adjusted for the change in fair value attributable to the hedged risk when accounting for fair value hedges set out in Note 5(k) applies.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

(q) Inventories

Inventories comprising mainly building materials, hotel stocks, handsets and consumable goods are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

5. Principal Accounting Policies (cont'd)

(r) Translation of foreign currencies

Foreign currency transactions during the year are converted into functional currency at the market rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at closing rates of exchange ruling at the year end date. Exchange differences arising in these cases are dealt with in the consolidated income statement.

The assets and liabilities of overseas subsidiaries, associates and joint ventures expressed in their respective functional currencies are translated into Hong Kong dollars at the closing rates of exchange ruling at the year end date whereas the income statement are translated at average exchange rates for the year. Exchange differences arising on translation are recognized in OCI.

(s) Current and deferred income tax

Tax expense for the year comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the relevant amount of tax is recognized in OCI or directly in equity, respectively.

Current tax liabilities are recognized at the amount expected to be paid to the tax authorities, using tax rates enacted or substantively enacted at the reporting date. Current tax expense for the year comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized in full, using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits except that deferred tax is not recognized for temporary differences arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and based on the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities except for investment property. Deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the carrying amount of the property will be recovered entirely through sale.

5. Principal Accounting Policies (cont'd)

(t) Provisions

Provisions are recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle that obligation and the amount of obligation can be reliably estimated. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

(u) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, properties for sale, inventories and deferred tax assets) to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Goodwill is tested annually for impairment whether or not there is any indication of impairment.

For impairment testing, assets are grouped into cash-generating units (CGU) for which there are separately identifiable cash flows. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss on goodwill is not reversed in subsequent period. For an asset other than goodwill, impairment loss is reversed only if there is a favourable change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(v) Retirement benefit costs

The retirement benefit costs charged to the consolidated income statement represent the contributions payable in respect of the current year to the Group's defined contribution schemes and the Mandatory Provident Fund Schemes.

(w) Share-based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted at the grant date and expensed on a straight line basis over the relevant vesting periods with a corresponding increase in capital reserves within equity. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognized in consolidated income statement such that the calculated expense reflects the revised estimates with a corresponding adjustment to capital reserves.

At the time when the share options are exercised, the amount previously recognized in capital reserves will be transferred to share capital. When the share options are forfeited, lapsed or cancelled, after the vesting date or are still not exercised on the expiry date, the amount previously recognized in capital reserves will be transferred to retained profits.

(Expressed in millions of Hong Kong dollars)

6. Segment Information

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and changes in fair value of investment properties, which are reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

(a) Segment revenue and results

An analysis of the revenue and results for the year of the Group and its share of associates and joint ventures by reportable and operating segments is as follows:

For the year ended 30 June 2019

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	36,518	16,372	23	23	36,541	16,395
Mainland China	2,055	1,105	2,717	1,197	4,772	2,302
	38,573	17,477	2,740	1,220	41,313	18,697
Property rental						
Hong Kong	16,555	12,741	3,143	2,632	19,698	15,373
Mainland China	4,035	3,310	631	436	4,666	3,746
Singapore	–	–	713	559	713	559
	20,590	16,051	4,487	3,627	25,077	19,678
Hotel operations	4,786	1,180	896	253	5,682	1,433
Telecommunications	8,415	823	–	–	8,415	823
Transport infrastructure and logistics	4,261	1,341	3,574	409	7,835	1,750
Data centre operations	1,561	765	–	–	1,561	765
Other businesses	7,116	1,186	415	56	7,531	1,242
	85,302	38,823	12,112	5,565	97,414	44,388
Other net income		740		30		770
Unallocated administrative expenses		(1,705)		–		(1,705)
Operating profit before changes in fair value of investment properties		37,858		5,595		43,453
Increase in fair value of investment properties		12,535		2,418		14,953
Operating profit after changes in fair value of investment properties		50,393		8,013		58,406
Net finance costs		(2,051)		(497)		(2,548)
Profit before taxation		48,342		7,516		55,858
Taxation						
– Group		(8,474)		–		(8,474)
– Associates		–		(62)		(62)
– Joint ventures		–		(1,313)		(1,313)
Profit for the year		39,868		6,141		46,009

6. Segment Information (cont'd)

(a) Segment revenue and results (cont'd)

For the year ended 30 June 2018

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	35,699	13,914	26	22	35,725	13,936
Mainland China	4,096	1,428	2,099	886	6,195	2,314
Singapore	–	–	23	11	23	11
	39,795	15,342	2,148	919	41,943	16,261
Property rental						
Hong Kong	15,494	12,026	3,012	2,523	18,506	14,549
Mainland China	3,917	3,196	540	338	4,457	3,534
Singapore	–	–	719	564	719	564
	19,411	15,222	4,271	3,425	23,682	18,647
Hotel operations	4,438	1,227	895	243	5,333	1,470
Telecommunications	9,988	847	–	–	9,988	847
Transport infrastructure and logistics	4,009	1,379	3,382	409	7,391	1,788
Data centre operations	1,304	668	–	–	1,304	668
Other businesses	6,699	1,118	357	67	7,056	1,185
	85,644	35,803	11,053	5,063	96,697	40,866
Other net income		1,156		157		1,313
Unallocated administrative expenses		(1,506)		–		(1,506)
Operating profit before changes in fair value of investment properties		35,453		5,220		40,673
Increase in fair value of investment properties		15,772		6,252		22,024
Operating profit after changes in fair value of investment properties		51,225		11,472		62,697
Net finance costs		(1,617)		(475)		(2,092)
Profit before taxation		49,608		10,997		60,605
Taxation						
– Group		(8,402)		–		(8,402)
– Associates		–		(60)		(60)
– Joint ventures		–		(1,189)		(1,189)
Profit for the year		41,206		9,748		50,954

Results from property sales include selling and marketing expenses of HK$518 million (2018: HK$770 million) and HK$144 million (2018: HK$181 million) that relate to pre-sale of property projects in Hong Kong and Mainland China, respectively.

Other businesses comprise revenue and profit derived from other activities including property management, department store operations and financial services.

Other net income includes mainly net gain on disposal of investment properties and net investment income from financial assets.

(Expressed in millions of Hong Kong dollars)

6. Segment Information (cont'd)

(b) Segment assets and liabilities

The Group's assets and liabilities by reportable and operating segments are analyzed as follows:

	The Company and its subsidiaries	Associates and joint ventures	Total assets	Total liabilities
At 30 June 2019				
Property development				
Hong Kong	**192,083**	**2,465**	**194,548**	**(25,716)**
Mainland China	**16,044**	**5,362**	**21,406**	**(3,000)**
Singapore	**–**	**26**	**26**	**–**
	208,127	**7,853**	**215,980**	**(28,716)**
Property investment				
Hong Kong	**289,435**	**48,137**	**337,572**	**(4,407)**
Mainland China	**99,374**	**6,111**	**105,485**	**(2,601)**
Singapore	**–**	**5,026**	**5,026**	**–**
	388,809	**59,274**	**448,083**	**(7,008)**
Hotel operations	**23,708**	**1,278**	**24,986**	**(513)**
Telecommunications	**7,289**	**–**	**7,289**	**(1,883)**
Transport infrastructure and logistics	**3,058**	**4,204**	**7,262**	**(754)**
Data centre operations	**5,738**	**–**	**5,738**	**(1,018)**
Other businesses	**10,753**	**1,142**	**11,895**	**(4,391)**
	647,482	**73,751**	**721,233**	**(44,283)**
Bank deposits and cash			**22,038**	**–**
Financial investments			**4,416**	**–**
Bank and other borrowings			**–**	**(95,006)**
Unallocated corporate assets/(liabilities)			**3,475**	**(1,674)**
Current tax payable			**–**	**(11,052)**
Deferred tax liabilities			**–**	**(23,328)**
Total assets/(liabilities)			**751,162**	**(175,343)**
At 30 June 2018				
Property development				
Hong Kong	173,559	1,578	175,137	(25,828)
Mainland China	16,101	5,258	21,359	(1,226)
Singapore	–	26	26	–
	189,660	6,862	196,522	(27,054)
Property investment				
Hong Kong	275,132	46,950	322,082	(4,013)
Mainland China	95,868	6,690	102,558	(2,267)
Singapore	–	4,939	4,939	–
	371,000	58,579	429,579	(6,280)
Hotel operations	23,116	1,340	24,456	(479)
Telecommunications	7,662	–	7,662	(2,173)
Transport infrastructure and logistics	3,408	3,898	7,306	(705)
Data centre operations	4,787	–	4,787	(942)
Other businesses	10,509	1,088	11,597	(3,992)
	610,142	71,767	681,909	(41,625)
Bank deposits and cash			26,095	–
Financial investments			4,243	–
Bank and other borrowings			–	(91,434)
Unallocated corporate assets/(liabilities)			3,239	(1,784)
Current tax payable			–	(10,551)
Deferred tax liabilities			–	(21,660)
Total assets/(liabilities)			715,486	(167,054)

6. Segment Information (cont'd)

(c) *Other segment information*

The Group's depreciation and amortization and additions to non-current assets by reportable and operating segments are analyzed as follows:

	Depreciation and amortization charged to consolidated income statement		Additions to non-current assets	
	2019	2018	**2019**	2018
Property investment for rental	**–**	–	**5,083**	14,655
Hotel operations	**473**	375	**706**	6,509
Telecommunications	**941**	934	**555**	563
Transport infrastructure and logistics	**363**	368	**19**	36
Data centre operations	**239**	159	**6,524**	1,655
Other businesses	**117**	145	**210**	177
Unallocated corporate assets	**28**	26	**9**	–
	2,161	2,007	**13,106**	23,595

(d) *Geographical information*

An analysis of the Group's revenue by geographical area of principal markets is as follows:

	2019	2018
Hong Kong	**78,175**	76,283
Mainland China	**6,678**	8,647
Others	**449**	714
	85,302	85,644

An analysis of the Group's non-current assets by geographical location is as follows:

	2019			2018		
	The Company and its subsidiaries	**Associates and joint ventures**	**Consolidated**	The Company and its subsidiaries	Associates and joint ventures	Consolidated
Hong Kong	**324,788**	**56,264**	**381,052**	309,736	53,817	363,553
Mainland China	**101,951**	**11,738**	**113,689**	99,085	12,295	111,380
Singapore	**–**	**5,052**	**5,052**	–	4,965	4,965
Others	**180**	**697**	**877**	219	690	909
	426,919	**73,751**	**500,670**	409,040	71,767	480,807
Other non-current assets			**4,764**			6,171
Financial investments			**3,313**			3,384
Total non-current assets			**508,747**			490,362

(Expressed in millions of Hong Kong dollars)

7. Revenue from Contracts with Customers

(a) Disaggregation of revenue from contracts with customers

The following tables present the Group's revenue from contracts with customers disaggregated into major business segments, primary geographical markets and according to the timing of revenue recognition, including a reconciliation of the disaggregated revenue with the amounts disclosed in the segment information.

For the year ended 30 June 2019

	Revenue from contracts with customers			Revenue	
	recognized at a point in time	**recognized over time**	**Subtotal**	**from other sources**	**Total**
(i) By segments					
Property sales	**38,573**	**–**	**38,573**	**–**	**38,573**
Property rental	**–**	**2,083**	**2,083**	**18,507**	**20,590**
Hotel operations	**2,057**	**2,729**	**4,786**	**–**	**4,786**
Telecommunications	**3,781**	**4,634**	**8,415**	**–**	**8,415**
Transport infrastructure and logistics	**107**	**3,828**	**3,935**	**326**	**4,261**
Data centre operations	**–**	**1,561**	**1,561**	**–**	**1,561**
Property management	**283**	**3,921**	**4,204**	**–**	**4,204**
Department store operations	**2,264**	**–**	**2,264**	**–**	**2,264**
Financial services and others	**–**	**56**	**56**	**592**	**648**
	47,065	**18,812**	**65,877**	**19,425**	**85,302**
(ii) Geographical markets					
Hong Kong	**44,370**	**18,361**	**62,731**	**15,444**	**78,175**
Mainland China	**2,349**	**348**	**2,697**	**3,981**	**6,678**
Others	**346**	**103**	**449**	**–**	**449**
	47,065	**18,812**	**65,877**	**19,425**	**85,302**

7. Revenue from Contracts with Customers (cont'd)

(a) *Disaggregation of revenue from contracts with customers (cont'd)*

For the year ended 30 June 2018

	Revenue from contracts with customers			Revenue	
	recognized at a point in time	recognized over time	Subtotal	from other sources	Total
(i) By segments					
Property sales	39,795	–	39,795	–	39,795
Property rental	–	1,997	1,997	17,414	19,411
Hotel operations	2,013	2,425	4,438	–	4,438
Telecommunications	4,929	5,059	9,988	–	9,988
Transport infrastructure and logistics	118	3,644	3,762	247	4,009
Data centre operations	–	1,304	1,304	–	1,304
Property management	289	3,712	4,001	–	4,001
Department store operations	2,158	–	2,158	–	2,158
Financial services and others	–	53	53	487	540
	49,302	18,194	67,496	18,148	85,644
(ii) Geographical markets					
Hong Kong	44,310	17,643	61,953	14,330	76,283
Mainland China	4,424	405	4,829	3,818	8,647
Others	568	146	714	–	714
	49,302	18,194	67,496	18,148	85,644

Revenue from other sources includes rental income and income from rendering of financial services.

(b) *Revenue recognized in relation to contract liabilities*

Contract liabilities primarily relate to the Group's unfulfilled performance obligations to transfer goods or services to customers for which consideration has been received at the reporting date. The contract liability is recognized in revenue in the period when performance obligations are fulfilled.

During the year, the Group recognized revenue of HK$8,078 million including HK$7,565 million from sales of properties that were included in contract liabilities at the beginning of the year.

(c) *Expected revenue from remaining performance obligations in contracts with customers*

As of 30 June 2019, the aggregate amount of transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) in contracts with customers was HK$48,752 million. This represents the aggregate amount of revenue expected to be recognized by the Group in the future when it satisfies the remaining performance obligations. HK$48,527 million of these remaining performance obligations relate to contracts of sales of properties, of which 77% is expected to be recognized as revenue within one year. The balance of remaining performance obligations of HK$225 million relate to other contracts, of which 40% is expected to be recognized as revenue within one year. For those other contracts that have an original expected duration of one year or less or are billed directly according to performance completed to date, the Group has applied the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of transaction price allocated to the remaining performance obligations.

(Expressed in millions of Hong Kong dollars)

8. Net Finance Costs

	2019	2018
Interest expenses	**2,982**	2,383
Notional non-cash interest accretion	**17**	23
Less: Amount capitalized	**(553)**	(421)
	2,446	1,985
Interest income on bank deposits	**(395)**	(368)
	2,051	1,617

Finance costs have been capitalized for properties under development at rates ranging from 2.70% to 4.78% (2018: 2.49% to 5.28%) per annum.

Notional non-cash interest accretion represents adjustments to accrete the carrying amount of asset retirement obligations and contractual obligations of telecommunications licence recognized in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

9. Profit Before Taxation

	2019	2018
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	**18,073**	21,205
Cost of inventories sold	**4,912**	6,001
Depreciation of hotel properties	**434**	324
Depreciation of other properties, plant and equipment	**1,183**	1,139
Amortization of intangible assets (included in cost of sales)	**544**	544
Amortization of contract acquisition costs	**751**	–
Impairment of intangible assets	**4**	4
Operating lease rentals for land and buildings, transmission sites and leased lines	**1,855**	1,647
Staff costs (including directors' emoluments and retirement schemes contributions)	**8,511**	7,881
Share-based payments	**19**	3
Auditors' remuneration	**24**	23
Loss on disposal of financial assets at fair value through profit or loss	**24**	–
Fair value losses on financial assets at fair value through profit or loss	**22**	–
Loss on disposal of property, plant and equipment	**34**	16
and crediting:		
Dividend income from equity securities	**154**	178
Interest income from financial investments	**84**	77
Profit on disposal of available-for-sale investments	**–**	4
Profit on disposal of financial assets at fair value through profit or loss	**–**	30
Fair value gains on financial assets at fair value through profit or loss	**–**	68

10. Directors' Emoluments and Five Highest Paid Individuals

The aggregate amounts of emoluments paid and payable to the directors of the Company during the year are as follows:

Name of director	Notes	Fees	Salaries, allowances and benefits	Discretionary bonuses	Retirement scheme contributions	(Note c) Share-based payments	2019 Total emoluments	2018 Total emoluments
Executive Directors								
Kwok Ping-luen, Raymond		**0.56**	**2.65**	**0.40**	**0.25**	**–**	**3.86**	3.72
Wong Chik-wing, Mike		**0.30**	**13.32**	**13.12**	**0.99**	**–**	**27.73**	24.08
Lui Ting, Victor		**0.30**	**11.08**	**15.68**	**0.99**	**–**	**28.05**	24.89
Kwok Kai-fai, Adam		**0.30**	**6.35**	**2.96**	**0.02**	**–**	**9.63**	9.11
Kwok Kai-wang, Christopher		**0.35**	**5.44**	**3.10**	**0.02**	**–**	**8.91**	7.24
Kwong Chun		**0.30**	**3.57**	**4.10**	**–**	**–**	**7.97**	6.86
Tung Chi-ho, Eric		**0.35**	**8.52**	**12.64**	**0.73**	**–**	**22.24**	19.38
Fung Yuk-lun, Allen		**0.51**	**7.26**	**12.25**	**0.36**	**0.58**	**20.96**	19.32
Non-Executive Directors								
Lee Shau-kee		**0.31**	**–**	**–**	**–**	**–**	**0.31**	0.31
Woo Po-shing		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Kwan Cheuk-yin, William		**0.42**	**–**	**–**	**–**	**–**	**0.42**	0.42
Kwok Kai-chun, Geoffrey	a	**0.16**	**–**	**–**	**–**	**–**	**0.16**	–
Independent Non-Executive Directors								
Yip Dicky Peter		**0.64**	**–**	**–**	**–**	**–**	**0.64**	0.64
Wong Yue-chim, Richard		**0.44**	**–**	**–**	**–**	**–**	**0.44**	0.44
Li Ka-cheung, Eric		**0.97**	**–**	**–**	**–**	**–**	**0.97**	0.97
Fung Kwok-lun, William		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Leung Nai-pang, Norman		**0.70**	**–**	**–**	**–**	**–**	**0.70**	0.70
Leung Kui-king, Donald		**0.58**	**–**	**–**	**–**	**–**	**0.58**	0.58
Leung Ko May-yee, Margaret		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Fan Hung-ling, Henry	b	**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.10
Total 2019		**8.39**	**58.19**	**64.25**	**3.36**	**0.58**	**134.77**	119.66
Total 2018		7.99	53.85	54.20	3.23	0.39		

The above analysis included four (2018: four) individuals whose emoluments were among the five highest pay in the Group.

(Expressed in millions of Hong Kong dollars)

10. Directors' Emoluments and Five Highest Paid Individuals (cont'd)

Details of the emoluments paid to the remaining one (2018: one) individual are:

	2019	2018
Salaries, allowances and benefits in kind	**7.58**	7.29
Discretionary bonuses	**11.05**	10.60
Retirement scheme contributions	**0.70**	0.67
	19.33	18.56

Number of employee whose emoluments fell within:

Emoluments Band			**2019 Number of employee**	2018 Number of employee
HK$M		HK$M		
18.5	–	19.0	**–**	1
19.0	–	19.5	**1**	–
			1	1

(a) Mr. Kwok Kai-chun, Geoffrey was appointed as a Non-Executive Director on 21 December 2018.

(b) Mr. Fan Hung-ling, Henry was appointed as an Independent Non-Executive Director on 1 March 2018.

(c) Share-based payments are the fair values of share options granted to employees (including directors), which are determined at the date of grant and expensed over the vesting period.

11. Staff Retirement Schemes

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% on the employees' salary.

As required by the municipal or provincial social insurance laws and regulations, the Group made contributions to the pension insurance managed by the local municipal governments in Mainland China. The rates of contributions in general ranged from 13% to 20% of staff's monthly salary during the relevant period.

With effect from 1 December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to consolidated income statement as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK$364 million (2018: HK$356 million). Forfeited contributions for the year of HK$2 million (2018: HK$2 million) were used to reduce the existing level of contributions.

12. Taxation

	2019	2018
Company and subsidiaries		
Current tax expenses		
Hong Kong profits tax	**4,822**	4,612
Under/(over) provision in prior years	**6**	(98)
	4,828	4,514
Tax outside Hong Kong	**1,280**	1,555
Under/(over) provision in prior years	**1**	(4)
	1,281	1,551
	6,109	6,065
Deferred tax expenses		
Changes in fair value of investment properties	**1,856**	1,783
Other origination and reversal of temporary differences	**509**	554
	2,365	2,337
	8,474	8,402

(a) Hong Kong profits tax is provided at the rate of 16.5% (2018: 16.5%) based on the estimated assessable profits for the year. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rate:

	2019	2018
Profit before share of results of associates, joint ventures and taxation	**48,342**	49,608
Tax at Hong Kong profits tax rate of 16.5% (2018: 16.5%)	**7,977**	8,185
Effect of different tax rates of subsidiaries operating outside Hong Kong	**1,913**	2,093
Net effect of non-deductible expenses and non-taxable income	**(1,514)**	(2,035)
Utilization of tax losses not previously recognized	**(142)**	(82)
Tax losses and other temporary differences not recognized	**235**	344
Under/(over) provision in prior years	**7**	(102)
Others	**(2)**	(1)
Tax expenses	**8,474**	8,402

(Expressed in millions of Hong Kong dollars)

13. Dividends

	2019	2018
Dividends recognized as distribution during the year:		
2018 final dividend of HK$3.45 per share based on 2,897 million shares (2018: 2017 final dividend of HK$3.00 per share based on 2,897 million shares)	**9,995**	8,690
2019 interim dividend of HK$1.25 per share based on 2,897 million shares (2018: HK$1.20 per share based on 2,897 million shares)	**3,622**	3,477
	13,617	12,167

14. Earnings Per Share

(a) *Reported earnings per share*

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK$44,912 million (2018: HK$49,951 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,897,232,781 (2018: 2,896,750,825) shares. The diluted earnings per share is based on 2,897,292,613 (2018: 2,896,919,542) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 59,832 (2018: 168,717) shares deemed to be issued at no consideration if all outstanding options had been exercised.

(b) *Underlying earnings per share*

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK$32,398 million (2018: HK$30,398 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	2019	2018
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**44,912**	49,951
Increase in fair value of investment properties		
Subsidiaries	**(12,535)**	(15,772)
Associates	**(63)**	(90)
Joint ventures	**(2,355)**	(6,162)
Effect of corresponding deferred tax expenses		
Subsidiaries	**1,856**	1,783
Joint ventures	**188**	171
Non-controlling interests	**48**	82
Unrealized fair value gains of investment properties net of deferred tax	**(12,861)**	(19,988)
Fair value gains realized on disposal of investment properties net of deferred tax	**347**	435
Net effect of changes in fair value of investment properties	**(12,514)**	(19,553)
Underlying profit attributable to the Company's shareholders	**32,398**	30,398

15. Investment Properties

(a) Movement during the year

	Completed	Under development	Total
Valuation			
At 1 July 2017	292,074	45,906	337,980
Additions	884	13,771	14,655
Transfer upon completion	5,924	(5,924)	–
Transfer upon redevelopment	(452)	452	–
Disposals	(273)	–	(273)
Transfer to			
– property, plant and equipment	(66)	–	(66)
– properties for sale	–	(924)	(924)
Exchange difference	1,487	846	2,333
Increase in fair value	14,820	952	15,772
At 30 June 2018 and 1 July 2018	314,398	55,079	369,477
Additions	**1,038**	**4,045**	**5,083**
Transfer upon completion	**6,880**	**(6,880)**	**–**
Redesignate from property, plant and equipment	**–**	**5,062**	**5,062**
Disposals	**(209)**	**–**	**(209)**
Transfer to			
– property, plant and equipment	**(118)**	**–**	**(118)**
– properties for sale	**–**	**(1,370)**	**(1,370)**
Exchange difference	**(2,448)**	**(1,400)**	**(3,848)**
Increase in fair value	**10,543**	**1,992**	**12,535**
At 30 June 2019	**330,084**	**56,528**	**386,612**

(b) Investment properties valuation

The Group's investment properties were valued at their fair values at 30 June 2019 and 30 June 2018 by Knight Frank Petty Limited, an independent firm of qualified valuers. The current use of the investment properties equates to their highest and best use.

Fair values of the Group's investment properties are categorized as Level 3 measurement in the three-level fair value hierarchy. During the year, there were no transfers between different levels within the fair value hierarchy.

The Group's completed investment properties are valued using the income capitalization method by capitalizing the net income from the existing tenancies with due allowance for reversionary income potential at appropriate capitalization rates for individual properties. The capitalization rate adopted, which varies according to the type and class of property concerned, its location and the type of tenant in occupation, is derived by reference to the yields achieved from analysis of recent comparable property investment transactions and encapsulates future expectations of the investors regarding income and capital growth and perceived risks.

(Expressed in millions of Hong Kong dollars)

15. Investment Properties (cont'd)

(b) Investment properties valuation (cont'd)

The Group's investment properties under development are valued using the residual method by estimating the value of the property when completed using either a sales comparison or income capitalization method on the assumption that the property had already been completed in accordance with the current development plan on the valuation date less the costs that will be incurred to complete the development with appropriate allowance for profit and risk.

Set out below is the significant unobservable inputs used for fair value measurements:

	Fair value		Weighted average capitalization rate	
	2019	2018	**2019**	2018
Completed				
Hong Kong	**264,069**	253,765	**5.1%**	5.1%
Mainland China	**66,015**	60,633	**6.6%**	6.6%
	330,084	314,398		
Under development				
Hong Kong	**24,071**	20,082	**3.6%**	3.6%
Mainland China	**32,457**	34,997	**6.4%**	6.7%
	56,528	55,079		

The fair values of the Group's investment properties are inversely related to capitalization rates, which are determined by investors' expectations on investment yields, rental growth and the risk profile of the properties being valued. A lower (higher) capitalization rate would imply a higher (lower) property value.

(c) Profit on disposal of the Group's investment properties during the year amounted to HK$107 million (2018: HK$367 million).

(d) Gross rental income and direct operating expenses from investment properties during the year amounted to HK$19,594 million (2018: HK$18,637 million) and HK$4,236 million (2018: HK$3,978 million) respectively.

16. Property, Plant and Equipment

Movement during the year

	Hotel properties	Other properties held for own use	Properties under development	Network equipment	Other plant and equipment	Total
Cost						
At 1 July 2017	13,453	6,192	8,438	5,858	5,636	39,577
Additions	54	–	7,609	462	815	8,940
Transfer upon completion	–	1,671	(2,225)	–	554	–
Transfer from completed investment properties	–	66	–	–	–	66
Disposals	(1)	–	–	(252)	(94)	(347)
Exchange difference	46	2	46	–	14	108
At 30 June 2018 and 1 July 2018	13,552	7,931	13,868	6,068	6,925	48,344
Additions	**33**	**–**	**6,396**	**429**	**1,165**	**8,023**
Transfer upon completion	**4,229**	**151**	**(4,401)**	**–**	**21**	**–**
Transfer from completed investment properties	**–**	**118**	**–**	**–**	**–**	**118**
Redesignate to investment properties under development	**–**	**–**	**(5,062)**	**–**	**–**	**(5,062)**
Disposals	**–**	**–**	**–**	**(211)**	**(230)**	**(441)**
Exchange difference	**(69)**	**(3)**	**(78)**	**–**	**(19)**	**(169)**
At 30 June 2019	**17,745**	**8,197**	**10,723**	**6,286**	**7,862**	**50,813**
Accumulated depreciation						
At 1 July 2017	3,575	2,032	–	3,117	3,876	12,600
Charge for the year	324	166	–	540	433	1,463
Disposals	(1)	–	–	(236)	(87)	(324)
Exchange difference	9	1	–	–	8	18
At 30 June 2018 and 1 July 2018	3,907	2,199	–	3,421	4,230	13,757
Charge for the year	**434**	**174**	**–**	**559**	**450**	**1,617**
Disposals	**–**	**–**	**–**	**(180)**	**(215)**	**(395)**
Exchange difference	**(14)**	**(1)**	**–**	**–**	**(13)**	**(28)**
At 30 June 2019	**4,327**	**2,372**	**–**	**3,800**	**4,452**	**14,951**
Net book value at 30 June 2019	**13,418**	**5,825**	**10,723**	**2,486**	**3,410**	**35,862**
Net book value at 30 June 2018	9,645	5,732	13,868	2,647	2,695	34,587

(Expressed in millions of Hong Kong dollars)

17. Associates

	2019	2018
Unlisted shares, at cost less impairment loss	**28**	28
Hong Kong listed shares, at cost	**1,469**	1,273
Share of post-acquisition reserves	**4,510**	4,251
	6,007	5,552
Amounts due from associates	**7**	18
	6,014	5,570
Market value of Hong Kong listed shares	**3,901**	3,628

Amounts due from associates are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders.

The Group's effective interest in the revenue, results, assets and liabilities of its associates are summarized below:

	2019	2018
Investment properties	**2,526**	2,375
Other non-current assets	**4,632**	4,525
Current assets	**1,717**	1,403
Current liabilities	**(822)**	(883)
Non-current liabilities	**(2,046)**	(1,868)
Net assets	**6,007**	5,552
Revenue	**3,341**	3,217
Fair value changes of investment properties net of related deferred tax	**63**	90
Profit for the year	**445**	612

Particulars regarding principal associates are set out in the section headed "Principal Associates" of the Annual Report 2019.

18. Joint Ventures

	2019	2018
Unlisted shares, at cost less impairment loss	**3,079**	3,097
Share of post-acquisition reserves	**56,148**	54,995
	59,227	58,092
Amounts due from joint ventures	**8,510**	8,105
	67,737	66,197

Amounts due from joint ventures are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders except for the amounts of HK$1,670 million (2018: HK$619 million) which are interest bearing at market rates.

18. Joint Ventures (cont'd)

The Group's effective interest in the revenue, results, assets and liabilities of its joint ventures are summarized below:

	2019	2018
Investment properties	**77,445**	74,938
Other non-current assets	**4,084**	4,253
Current assets	**18,281**	16,768
Current liabilities	**(14,849)**	(13,805)
Non-current liabilities	**(25,734)**	(24,062)
Net assets	**59,227**	58,092
Revenue	**8,771**	7,836
Fair value changes of investment properties net of related deferred tax	**2,167**	5,991
Profit for the year	**5,696**	9,136

Particulars regarding principal joint ventures are set out in the section headed "Principal Joint Ventures" of the Annual Report 2019.

19. Financial Investments

	30 June 2019			
	Measured at FVTPL	**Measured at FVOCI**	**Measured at amortized cost**	**Total**
Non-current assets				
Debt securities	**337**	**177**	**675**	**1,189**
Equity securities	**248**	**1,876**	**–**	**2,124**
	585	**2,053**	**675**	**3,313**
Current assets				
Debt securities	**–**	**130**	**321**	**451**
Equity securities	**652**	**–**	**–**	**652**
	652	**130**	**321**	**1,103**

	30 June 2018			
	Measured at FVTPL	Available-for-sale	Held-to-maturity	Total
Non-current assets				
Debt securities	–	564	480	1,044
Equity securities	–	2,340	–	2,340
	–	2,904	480	3,384
Current assets				
Debt securities	–	138	79	217
Equity securities	642	–	–	642
	642	138	79	859

(Expressed in millions of Hong Kong dollars)

20. Intangible Assets

	Concession assets	Telecommunications licences	Goodwill	Total
Cost				
At 1 July 2017, 30 June 2018 and 1 July 2018	6,934	4,779	151	11,864
Additions	**22**	**–**	**–**	**22**
Disposals	**(23)**	**–**	**–**	**(23)**
At 30 June 2019	**6,933**	**4,779**	**151**	**11,863**
Accumulated amortization and impairment				
At 1 July 2017	4,890	1,443	7	6,340
Amortization	258	286	–	544
Impairment	–	–	4	4
At 30 June 2018 and 1 July 2018	5,148	1,729	11	6,888
Amortization	**259**	**285**	**–**	**544**
Impairment	**–**	**–**	**4**	**4**
Disposals	**(18)**	**–**	**–**	**(18)**
At 30 June 2019	**5,389**	**2,014**	**15**	**7,418**
Net book value at 30 June 2019	**1,544**	**2,765**	**136**	**4,445**
Net book value at 30 June 2018	1,786	3,050	140	4,976

Concession assets represent cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructure, which have finite useful lives of 27 years, and are amortized on a straight line basis.

Telecommunications licences represent the upfront payments and the present value of the annual fixed fees payable for the telecommunications licences over the licence period, which have finite useful lives ranging from 12 to 15 years, and are amortized on a straight line basis. The corresponding non-current and current portion of these contractual liabilities are recorded in other non-current liabilities and other payables respectively.

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries. At the year end date, an impairment test was performed by comparing the carrying amount of the business with the recoverable amount.

21. Other Non-Current Assets

	Note	2019	2018
Mortgage loan receivables		**5,680**	5,820
Other loan receivables		**1,032**	1,188
Less: Amount due within one year included under trade and other receivables		**(2,088)**	(995)
		4,624	6,013
Derivative financial instruments	22	**140**	158
		4,764	6,171

21. Other Non-Current Assets (cont'd)

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with various tenors not more than 25 years (2018: 25 years) at the year end date and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK$3,925 million (2018: HK$4,198 million).

At 30 June 2019, 1.0% (2018: 0.6%) of loan receivables have been past due but not impaired, of which 98% (2018: 100%) are aged less than three months since the due dates. These relate to a number of independent customers for whom the creditworthiness, collateral and subsequent settlement after reporting date are assessed and the amounts are still considered recoverable.

22. Derivative Financial Instruments

		2019		2018	
	Notes	**Assets**	**Liabilities**	Assets	Liabilities
Fair value hedges					
– interest rate swaps		**35**	**–**	67	2
– cross currency interest rate swaps		**–**	**149**	113	191
		35	**149**	180	193
Cash flow hedges					
– cross currency interest rate swaps		**105**	**–**	–	–
Not designated as accounting hedges					
– cross currency interest rate swap		**18**	**–**	25	–
– forward foreign exchange contacts		**1**	**1**	–	7
		19	**1**	25	7
		159	**150**	205	200
Representing:					
Current portion	24 & 27	**19**	**–**	47	17
Non-current portion	21 & 31	**140**	**150**	158	183
		159	**150**	205	200

At the year end date, the Group had outstanding derivative financial instruments analyzed as follow:

		Notional principal amount	
	Maturing date	**2019**	2018
Designated as accounting hedges			
– interest rate swaps and cross currency interest rate swaps	Sep 2019 – Feb 2029 (2018: Aug 2018 – Apr 2024)	**14,297**	11,630
Not designated as accounting hedges			
– cross currency interest rate swap	May 2020	**3,892**	3,892
– forward foreign exchange contracts	May 2020 – Dec 2020	**123**	123
		4,015	4,015
		18,312	15,645

(Expressed in millions of Hong Kong dollars)

23. Properties for Sale

	2019	2018
Stock of completed properties for sale	**37,589**	44,350
Properties pending/under development for sale	**158,518**	133,017
	196,107	177,367

24. Trade and Other Receivables

	Notes	2019	2018
Trade receivables	(a)	**7,896**	11,196
Other account receivables, deposits and prepayments	(b)	**11,948**	7,729
Deposits for acquisition of properties		**204**	302
Contract assets	(c)	**656**	–
Amounts due from customers for contract works	(d)	**–**	94
Short-term loans		**2,088**	995
Derivative financial instruments	22	**19**	47
		22,811	20,363

(a) At 30 June 2019, 86% (2018: 88%) of trade receivables are aged less than 30 days, 4% (2018: 3%) between 31 to 60 days, 2% (2018: 1%) between 61 to 90 days and 8% (2018: 8%) more than 90 days.

At 30 June 2019, 12% (2018: 18%) of trade receivables are past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and there has not been a significant change in credit quality and the amounts are still considered recoverable.

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. When the Group is satisfied that recovery of the amount is remote, the impairment loss is written off against trade receivables directly. Impairment losses in respect of trade receivable as at 30 June 2019 amounted to HK$31 million (2018: HK$29 million).

(b) The balance includes contract acquisition costs of HK$725 million primarily related to incremental commission costs incurred to obtain property sales and telecommunication services contracts with customers. There was no impairment loss in relation to the cost capitalized.

(c) The contract assets primarily relate to the Group's right to consideration for unbilled revenue in relation to services rendered for use of data centre and IT facilities, telecommunication and construction services at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. Balance of contract assets as at 1 July 2018 amounted to HK$618 million.

24. Trade and Other Receivables (cont'd)

(d) Amounts due from/(to) customers for contract works

	2018
Contract costs incurred plus recognized profits less recognized losses	1,702
Less: Progress billings	(1,613)
	89
Represented by:	
Due from customers included in trade and other receivables	94
Due to customers included in trade and other payables	(5)
	89

The balance of contract works due from and due to customers as at 30 June 2018 were classified as contract assets and contract liabilities respectively as at 1 July 2018 upon adoption of HKFRS 15.

25. Bank Deposits and Cash

Deposits with banks are interest bearing at prevailing market rates. About 37% (2018: 45%) of the Group's bank deposits and cash are denominated in Hong Kong dollars, 48% (2018: 44%) in Renminbi and 15% (2018: 11%) in US dollars.

26. Bank and Other Borrowings

	Note	**2019**	2018
Unsecured bank overdrafts		**194**	185
Long-term bank and other borrowings due within one year	29	**8,974**	12,461
		9,168	12,646

27. Trade and Other Payables

	Note	**2019**	2018
Trade payables		**2,909**	2,837
Other payables and accrued expenses		**23,857**	26,567
Contract liabilities		**615**	–
Amounts due to customers for contract works		**–**	5
Amounts due to non-controlling interests		**1,318**	1,399
Derivative financial instruments	22	**–**	17
		28,699	30,825

At 30 June 2019, 50% (2018: 56%) of trade payables are aged less than 30 days, 19% (2018: 17%) between 31 to 60 days, 5% (2018: 2%) between 61 to 90 days and 26% (2018: 25%) more than 90 days.

The contract liabilities relate primarily to advance payments received from customers in respect of use of data centre and IT facilities, telecommunication and construction services. Balance of contract liabilities as at 1 July 2018 amounted to HK$615 million.

The amounts due to non-controlling interests are interest free, unsecured and have no fixed terms of repayment.

(Expressed in millions of Hong Kong dollars)

28. Deposits Received on Sales of Properties

The Group receives payments from customers based on payment schedules established in contracts. The Group receives certain percentage of the agreed transaction price as a deposit when the Group signs a contract with the customers. Typically, the remaining balance is paid upon closing of the contracts when the properties are assigned to the customers. In many cases, the Group receives some further deposits from customers prior to the closing of the contracts. In some arrangements relating to sales of uncompleted properties, the customers agree to pay the balance of consideration early during the property construction period, rather than on assignment. All such deposits received are recognized as contract liabilities until the Group satisfies its performance obligations by transferring the control of the properties to the customers, at which time the contract liabilities are recognized as revenue.

Changes in contract liabilities in respect of deposits received on sales of properties during the year:

At 1 July 2018	**12,230**
Exchange difference	**(105)**
Decrease as a result of recognizing revenue during the year	**(7,565)**
Increase as a result of receiving sales deposits during the year	**12,423**
At 30 June 2019	**16,983**

29. Bank and Other Borrowings

The maturity of the Group's long-term bank and other loans are as follows:

	Note	**2019**	2018
Secured bank loans repayable			
Within one year		**260**	266
After one year, but within two years		**260**	266
After two years, but within five years		**512**	789
After five years		**64**	29
		1,096	1,350
Unsecured bank loans repayable			
Within one year		**8,216**	7,883
After one year, but within two years		**5,484**	8,944
After two years, but within five years		**38,067**	37,903
After five years		**3,328**	2,446
		55,095	57,176
Bonds and notes repayable			
Within one year		**498**	4,312
After one year, but within two years		**8,326**	506
After two years, but within five years		**15,224**	21,389
After five years		**14,573**	6,516
		38,621	32,723
		94,812	91,249
Less : Amount due within one year included under current liabilities	26	**(8,974)**	(12,461)
		85,838	78,788

29. Bank and Other Borrowings (cont'd)

The fair values of the long-term borrowings as estimated by discounting their future cash flows at the prevailing market borrowing rates at the year end date for similar borrowings are as follows:

	Carrying amount		Fair value	
	2019	2018	**2019**	2018
Secured bank loans	**836**	1,084	**836**	1,084
Unsecured bank loans	**46,879**	49,293	**46,868**	49,213
Bonds and notes	**38,123**	28,411	**38,970**	27,774
	85,838	78,788	**86,674**	78,071

(a) Secured bank loans related to bank borrowings of the Group's subsidiaries which are secured by way of legal charges over certain of its assets and business undertakings.

(b) The above bank loans are repayable on various dates up to November 2038 (2018: September 2031) and carry interest, after hedging where appropriate, at effective rate per annum of 3.22% (2018: 2.82%).

(c) The bonds and notes are repayable on various dates up to March 2029 (2018: September 2027), unsecured and carry interest, after hedging where appropriate, at effective rate per annum of 3.54% (2018: 3.50%).

(d) The carrying amount of the gross borrowings by currency (after cross currency interest rate swaps) is as follows:

	2019	2018
Hong Kong dollars	**74,506**	68,052
US dollars	**8,052**	11,366
Renminbi	**11,292**	12,016
British Pound	**1,156**	–
	95,006	91,434

(Expressed in millions of Hong Kong dollars)

30. Deferred Tax Liabilities

Deferred income tax assets and liabilities are offset when taxes relate to the same tax authority and where offsetting is legally enforceable. The Group has not recognized deferred tax assets arising from tax losses and deductible temporary differences as it is uncertain that the related tax benefits can be realized through future taxable profit. The components of the carrying amount of deferred tax liabilities and the movements during the year are as follows:

	Accelerated tax depreciation	Revaluation of properties	Tax losses	Others	Total
At 1 July 2017	5,614	13,389	(151)	78	18,930
Charged/(credited) to consolidated income statement	579	1,779	1	(22)	2,337
Deemed disposal of subsidiaries	(5)	–	–	–	(5)
Credited to reserve	–	–	–	(3)	(3)
Exchange difference	43	356	–	2	401
At 30 June 2018 and 1 July 2018	6,231	15,524	(150)	55	21,660
Charged/(credited) to consolidated income statement	**547**	**1,856**	**(53)**	**15**	**2,365**
Charged to reserve	**–**	**–**	**–**	**3**	**3**
Exchange difference	**(76)**	**(622)**	**1**	**(3)**	**(700)**
At 30 June 2019	**6,702**	**16,758**	**(202)**	**70**	**23,328**

At the year end date, the Group has unrecognized tax losses and deductible temporary differences of HK$4,209 million (2018: HK$4,372 million), of which HK$177 million (2018: HK$183 million) of tax losses will expire at various dates up to 2024 (2018: 2023). Recognition of these unrecognized tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

31. Other Non-Current Liabilities

	Note	2019	2018
Asset retirement and other obligations		**42**	43
Contractual obligations for telecommunications licences		**83**	128
Derivative financial instruments	22	**150**	183
		275	354

32. Share Capital

	2019		2018	
	Number of shares in million	Amount	Number of shares in million	Amount
Issued and fully paid:				
Ordinary shares				
At beginning of year	**2,897**	**70,612**	2,896	70,516
Shares issued on exercise of share options	**1**	**71**	1	96
At end of year	**2,898**	**70,683**	2,897	70,612

During the year ended 30 June 2019, 609,500 (2018: 825,000) shares were issued on exercise of share options.

33. Perpetual Capital Securities

On 23 May 2017, the Group issued US$500 million senior perpetual capital securities which are redeemable at the Group's option on or after 23 May 2020. Distributions are payable semi-annually in arrears at a fixed rate of 4.45 per cent per annum, which may be deferred at the Group's discretion and in which event, the Company and the issuer will not declare or pay any dividends or distributions or redeem, reduce, cancel, buy back or otherwise acquire any of the Company's and/or the issuer's securities of lower or equal rank.

The Group is considered to have no contractual obligations to call its principal or to pay any distributions. The perpetual capital securities do not meet the definition for classification as a financial liability. They are presented within equity and distributions are treated as dividends.

During the year, the Group bought back US$9 million (2018: US$3 million) senior perpetual capital securities for a total consideration of HK$58 million (2018: HK$20 million).

34. Share Option Schemes

The Company has a share option scheme which was adopted on 15 November 2012 ("the New Scheme") to replace a former scheme previously adopted on 5 December 2002 ("the Old Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Details of share option schemes adopted by the Company are set out in the Directors' Report of the Annual Report 2019.

The Old Scheme

Upon the termination of the Old Scheme, no further share options could be granted but the outstanding share options granted shall continue to be valid and exercisable in accordance with its provisions.

(a) Movements in share options to subscribe for ordinary shares in the Company under the Old Scheme during the year ended 30 June 2018 are as follows:

			Number of share options				
Date of grant	Exercise price	Exercisable period	At 1 July 2017	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 30 June 2018
11 July 2012	HK$96.15	11.7.2013 to 10.7.2017	31,000	–	(31,000)	–	–

(b) Details of share options exercised

Share options exercised during the year ended 30 June 2018 resulted in 31,000 shares being issued. The related weighted average share price at the time of exercise was HK$115.64 per share.

(Expressed in millions of Hong Kong dollars)

34. Share Option Schemes (cont'd)

The New Scheme

During the year, no share options were granted under the New Scheme.

(a) Movements in share options to subscribe for ordinary shares in the Company under the New Scheme during the year ended 30 June 2019 are as follows:

			Number of share options				
Date of grant	**Exercise price**	**Exercisable period**	**At 1 July 2018**	**Granted during the year**	**Exercised during the year**	**Lapsed/ cancelled during the year**	**At 30 June 2019**
12 July 2013	HK$102.30	12.7.2014 to 11.7.2018	**141,000**	**–**	**(141,000)**	**–**	**–**
11 July 2014	HK$106.80	11.7.2015 to 10.7.2019	**633,000**	**–**	**(468,500)**	**–**	**164,500**
			774,000	**–**	**(609,500)**	**–**	**164,500**
Weighted average exercise prices (HK$)			**105.98**	**–**	**105.76**	**–**	**106.80**

Movements in share options to subscribe for ordinary shares in the Company under the New Scheme during the year ended 30 June 2018 are as follows:

			Number of share options				
Date of grant	Exercise price	Exercisable period	At 1 July 2017	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 30 June 2018
12 July 2013	HK$102.30	12.7.2014 to 11.7.2018	622,000	–	(481,000)	–	141,000
11 July 2014	HK$106.80	11.7.2015 to 10.7.2019	946,000	–	(313,000)	–	633,000
			1,568,000	–	(794,000)	–	774,000
Weighted average exercise prices (HK$)			105.01	–	104.07	–	105.98

(b) Details of share options exercised

Share options exercised during the year resulted in 609,500 (2018: 794,000) shares being issued. The related weighted average share price at the time of exercise was HK$130.71 (2018: HK$130.33) per share.

35. Parent Company Statement of Financial Position

	Notes	2019	2018
Non-current assets			
Subsidiaries	(a)	**31,360**	31,367
Current assets			
Amounts due from subsidiaries		**176,628**	167,639
Trade and other receivables		**33**	–
Bank deposits and cash		**41**	39
		176,702	167,678
Current liabilities			
Trade and other payables		**(81)**	(45)
Net current assets		**176,621**	167,633
Total assets less current liabilities		**207,981**	199,000
Non-current liabilities			
Other borrowings		**(1,363)**	–
NET ASSETS		**206,618**	199,000
CAPITAL AND RESERVES			
Share capital	32	**70,683**	70,612
Reserves	(b)	**135,935**	128,388
SHAREHOLDERS' EQUITY		**206,618**	199,000

Directors:
Kwok Ping-luen, Raymond
Lui Ting, Victor

(a) Particulars regarding principal subsidiaries are set out in the section headed "Principal Subsidiaries" of the Annual Report 2019.

(b) The movement of reserves during the year are as follows:

	Capital reserve	Retained profits	Total
At 1 July 2017	5,318	115,178	120,496
Transfer to share capital upon shares issued on exercise of share options	(11)	–	(11)
Share options lapsed	(1)	–	(1)
Profit for the year	–	20,071	20,071
Final dividend paid for the year ended 30 June 2017	–	(8,690)	(8,690)
Interim dividend paid for the year	–	(3,477)	(3,477)
At 30 June 2018 and 1 July 2018	5,306	123,082	128,388
Transfer to share capital upon shares issued on exercise of share options	**(7)**	**–**	**(7)**
Profit for the year	**–**	**21,171**	**21,171**
Final dividend paid for the year ended 30 June 2018	**–**	**(9,995)**	**(9,995)**
Interim dividend paid for the year	**–**	**(3,622)**	**(3,622)**
At 30 June 2019	**5,299**	**130,636**	**135,935**

Reserves of the Company available for distribution to equity shareholders of the Company as at 30 June 2019 amounted to HK$130,636 million (2018: HK$123,082 million).

(Expressed in millions of Hong Kong dollars)

36. Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2019	2018
Operating profit before changes in fair value of investment properties	**37,858**	35,453
Depreciation and amortization	**2,912**	2,007
Profit on disposal of investment properties	**(107)**	(367)
Loss on disposal of property, plant and equipment	**34**	16
Profit on disposal of available-for-sale investments	**–**	(4)
Dividend income from equity securities	**(154)**	(178)
Interest income	**(156)**	(109)
Share-based payments	**19**	3
Other non-cash items	**17**	(11)
Exchange difference	**208**	(99)
Operating cash inflow	**40,631**	36,711
Decrease in properties for sale	**1,675**	6,257
Additions to properties pending development for sale	**(19,248)**	(35,957)
Decrease in inventories	**84**	4
Increase in trade and other receivables	**(2,212)**	(2,335)
(Increase)/decrease in financial assets at fair value through profit or loss	**(10)**	19
(Decrease)/increase in trade and other payables	**(2,062)**	3,838
Increase in deposits received on sales of properties	**4,753**	1,772
Changes in working capital	**(17,020)**	(26,402)
Cash generated from operations	**23,611**	10,309

(b) Analysis of the balance of cash and cash equivalents at end of year

	2019	2018
Bank deposits and cash	**22,038**	26,095
Bank overdrafts	**(194)**	(185)
	21,844	25,910
Less: Bank deposits maturing after more than three months	**(409)**	(2,870)
Less: Pledged bank deposits	**(5)**	(5)
	21,430	23,035

36. Notes to Consolidated Statement of Cash Flows (cont'd)

(c) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings	Amounts due to non-controlling interests	Total
At 1 July 2017	67,170	1,188	68,358
Cash flows	23,817	211	24,028
Adjustment due to fair value change of financial instruments	(54)	–	(54)
Net exchange difference	316	–	316
At 30 June 2018 and 1 July 2018	91,249	1,399	92,648
Cash flows	**4,055**	**(78)**	**3,977**
Adjustment due to fair value change of financial instruments	**(101)**	**–**	**(101)**
Net exchange difference	**(391)**	**–**	**(391)**
Other non-cash movements	**–**	**(3)**	**(3)**
At 30 June 2019	**94,812**	**1,318**	**96,130**

37. Joint Operations

At the year end date, the aggregate amounts of assets and liabilities recognized in the consolidated financial statements relating to the Group's interests in joint operations are as follows:

	2019	2018
Investment properties	**19,771**	19,108
Stocks of completed properties for sale	**174**	174
Properties pending/under development for sale	**2,591**	548
	22,536	19,830
Trade and other payables	**366**	338
Current tax payables	**91**	78
Deferred tax liabilities	**174**	164
	631	580
Revenue	**1,026**	939
Expenses	**227**	216

(Expressed in millions of Hong Kong dollars)

38. Related Party Disclosures

During the year, the Group undertook various transactions with related parties. The following is a summary of significant transactions, in addition to those disclosed elsewhere in the consolidated financial statements, between the Group and related parties, which were carried out in the normal course of the Group's business at similar terms to other customers or suppliers and at market prices:

		Associates		Joint ventures	
	Notes	**2019**	2018	**2019**	2018
Interest income	(a)	**–**	–	**75**	32
Rental income	(b)	**–**	–	**2**	2
Rental expenses	(b)	**1**	1	**57**	57
Other revenue from services rendered	(c)	**123**	107	**239**	66
Purchase of goods and services	(c)	**–**	–	**345**	488

(a) The outstanding balances with associates and joint ventures at the year end date are disclosed in Notes 17 and 18 respectively.

(b) The Group has, in the normal course of its business, entered into lease agreements to lease premises to and from related parties. The leases were entered into on normal commercial terms.

(c) Purchase of goods and services from and rendering of services to related parties were conducted in the normal course of business at prices and on terms comparable to those contracted with other suppliers/customers of the Group.

Emoluments to directors (being the key management personnel compensation) are disclosed in Note 10.

39. Contingent Liabilities and Commitments

At the year end date, the Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	2019	2018
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	**4,112**	4,117
Authorized but not contracted for	**4,480**	468
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	**507**	592
Authorized but not contracted for	**26**	34

(c) Guarantees given to banks and financial institutions for the borrowings of joint ventures of HK$2,102 million (2018: HK$1,313 million) and other guarantees of HK$4 million (2018: HK$4 million).

40. Operating Lease

At the year end date, the future aggregate minimum lease income receivable by the Group under non-cancellable operating leases for land and buildings is analyzed as follows:

	2019	2018
Not later than one year	**16,165**	15,703
Later than one year but not later than five years	**21,966**	18,335
Later than five years	**4,226**	2,109
	42,357	36,147

At the year end date, the future aggregate minimum lease charges payable by the Group under non-cancellable operating leases for land and buildings, transmission sites and leased lines is analyzed as follows:

	2019	2018
Not later than one year	**1,383**	1,382
Later than one year but not later than five years	**1,330**	1,646
Later than five years	**458**	554
	3,171	3,582

41. Charges of Assets

At the year end date, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$5 million (2018: HK$5 million) have been pledged for securing guarantees issued by the banks.

At the year end date, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$1,681 million (including bank deposits and cash of HK$44 million) (2018: HK$1,929 million (including bank deposits and cash of HK$56 million)) have been charged to secure their bank borrowings.

42. Critical Accounting Judgements and Estimations

In the application of the Group's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions used in preparing the consolidated financial statements are continually evaluated based on historical experience and other factors that are considered relevant, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Fair value of investment properties

At each reporting date, the Group's investment properties (including investment properties under development) are measured at fair values based on valuations by independent qualified valuers on the highest and best use basis. Income capitalization method is used in the valuations which is dependent on certain estimates, including fair market rents, appropriate capitalization rates, reversionary income potential and redevelopment potential where appropriate. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin. The management has reviewed the valuation and is satisfied that the valuation of the Group's investment properties is reasonable.

(b) Impairment of assets

Assets including goodwill and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. Estimating the value in use of an asset involves estimating the future cash flows expected to arise from its continuing use and from its disposal at the end of its useful life and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

(c) Net realizable value of properties for sale

Net realizable value of properties for sale (comprising completed properties for sale and properties pending/under development for sale) is determined based on the Group's assessment of the price ultimately expected to be realized in the ordinary course of business by reference to prevailing market conditions less all estimated selling expenses and anticipated costs to completion.

(d) Income taxes

There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain and judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(e) Recognition of deferred tax assets

The amount of the deferred tax assets included in the consolidated financial statements of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilized. The recognition of deferred tax assets requires the Group to make judgements, based on assessment regarding future financial performance, about the amount of future taxable profits and the timing of when these will be realized.

43. Financial Risk Management

The Group's major financial instruments include investments, amounts due from associates and joint ventures, loan receivables, trade receivables, bank deposits and cash, trade payables, bank and other borrowings and other non-current liabilities. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments are managed by the Group's financial management policies and practices described below:

(a) Foreign currency risk

Foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operational cash flows and borrowings are mainly denominated in Hong Kong dollars. The Group aims to minimize its currency risk using forward contracts where feasible and cost effective. The Group's primary foreign currency exposures arise mainly from the property development and investment activities in Mainland China and Singapore, whose net assets are exposed to foreign currency translation risk. Where appropriate, the Group seeks to finance these investments through borrowings denominated in the relevant foreign currencies. Exchange differences arising from the translation of the net investment in these Mainland China and Singapore subsidiaries, associates and joint ventures have been dealt with in consolidated statement of comprehensive income.

The Group is also exposed to foreign currency risk in respect of its foreign currency borrowings, bank deposits and cash, mainly denominated in US dollars. Where appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with its borrowings. Foreign currency exposure of the Group's other monetary assets/liabilities is minimal.

At 30 June 2019, it is estimated that a 10% (2018: 10%) increase/decrease in exchange rate of Hong Kong dollars against all other currencies, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$2 million (2018: HK$205 million increase/decrease). The other comprehensive income would be decreased/increased by HK$67 million (2018: HK$122 million).

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly, at times of interest rate uncertainty, through the use of interest rate swaps.

The Group's interest rate risks arise principally from borrowings. Borrowings raised at floating rates expose the Group to cash flow interest rate risk. Interest rate risk is managed by the Group's senior management through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to the Group's businesses and investments.

The Group's borrowings are principally arranged on a floating rate basis. When appropriate, interest rate swaps are used to hedge and manage its long-term interest rate exposure. Speculative derivative transactions are strictly prohibited.

43. Financial Risk Management (cont'd)

(b) *Interest rate risk (cont'd)*

As at 30 June 2019, it is estimated that an increase/a decrease of 100 basis points (2018: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$384 million (2018: HK$291 million).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the year end date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for financial year 2018.

(c) *Price risk*

The Group is exposed to price risk through the Group's financial investments that are measured at fair value at each year end date with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at 30 June 2019, it is estimated that an increase/a decrease of 10% (2018: 10%) in quoted prices, with all other variables held constant, would increase/decrease the profit before taxation for the year and the other comprehensive income by approximately HK$92 million and HK$187 million (2018: HK$60 million and HK$271 million), respectively.

(d) *Credit risk*

The Group's credit risk is primarily attributable to trade receivables, loan receivables, derivative financial instruments and deposits with banks and financial institutions.

The Group's trade receivables mainly arise from sale of properties developed by the Group and rent receivables from tenants. Occasionally, long term loans are provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each year end date to ensure that adequate impairment loss is made for irrecoverable amounts.

Counterparty exposure from derivatives is managed, together with that from deposits and bank account balances, with credit limit that reflect published credit ratings and monitored on a regular basis to ensure there is no significant risk to any individual counterparty.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated financial statements after deducting any impairment loss. Except for the financial guarantees as set out in Note 39, the Group does not provide any other guarantee which would expose the Group to material credit risk.

43. Financial Risk Management (cont'd)

(e) Liquidity risk

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. The Group takes liquidity risk into consideration when deciding its sources of finances and their respective tenors. The Group aims to diversify its funding sources and minimize its refinancing risk by preventing substantial refinancing in any one period. The Group also maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Notes	**Carrying amount**	**Total contractual undiscounted cash flow**	**Up to 1 year**	**> 1 year to 2 years**	**> 2 years to 5 years**	**> 5 years**
As at 30 June 2019							
Trade payables	27	**2,909**	**2,909**	**2,640**	**267**	**2**	**–**
Other payables and accrued expenses	27	**23,857**	**23,859**	**19,560**	**2,069**	**1,966**	**264**
Amounts due to non-controlling interests	27	**1,318**	**1,318**	**1,318**	**–**	**–**	**–**
Bank and other borrowings	26 & 29	**95,006**	**108,763**	**12,274**	**17,034**	**58,968**	**20,487**
Other non-current liabilities	31	**125**	**142**	**–**	**104**	**38**	**–**
Derivative financial instruments	22	**150**	**154**	**9**	**145**	**–**	**–**
		123,365	**137,145**	**35,801**	**19,619**	**60,974**	**20,751**

	Notes	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	> 1 year to 2 years	> 2 years to 5 years	> 5 years
As at 30 June 2018							
Trade payables	27	2,837	2,837	2,523	308	6	–
Other payables and accrued expenses	27	26,567	26,570	22,456	2,250	1,649	215
Amounts due to non-controlling interests	27	1,399	1,399	1,399	–	–	–
Bank and other borrowings	26 & 29	91,434	102,558	15,609	12,306	64,543	10,100
Other non-current liabilities	31	171	206	–	62	144	–
Derivative financial instruments	22	200	211	26	21	163	1
		122,608	133,781	42,013	14,947	66,505	10,316

43. Financial Risk Management (cont'd)

(f) Fair value measurements of financial instruments

Investment in securities that are stated at quoted market prices are classified within Level 1 of the three-level fair value hierarchy. These comprised all listed securities and certain unlisted securities that are measured at quoted prices that are observable in active markets.

Fair values of most unlisted securities are determined using a variety of valuation techniques including discounted cash flows and market comparable approaches, and are generally classified within Level 3 as significant inputs used for valuation are largely market unobservable, but can be classified as Level 2 if they are measured using inputs that are derived from or corroborated by observable market data.

The fair values of trade receivables, bank deposits, trade payables, accruals and short-term borrowings approximate to their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The fair values of cross currency interest rate swaps are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The carrying amounts of mortgage loan receivables, which carry variable interest rates and reprice with reference to market changes, approximate their fair values.

The carrying amounts of other financial assets and liabilities in the consolidated financial statements are not materially different from their fair values.

There were no transfer amongst Level 1, Level 2 and Level 3 in the fair value hierarchy and no change in valuation techniques during the year.

43. Financial Risk Management (cont'd)

(f) *Fair value measurements of financial instruments (cont'd)*

The following tables present the carrying value of financial instruments that are measured at fair value at end of reporting period, categorized across the levels of fair value hierarchy defined as follows:

Level 1 Fair values measured at quoted prices (unadjusted) in active markets.

Level 2 Fair values measured using inputs other than quoted prices where those inputs are based on observable market data.

Level 3 Fair values measured using inputs not based on observable market data.

As at 30 June 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	337	–	–	337
Equity securities	711	–	189	900
Financial assets at FVOCI				
Debt securities	307	–	–	307
Equity securities	1,566	5	305	1,876
Derivative financial instruments				
Interest rate swaps	–	35	–	35
Cross currency interest rate swaps	–	123	–	123
Forward foreign exchange contracts	–	1	–	1
	2,921	164	494	3,579
Financial liabilities				
Derivative financial instruments				
Cross currency interest rate swaps	–	149	–	149
Forward foreign exchange contracts	–	1	–	1
	–	150	–	150

(Expressed in millions of Hong Kong dollars)

43. Financial Risk Management (cont'd)

(f) Fair value measurements of financial instruments (cont'd)

As at 30 June 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Equity securities	642	–	–	642
Available-for-sale financial assets				
Debt securities	702	–	–	702
Equity securities	2,005	7	328	2,340
Derivative financial instruments				
Interest rate swaps	–	67	–	67
Cross currency interest rate swaps	–	138	–	138
	3,349	212	328	3,889
Financial liabilities				
Derivative financial instruments				
Interest rate swaps	–	2	–	2
Cross currency interest rate swaps	–	191	–	191
Forward foreign exchange contracts	–	7	–	7
	–	200	–	200

The change in Level 3 financial instruments for the year is as follows:

	Available-for-sale investments	**Financial assets measured at**		
		FVTPL	**FVOCI**	**Total**
At 1 July 2017	–	–	–	–
Financial assets at cost less impairment remeasured at fair value	213	–	–	213
Purchases	37	–	–	37
Change in fair value recognized in other comprehensive income	78	–	–	78
At 30 June 2018 (Originally stated)	328	–	–	328
Adjustment on initial adoption of HKFRS 9	**(328)**	**63**	**265**	**–**
At 1 July 2018 (restated)	**–**	**63**	**265**	**328**
Purchases	**–**	**138**	**5**	**143**
Sales	**–**	**(13)**	**–**	**(13)**
Change in fair value recognized in				
– profit or loss	**–**	**1**	**–**	**1**
– other comprehensive income	**–**	**–**	**35**	**35**
At 30 June 2019	**–**	**189**	**305**	**494**

44. Capital Management

The Group's objective for managing capital is to maintain a strong capital base to support the development of its business and to continue to provide returns for shareholders while maintaining a prudent level of financial leverage.

The Group actively reviews and monitors its capital structure on a regular basis to maintain a healthy net debt-to-shareholders' equity ratio. For this purpose the Group defines net debt as total borrowings less bank deposits and cash. Shareholders' equity comprises share capital and reserves attributable to the Company's shareholders as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debt financing or sell assets to reduce debt.

The net debt-to-shareholders' equity ratios at the year end were as follows:

	2019	2018
Secured bank loans	**1,096**	1,350
Unsecured bank and other loans	**93,910**	90,084
Total borrowings	**95,006**	91,434
Less: Bank deposits and cash	**(22,038)**	(26,095)
Net debt	**72,968**	65,339
Shareholders' equity	**566,405**	539,098
Net debt-to-shareholders' equity ratio	**12.9%**	12.1%

45. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

46. Approval of the Consolidated Financial Statements

The consolidated financial statements set out on pages 162 to 236 were approved by the board of directors on 12 September 2019.

Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 30 June 2019 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal subsidiaries were incorporated and are operating in Hong Kong, unlisted and are indirectly held by the Company.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
SUNeVision Holdings Ltd. (Listed in Hong Kong)	2	73.90	Provision of data centre, facilities management and value-added services, installation and maintenance services	232,658,283
SmarTone Telecommunications Holdings Limited (Listed in Hong Kong)	3	71.67	Mobile telephone system operation	112,454,003
Sun Hung Kai Real Estate Agency Limited	7	100	General management and agency	1,000,000
New Town (N.T.) Properties Limited	8	100	Investment holding	2,287,658,338
Fidelity Finance Company, Limited	7	100	Finance	200
Honour Finance Company, Limited	7	100	Loan financing and investment holding	500,000
Sun Hung Kai Properties (Financial Services) Limited	7	100	Finance	100,000
Sun Hung Kai Properties Insurance Limited	7	100	General insurance	75,000,000
Sun Hung Kai Architects and Engineers Limited	7	100	Architectural and engineering	350,000
Sanfield Building Contractors Limited		100	Building construction	40,000,000
Sanfield (Management) Limited		100	Building construction and project management	2
Everlight Engineering Company, Limited		100	Fire prevention and mechanical engineering	50,000
Aegis Engineering Company, Limited		100	Plant and machine hire	100,000
Hong Yip Service Company Limited		100	Property and facility management	100,000
Kai Shing Management Services Limited	7	100	Property and facility management	10,000
Mantegna Investment Company Limited	1	100	Property investment	2
		100		(Note 10) 9,999,998
Royaltelle International Limited		100	Hotel operation	2
Access Orient Investments Limited	1	100	Property investment	US$1
Ace Peace Limited		100	Property investment	1
Additech Ltd.	1	100	Property investment	US$1
Advance Vision Enterprises Limited		100	Property investment	2
Airport Freight Forwarding Centre Company Limited		100	Freight forwarding centre	100
Annadale Development Limited		100	Property trading and investment	2
Antanpark Limited	1	100	Property investment	US$1
Antinio Investments Limited	1	100	Property investment	US$1
Artsland Properties Investment Limited	1	100	Property investment	US$1
Assured Outcome Limited	1	100	Property investment	US$1
Barnard Enterprises Limited	1	75	Property investment	US$100
Beauty Marble Investment Limited		100	Property investment	2

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Beijing New Town Plaza Real Estate Co., Ltd.	6c	100	Property investment	US$9,000,000*
Beijing Sun Dong An Co., Ltd.	6a	100	Property investment	US$129,000,000*
Best Numbers Limited	1	100	Property investment	US$1
Best Winners Limited	1	100	Property investment and hotel operation	US$1
Biliboss Ltd.	1	100	Property investment	US$1
Billion Great Investment Limited		100	Property development and trading	2
Branhall Investments Limited	1	100	Property investment	2
		100		(Note 10) 39,999,998
Brave One Investments Limited	1	100	Property investment	US$1
Bright Strong Limited		100	Property development, trading and investment	2
Buratto Limited	1	100	Property investment	US$1
Capital Mind Investments Limited	1	100	Property investment	US$1
Champion Dynasty Investments Limited	1	100	Property investment	US$1
Champion Era Investments Limited	1	100	Property investment	US$1
Charmford Holdings Limited		100	Property development and trading	1
Cheerlord Investment Ltd.	1	100	Property investment and hotel operation	US$1
成都忠捷置業有限公司	6b	91	Property development	RMB213,000,000*
Choice Win (H.K.) Limited		100	Property development and investment	1
City Lion Investment Limited	1	100	Property investment	US$1
City Success Limited		100	Property development, trading and investment	2
Classic Best Investments Limited	1	100	Property investment	US$1
Classic Success Investments Limited	1	100	Property investment	US$1
Connick Limited	1	100	Property investment	US$1
Crown World Investment Limited		100	Property development, trading and investment	1
Dictado Company Limited		100	Property investment	200
Digital Chance Investments Limited	1	100	Property investment	US$1
Dipende Limited	1	100	Property investment	US$1
Dragon Value Investments Limited	1	100	Property investment	US$1
Ease Gold Development Limited		100	Property development, trading and investment	2
Easyway Properties Limited		100	Property trading and investment	1
Entero Company Limited	9	100	Property investment	200
Even Decade Limited	1	100	Property investment	US$1
Ever Channel Limited		100	Property investment	2
Ever Crystal Limited		100	Property investment	1
Ever Fast Limited		100	Property development and investment	2
Evermax Development Limited		100	Property development and investment	2
Excellent Chance Limited	1	100	Property investment	US$1
Fame Amuse Limited	1	100	Property development and investment	US$1
Fast Commerce Global Limited	1	100	Property investment	US$1
First Star Development Limited		100	Property development	100

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Forever Glory Investments Limited	1	100	Property investment	US$1
Fortin International Limited	1	100	Property development and investment	US$1
Fortune Honor Limited		100	Property investment	2
Fortune Sign Global Limited	1	100	Property investment	US$1
Fortune Yield Investment Limited		100	Property investment	2
佛山市新普房地產開發有限公司	6c	100	Property development and investment	US$34,000,000*
東莞創紀房地產開發有限公司	6c	100	Property development	US$121,000,000*
Full Market Limited		100	Property investment	2
Fu Tong Investment Company Limited	7	100	Property investment	300,000
Garudia Limited		100	Property investment	2
Gleamland Limited	1	100	Property investment	US$1
Golden Square Properties Enterprises Limited	1	100	Property investment	2
		100		(Note 10) 999,998
Good Assets Limited		100	Property development	1
Goodwick Limited		100	Property trading and investment	1
Great Assets Global Limited	1	100	Property investment	US$1
Great Alliance Limited		100	Property development	1
Group Allied Limited		100	Property trading and investment	1
Group Channel Limited		100	Property investment	1
Guangzhou Dragon Lake Real Estate Ltd.	6c	60	Property development	604,965,400*
廣州南沙區慶盛新鴻基地產發展有限公司	6c	100	Property development and investment	RMB3,000,000,000*
廣州新天房地產發展有限公司	6b	70	Property development	RMB798,000,000*
廣州市匯信房地產開發有限公司	6a	95	Property development	RMB82,000,000*
廣州市佳俊房地產開發有限公司	6c	100	Property development	RMB210,000,000*
Hambrook Investments Limited	1	100	Property investment	US$1
Harbour Vantage Limited		100	Property trading and project management	2
Harrison Global Limited	1	100	Property investment	US$1
Headmaster Assets Limited	1	100	Property investment	US$1
Hero Town Limited	1	100	Property investment	US$86,500,001
Herowell Limited		100	Property investment	1
Hintline Investments Limited		100	Property investment and trading	5,000
Hinwood Investment Limited		100	Property development and investment	1
Hoi Kong Container Services Company Limited		100	Mid stream operator	40,000,000
Honenberg Limited		100	Property investment	2
Hong Kong Business Aviation Centre Limited		35	Business Aviation Centre	1,000,000
Hong Kong Sky Deck Limited		100	Observation deck	1
Hongyi (Shanghai) Corporate Development Co., Ltd. (formerly Sun Hung Kai Development (Lujiazui I) Ltd.)	6c	100	Property investment	US$214,482,000*
Hung Kai Finance Investment Holding Limited		100	Property investment	200
Jayan Company Limited		100	Property investment and investment holding	2
Joinyield Limited		100	Property development and investment	1
Jugada Company Limited		100	Property investment	2
Kamchatka Company Limited		100	Property investment	200
Kamsford Hong Kong Limited		100	Property investment	16,500,000

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Kartasun Limited		100	Property investment	2
Kimrose Investments Ltd.	1	100	Property investment	US$1
Kintech Investment Limited		100	Property trading	1
Laboster Company Limited	7	100	Property investment	2
Lanecove Enterprise Limited	1	100	Property investment	US$1
Lansmart Limited		100	Property trading and investment holding	2
Large City Investments Limited	1	100	Property investment	US$1
Lee Bit Kai Investment Company Limited	7	100	Property investment	1,000
Leverson Limited	1	100	Property investment and hotel operation	US$1
Long Kinetic Limited		100	Property investment and hotel operation	1
Long Tesak Company Limited		100	Property investment	100,000
Lunalite Company Limited		100	Property investment	2
Manceton Limited		100	Property investment	2
Market Century Global Limited	1	100	Property investment	US$1
Market Talent Investments Limited	1	100	Property investment	US$1
Masston Limited		100	Property investment	1
Maxwear Limited	1	100	Property investment	US$1
Mighty Choice Assets Limited	1	100	Property investment	US$1
Mindano Limited		100	Property investment and investment holding	10,000
Morison Limited	1	100	Property investment	US$1
Nixon Cleaning Company Limited		100	Cleaning service	100,000
Obvio Yip Company Limited	7	100	Property development and investment	15,000,000,000
On Best Capital Investment Limited		92	Property trading and investment holding	1
Open Step Limited		60	Property investment	10
Oriental Way Limited		100	Hotel development and property investment	1
Pacific Earth Enterprise Limited		100	Property development, trading and investment	1
Pacotilla Company Limited		100	Property investment	200
Partner Sino Assets Limited	1	100	Property investment	US$1
Pawling Limited	1	100	Property investment	US$1
Polarland Limited		100	Property development	1
Pontamell Limited	1	100	Property investment	US$1
Potential Area Limited	1	100	Property investment	US$1
Profit Richness Ltd.	1	100	Property investment	US$1
Progress Success Investments Limited	1	100	Property investment	US$1
Protasan Limited		100	Property investment	100
Red Stand Investments Limited	1	100	Property investment	US$1
Rinnovare Limited	1	100	Property investment	US$1
Route 3 (CPS) Company Limited		70	Toll road operation	10,000
Score Best Investments Limited	1	100	Property investment	US$1
Scott Global Investments Limited	1	100	Property investment	US$1
Senmark Limited		100	Hotel operation	2
Shanghai Central Plaza Property Co., Ltd.	6a	80	Property investment	US$42,000,000*
Shanghai International Commerce Centre Co., Ltd.	6c	100	Property development and investment	US$290,500,000*

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Shanghai SHK International Commerce Centre Co., Ltd.	6c	100	Property development and investment	US$90,000,000*
Shanghai SHK Weiyi Property Co., Ltd.	6c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weijing Property Co., Ltd.	6c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weizheng Property Co., Ltd.	6c	100	Property investment	RMB1,220,000,000*
Shanghai SHK Weiwan Property Co., Ltd.	6c	100	Property investment	RMB18,500,000,000*
Shanghai Xin Zhong Hui Property Co., Ltd.	6c	100	Property investment	US$18,000,000*
Sharp Act Investments Limited	1	100	Property development and investment	US$1
Shubbery Company Limited		100	Property investment	200
Shunyue Investments Limited	1	100	Property investment	US$1
Silver Knight Developments Limited	1	100	Property investment	US$1
Smart Globe Limited		100	Property development	1
Smithtown Investments Limited	1	100	Property investment	US$1
Solar Kingdom Limited		100	Property investment	2
Speed Wise Limited	7	100	Property investment	2
Speedway Assets Limited	1	100	Property investment	US$1
Spring Bliss Investments Limited	1	100	Property investment	US$1
Standard Top Limited		100	Property investment	2
Starry View Holdings Limited	1	100	Property investment	US$1
Startrack Company Limited		100	Property investment	200
Success Wide Holdings Limited	1	100	Property investment	US$1
Sun Carol Company Limited		100	Property investment	200
Sun Hung Kai Development (China) Limited		100	Investment holding	20,000,370
Sun Hung Kai Development (Lujiazui II) Ltd.	6c	100	Property investment	US$121,355,000*
Sun Hung Kai Development (Zhang Yang) Ltd.	6c	100	Property development and investment	US$165,000,000*
Sun Hung Kai IFC (Nanjing) Co., Ltd.	6c	100	Property investment	RMB721,914,400*
Sun Hung Kai ICC (Suzhou) Co., Ltd.	6b	90	Property development and investment	RMB1,800,000,000*
Sun Hung Kai Properties (Capital Market) Limited	2,7	100	Finance	US$10
Sun Hung Kai Properties Investment (Guangzhou) Limited	6c	100	Investment holding	US$90,000,000*
Sun Hung Kai Secretarial Services Limited	7	100	Secretarial services	200
Sun Yuen Long Centre Management Company Limited		100 75	Property investment and management	(Note 11) 25,000 (Note 12) 25,000
Sunfez Company Limited		100	Property investment	200
Sunrit Enterprises Limited		100	Property investment	4,000,000
Superwick Limited		100	Property development	1
Tainam Holdings Limited	1	100	Property investment	US$1
Ten Choice Development Limited		100	Property investment	2
Tenuta Limited	1	100	Property investment	US$1
Time Bliss Limited	1	100	Property investment	US$1
Tipro Development Limited		100	Property investment	1,000,000
Tonthai Investment Enterprises Limited	1	100	Property investment	US$1
Top State Development Limited		100	Property development and investment	1
Town Descant Company Limited		100	Property investment	200
Transport Infrastructure Management Limited		100	Road management	70,000,000
Trioland Limited		100	Property development	1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
True Vantage Global Limited	1	100	Property investment	US$1
Tsi Mai Company Limited		100	Property investment	200
Tuxedos Company Limited		100	Property investment and trading	200
Uniland Investment Enterprises Limited	1	100	Property investment	US$1
United Way Investments Limited	4,7	100	Owner of trade mark	US$1
		100		(Note 10) US$83,400
Upper Hill Company Limited	1	100	Property investment	US$1
Vast Earn Property Corp.	1	100	Property investment	US$2
Wai Hung Development Company Limited	7	100	Investment holding and property investment	70,000
Warrior Company Limited		100	Property investment	300
Wealth Capsule Investments Limited	1	100	Property investment	US$1
Wealth Power International Enterprise Limited		92	Property development	1
Well Success Capital Investment Limited		92	Property development	1
Well Famous Enterprise Limited		100	Property investment	1
Well Logic Properties Investment Limited	1	100	Property investment	US$1
Wellden Limited		100	Property investment	2
Wensley Developments Limited	1	100	Property investment	US$1
Wetland Park Management Service Limited		100	Property development and investment	2
Willmax Limited		100	Property investment	2
Wilson Parking (Holdings) Limited		100	Investment holding and carpark operation	1,000
Winbox Investment Limited		100	Property development and investment	1
Winner Land Enterprises Limited		100	Property investment	2
Wisecity Development Limited		100	Property development	2
Wonder Charm Assets Limited	1	100	Property investment	US$1
WTC (Club) Limited		100	Club management	200
YATA Limited		100	Department store operation	30,000,000
Zarabanda Company Limited		100	Property investment	2
Zhongshan SHKP Taoyuan Real Estate Development Co. Ltd.	6a	75	Property development	40,000,000*

Notes:
1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated in the Cayman Islands and operating in Hong Kong.*
3. *Incorporated in Bermuda and operating in Hong Kong.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated in the Cayman Islands.*
6. *Incorporated and operating in the People's Republic of China:*
   a. *Co-operative joint venture enterprise*
   b. *Equity joint venture enterprise*
   c. *Wholly foreign owned enterprise*
7. *Directly held by the Company.*
8. *11.89% directly and 88.11% indirectly held by the Company.*
9. *50% directly and 50% indirectly held by the Company.*
10. *Redeemable share.*
11. *"A" share.*
12. *"B" share.*

Principal Joint Ventures

The directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures as at 30 June 2019 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal joint ventures were incorporated and are operating in Hong Kong and unlisted.

	Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
+	Altomatic Limited		50	Property investment	Ordinary
#+	China Resources Sun Hung Kai Properties (Hangzhou) Limited	5	40	Property development and investment	Registered capital
#+	China Resources Sun Hung Kai Properties (Wuxi) Limited	5	40	Property development and investment	Registered capital
#	Dragon Beauty International Limited		50	Property development	Ordinary
+	Glorious Concrete (BVI) Limited	4	50	Manufacturer of precast	Ordinary
+	Glorious Concrete (H.K.) Limited		50	Manufacturer of ready mixed concrete	Ordinary
#+	Green Valley Landfill, Limited		20	Landfill waste disposal facility	Ordinary
#+	Guangzhou Fujing Properties Development Co., Ltd.	3	33.3	Property development	Registered capital
#	廣州宏城廣場房地產開發有限公司	6	50	Property investment	Registered capital
#+	Hangzhou Runhong Properties Limited	5	40	Property development	Registered capital
	IFC Development Limited	1	50	Property investment	Ordinary
	Jade Land Resources Limited		25	Property trading and investment	Ordinary
#	Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited		50	Godown operation	Ordinary
+	Newfoundworld Investment Holdings Limited	1	20	Investment holding	Ordinary
#+	Orchard Turn Holding Pte. Ltd.	2	50	Investment holding	Ordinary
+	Ranny Limited		50	Property investment	Ordinary
#+	River Trade Terminal Co. Ltd.	1	50	River trade terminal	Ordinary
#+	Senica International Limited	4	22.5	Investment holding	Ordinary
#+	Shanghai Xintian Real Estate Co., Ltd.	3	35	Property development and investment	Registered capital
	Special Concept Development Limited		25	Property investment	Ordinary
+	Splendid Shing Limited		50	Property investment	Ordinary
#+	Star Play Development Limited		33.3	Property investment	Ordinary
#+	祥寶投資（成都）有限公司	5	40	Property development and investment	Registered capital
	Teamfield Property Limited		57.52	Property investment	Ordinary
+	Tinyau Company Limited		50	Property investment	Ordinary
+	Topcycle Development Limited		50	Property development	Ordinary
#	Wolver Hollow Company Limited		50	Property investment	Ordinary
+	Xipho Development Company Limited		33.3	Property trading	Ordinary

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
#+ 佛山市新升房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新鋒房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新晉房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新駿房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新昊房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新匯房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新景房地產開發有限公司	5	50	Property development	Registered capital

+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.

Notes:

1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated and operating in the Republic of Singapore.*
3. *Incorporated and operating in the People's Republic of China as equity joint venture enterprise.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated and operating in the People's Republic of China as wholly foreign owned enterprise.*
6. *Incorporated and operating in the People's Republic of China as co-operative joint venture enterprise.*

Principal Associates

The directors are of the opinion that a complete list of the particulars of all associates will be of excessive length and therefore the following list contains only the particulars of associates as at 30 June 2019 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal associates were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share
#+ Transport International Holdings Limited (Listed in Hong Kong)	1	38.31	Public transportation	Ordinary
#+ Ranex Investments Limited		29	Property development and investment	Ordinary
#+ The Hong Kong School of Motoring Limited		30	Driving School	Ordinary
#+ Onluck Finance Limited		35.44	Finance	Ordinary
#+ Treasure Peninsula Limited		29	Finance	Ordinary

\+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

\# *Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.*

Note: 1. Incorporated in Bermuda and operating in Hong Kong.

APPENDIX II

REPRODUCTION OF THE ISSUER'S CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

The information set out below is a reproduction of the Issuer's condensed interim financial statements as at and for the six-month period ended 30 June 2019.

SG Issuer

Société Anonyme

Condensed interim financial statements,
Report of the Executive Board and Corporate Governance Statement and
Report of the Réviseur d'entreprises agréé on review of the condensed interim financial statements

As at and for the six-month period ended 30 June 2019

16, boulevard Royal
L-2449 Luxembourg
R.C.S. Luxembourg: B121.363

Summary

Executive Board Members

For the six-month period ended 30 June 2019

Chairman:

Mr Yves CACCLIN (until 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mrs Aude de ROQUANCOURT (Member since 1 February 2019 - Chairman since 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Members:

Mr Noël ALISON (until 20 September 2019)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Thierry BODSON
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Amaury de BELER (until 1 February 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Alexandre GALLICHE
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Pascal JACOB (since 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mrs Estelle STEPHAN JASPARD
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Laurent WEIL
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Supervisory Board Members

For the six-month period ended 30 June 2019

<u>Chairman:</u>

Mr Yves CACCLIN (since 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Arnaud JACQUEMIN (until 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

<u>Members:</u>

Mr Didier LALLEMAND
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Vincent ROBILLARD
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Olivier FREITAS
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Audit Committee Members

For the six-month period ended 30 June 2019

Chairman:

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Members:

Mr Olivier FREITAS
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Didier LALLEMAND
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Management and administration

For the six-month period ended 30 June 2019

Issuer
SG Issuer
16, boulevard Royal, L-2449 Luxembourg

Guarantor (if applicable, as specified in the Final Terms)
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Arranger and Dealer
Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Security Trustee and Security Agent Trustee
The Bank of New York MELLON Corporate Trustee Services Limited
One Canada Square, London E14 5AL

Collateral Custodian
The Bank of New York MELLON (Luxembourg) S.A.
2-4, rue Eugène Ruppert, L-2453 Luxembourg

Collateral Monitoring Agent
The Bank of New York MELLON London Branch
One Canada Square London E14 5AL

Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent
Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Paying Agents
Société Générale
29, boulevard Haussmann, F-75009 Paris, France
&
Société Générale, New York Branch
1221, avenue of the Americas, New York NY 10020, United States of America

Warrant Agent
Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Legal advisers and Réviseur d'entreprises agréé
For the six-month period ended 30 June 2019

Legal advisers
To the Arranger as to English, French and U.S. laws
Allen & Overy LLP
Edouard VII
26, boulevard des Capucines, F-75009 Paris, France

To the Trustee as to English Law
Allen & Overy LLP
1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law
Allen & Overy Luxembourg
33, avenue John F. Kennedy, L-1855 Luxembourg

Independent Auditor (Réviseur d'entreprises agréé)
Ernst & Young S.A.
35E, avenue John F. Kennedy, L-1855 Luxembourg

Report of the Executive Board and Corporate Governance Statement

For the six-month period ended 30 June 2019

The Directors of SG Issuer (the "Company" or "SGIS") (each a « Director », collectively the « Executive Board ») present the condensed interim financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the period from 1 January 2019 to 30 June 2019.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The purpose of SG Issuer is to issue Notes and Warrants with all types of underlyings including, without restriction, shares, index, interest rate, dividend, credit risk, foreign exchange, commodities, funds, Warrants, etc... allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings.

Notes are mainly debt securities, bonds, certificates. Issuing proceeds raised by the sale of the Notes will be transferred to Société Générale Paris through a Fully Funded Swap, which will perfectly hedge SGIS for the full issue size.

Warrants are financial products like turbos, inline Warrants, daily leverage certificates, etc…, which aim to replicate the same financial exposure as buying (call) or selling (put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.

Warrants are sold by SG Issuer mainly to clients in France, Belgium, Luxembourg, UK, Sweden, Finland, Norway, Spain, Hong-Kong, the Netherlands, Italy and Singapore.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue collateralised Notes or Warrants ("secured Notes" or "secured Warrants") in order to propose an additional layer of protection to investors in case of default of Société Générale.

Notes and Warrants issuances are governed by the Base Prospectus prepared by Société Générale. The main programmes for Notes are the two Debt Instruments Issuance Programmes, for which the last updates have been approved by the CSSF on 14 June 2019 and the "Programme d'Emission de Titres de Créance" approved by the CSSF on 20 June 2019. Similarly, the main programmes for Warrants are the Warrants Issuance Programme for which the last updates have been approved by the CSSF on 1 July 2019, and the Warrants and Turbo Warrants Issuance Programme for which the last updates have been approved by the CSSF on 16 July 2019. Two programmes are hosted by Société Générale Frankfurt, Dual Language DIIP dated 12 July 2019 and Dual Language Leveraged and Tracking Products dated 17 July 2019. The Hong Kong Warrants programme was last updated on 3 April 2019 and the Singapore Warrants programme was last updated on 21 June 2019.

The state of business of the Company at the closing of the six-month period ended 30 June 2019 is adequately presented in the interim statement of financial position and interim statement of profit and loss and other comprehensive income.

The increase in total assets and liabilities (before impact of the off-setting – see Note 2.3.3.4) is due to the development of the activity of issuing financial instruments.

During the six-month period ended 30 June 2019, 13 461 new Notes were issued (among which 79 new secured Notes) and 16 760 new Warrants were issued[1]. The net profit for the period from 1 January 2019 to 30 June 2019 amounts to KEUR 263.

The Company did not exercise any research and development activity, does not have any branch, and did not acquire any own shares.

2. RISKS AND UNCERTAINTIES

The risks associated with the investment in the Notes or Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes or Warrants issued, in particular depending on the underlying type, the maturity, the secured / unsecured status of the Notes or Warrants, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by contracting a swap with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivative instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 9 hereafter.

3. FUTURE DEVELOPMENTS

For this second semester, the Executive Board expects a further increase in the Notes and Warrants issued. From next year, while the issuance of Notes is expected to be remain sustained, the Warrants activity is expected to decrease, the Société Générale Group planning to use another issuer for the bulk of its Warrant issuances.

4. SUBSEQUENT EVENTS

There were no subsequent events which could have a significant impact on the condensed interim financial statements of the Company as at and for the six-month period ended 30 June 2019.

5. CORPORATE GOVERNANCE STATEMENT

The Executive Board of the Company is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Société Générale Group. This statement describes the Company's governance principles and practices.

In compliance with its status, the Company is governed by an Executive Board and supervised by a dedicated Supervisory Board.

5.1. Executive Board

The Executive Board supervises and controls the management and operations of the Company and is responsible for the Company system of risk management and internal control.

[1] The number of issued Notes and Warrants does not take into account the issuances which have been issued and cancelled during the same financial period.

The Executive Board meetings are held several times during the year when necessary.

The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision.

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organized and monitored appropriately;
- Reviews and approves the Company's financial statements and condensed interim financial statements;
- Supervises and controls operative management.

5.2. Supervisory Board

The Supervisory Board ensures permanently and by all means suited the control of the management of the Company carried out by the Executive Board. However, this supervision has to be translated in no way by an intervention in the management of the Company. The Supervisory Board can mandate advisory committees comprised of members of the Supervisory Board and/or of other non-members to lead different missions. The Supervisory Board can confer these advisory committees of the power or mandates permanently or temporary. These advisory committees cannot have the effect of restricting the powers of the Executive Board.

5.3. Audit Committee

The mission of the Audit Committee is to monitor the issues related to the preparation and control of accounting and financial information, to monitor the independence of the statutory auditors, as well as to monitor the efficiency of the internal control, measurement, supervision and risk control systems related to the accounting and financial processes. If needed, it gives recommendations and its opinion to the Supervisory Board.

An Audit Committee took place on 29 April 2019, during which the financial statements for the year ended 31 December 2018 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee.

5.4. Internal Audit

The Internal Audit of both Société Générale Bank & Trust S.A. ("SGBT") and Société Générale Group support the Company's Executive Board in overseeing the Company's activities and securing its operations by carrying out internal audits and providing consultative assistance. The objective of Internal Audit is to add value by making recommendations designed to improve the Company's functioning. Internal Audit is an independent function and its activities are based on international professional internal audit standards and rules of ethics.

The central task of Internal Audit is to audit the functioning of SG Issuer on a regular basis and evaluate its internal controls, risk management, and administrative function. The areas to be audited are determined by the projected financial and operational risks concerned. Internal Audit can also carry out special assignments at the request of management.

Internal Audit does not have any direct authority over the activities it reviews.

5.5. Controls framework

First level of controls is related to the execution of the procedures, guidelines and instructions established to ensure the proper and efficient functioning of the Company. They are executed by the involved teams in charge of the production.

The Chief Financial Officer of the Company ensures the completeness of the procedural framework.

5.6. New Products Committee

All the new activities and business of the Company are analyzed and authorized by a dedicated New Products Committee (NPC). All involved departments within Société Générale are represented (operations, finance, risk, accounting standards, etc...) to assess the impact for the Company.

5.7. Service level agreements

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from the Group's internal control systems.

Service Level Agreements ("SLAs") were signed by the Company with SGBT and with Société Générale. The SLAs govern the relations between the entities as well as their respective obligations. The services supplied by SGBT and Société Générale are listed in the appendices of the agreements (mainly General services, legal services, business continuity management services and financial services from SGBT and operational services – Middle Office and Back Office – from Société Générale).

Luxembourg, 25 September 2019
For the Executive Board

Aude de ROQUANCOURT
Chairman of the Executive Board

Pascal JACOB
Member of the Executive Board

Thierry BODSON
Member of the Executive Board

Global Statement for the condensed interim financial statements

For the six-month period ended 30 June 2019

To the best of our knowledge, the condensed interim financial statements are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union and gives a true and fair view of the financial position and performance of SG Issuer as at and for the six-month period ended 30 June 2019. The condensed interim financial statements comprise the interim statement of financial position as at 30 June 2019, the interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

To the best of our knowledge, the management report includes a fair review of the development and performance of the Company, and a description of the principal risks and uncertainties that the Company faces.

Luxembourg, 25 September 2019

Aude de ROQUANCOURT
Chairman of the Executive Board

Pascal JACOB
Member of the Executive Board

Thierry BODSON
Member of the Executive Board

Ernst & Young
Société anonyme

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To the sole Shareholder of
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16, boulevard Royal
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Report of the Réviseur d'entreprises agréé on review of the condensed interim financial statements

Introduction

We have reviewed the accompanying condensed interim financial statements of SG Issuer S.A. as at and for the six-month period ended 30 June 2019, which comprise the interim statement of financial position as at 30 June 2019 and the related interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity, the interim statement of cash flows for the six-month period then ended and explanatory notes. The Executive Board is responsible for the preparation and fair presentation of the condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Charles Dequaire

Luxembourg, 25 September 2019

Interim statement of profit and loss and other comprehensive income

For the six-month period ended 30 June

	Note	('000 EUR) 2019	('000 EUR) 2018
Interest income		546	609
Commission income	8	32 882	-
Net gains from financial instruments at fair value through profit or loss	8	129	29 151
Impairments		-	-
Total revenues		**33 557**	**29 760**
Interest expenses		(18 672)	(11 521)
Personnel expenses		(103)	(104)
Other operating expenses		(14 432)	(17 987)
Total expenses		**(33 207)**	**(29 612)**
Profit before tax		**350**	**148**
Income tax	6	(87)	(22)
Profit for the financial period		**263**	**126**
Total comprehensive income for the period		**263**	**126**

Interim statement of financial position

As at

	Note	('000 EUR) 30.06.2019	('000 EUR) 31.12.2018
Cash and cash equivalents	3	92 164	79 584
Financial assets at fair value through profit or loss			
- *Mandatorily measured at fair value through profit or loss*	4.1	51 712 386	45 062 134
- *Trading derivatives*	4.1	3 598 402	4 168 362
Loans and receivables	5	50 049	52 570
Other assets		12 072	-
Total assets		**55 465 073**	**49 362 650**
Financial liabilities at amortised cost	4.3	67 950	96 284
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss*	4.2	51 704 692	45 053 728
- *Trading derivatives*	4.2, 8	3 622 675	4 170 486
Other liabilities		10 601	13 039
Tax liabilities	6	87	64
Total liabilities		**55 406 005**	**49 333 601**
Share capital	7.1	2 000	2 000
Share premium	7.1	56 605	25 000
Legal reserve	7.2.1	200	200
Other reserves	7.2.2	-	1 662
Profit for the financial period/year		263	187
Total equity		**59 068**	**29 049**
Total equity and liabilities		**55 465 073**	**49 362 650**

Interim statement of changes in equity

	('000 EUR) Share capital	('000 EUR) Share premium	('000 EUR) *Legal reserve*	('000 EUR) *Other reserves (unavailable)*	('000 EUR) *Other reserves (available)*	('000 EUR) Total reserves	('000 EUR) Profit for the financial year/period	('000 EUR) Total equity
As at 31 December 2017	**2 000**	**-**	*200*	*1 664*	*1 716*	**3 580**	**78**	**5 658**
Allocation of the result of the previous year before dividend distribution	**-**	**-**	**-**	**-**	*78*	**78**	**(78)**	**-**
IFRS 9 FTA impact (Note 2.3.3.1)	**-**	**-**	-	-	*(2)*	**(2)**	**-**	**(2)**
Transfer to available reserves	**-**	**-**	-	*(2)*	*2*	**-**	**-**	**-**
Capital increase / Allocation to the share premium account	**-**	**62 725**	-	-	-	**-**	**-**	**62 725**
Dividend to the sole shareholder	**-**	**-**	-	-	*(1 794)*	**(1 794)**	**-**	**(1 794)**
Profit and other comprehensive income for the period from 1 January 2018 to 30 June 2018	**-**	**-**	-	-	-	**-**	**126**	**126**
As at 30 June 2018	**2 000**	**62 725**	*200*	*1 662*	-	**1 862**	**126**	**66 713**
Reimbursement of the share premium (Note 7.1)	-	**(37 725)**	-	-	-	**-**		**(37 725)**
Transfer to available reserves	-	**-**	-	(1 662)	1 662	**-**	-	**-**
Profit and other comprehensive income for the period from 1 July 2018 to 31 December 2018	**-**	**-**	-	-	-	**-**	**61**	**61**
As at 31 December 2018	**2 000**	**25 000**	*200*	-	*1 662*	**1 862**	**187**	**29 049**
Allocation of the result of the previous year before dividend distribution	**-**	**-**	**-**	**-**	*187*	**187**	**(187)**	**-**
Capital increase / Allocation to the share premium account (Note 7.1)	**-**	**31 605**	-	-	-	**-**	**-**	**31 605**
Dividend to the sole shareholder (Note 7.1)	**-**	**-**	-	-	*(1 849)*	**(1 849)**	**-**	**(1 849)**
Profit and other comprehensive income for the period from 1 January 2019 to 30 June 2019	**-**	**-**	-	-	-	**-**	**263**	**263**
As at 30 June 2019	**2 000**	**56 605**	*200*	-	-	**200**	**263**	**59 068**

Interim statement of cash flows

For the six-month period ended 30 June

	Note	('000 EUR) 2019	('000 EUR) 2018
OPERATING ACTIVITIES			
Profit for the financial period		263	126
Adjustment for:			
Net (Increase)/decrease in financial assets	4.1	(6 077 771)	(1 168 619)
Net Increase/(decrease) in financial liabilities	4.2	6 106 425*	1 148 341
(Increase)/decrease in other assets		(12 072)	-
Increase/(decrease) in tax liabilities and other liabilities		(2 416)	(23 720)
Other (IFRS 9 impact)		-	(2)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**14 429**	**(43 874)**
FINANCING ACTIVITIES			
Payment of capital surplus		-	-
Dividend paid	7.1	(1 849)	(1 794)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(1 849)**	**(1 794)**
Cash and cash equivalents at the beginning of the period	3	79 584	114 889
Net increase/(decrease) in cash and cash equivalents		12 580	(45 668)
Cash and cash equivalents at the end of the period		**92 164**	**69 221**
Cash flows from interest and dividends			
Interest paid		353	415
Interest received		546	609
Dividend received			-

** The amount of KEUR 6 106 425 excludes the 2018 activity related interests amounting to KEUR 31 605, which are payable to SGBT and which have been allocated to the Share premium (see Note 5 and Note 7.1).*

NOTE 1 – CORPORATE INFORMATION

SG Issuer (hereafter the "Company" or "SGIS") is a Luxembourg company incorporated on 16 November 2006 as a public limited liability company (S.A.) for an unlimited period.

Since April 2013, the Company's corporate objects are to issue debt securities, bonds, certificates, Warrants and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, Warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, Warrants - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

The Company's financial year begins on 1 January and ends on 31 December each year.

The Company's capital is fully owned by Société Générale Bank & Trust S.A. (hereafter "SGBT"), a bank incorporated under Luxembourg law.

The accounts of the Company are included in the consolidated accounts of SGBT, which is the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 11, avenue Emile Reuter, L-2420 Luxembourg.

The accounts of the Company are included in the consolidated accounts of Société Générale S.A. (hereafter "Société Générale" or the "ultimate parent company"), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

2.1.1. Statement of compliance

The financial statements of the Company as at 31 December 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB"). The financial statements as at and for the year ended 31 December 2018 were authorised for issue by the Supervisory Board on 29 April 2019.

The condensed interim financial statements as at and for the six-month period ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB"). The condensed interim financial statements as at and for the six-month period ended 30 June 2019 were approved by the Executive Board on 25 September 2019.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2018.

2.1.2. Basis of measurement of financial assets and financial liabilities

Financial assets and financial liabilities linked to the activity of the Company are measured at fair value through profit or loss. All other financial assets and financial liabilities are measured at amortised cost.

2.1.3. Functional and presentation currency

These condensed interim financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital.

2.1.4. Use of estimates and judgements

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of figures recorded in the interim statement of profit and loss, on the unrealised or deferred gains and losses, on the valuation of assets and liabilities in the interim statement of financial position, and on information disclosed in the notes to the interim condensed financial statements.

In order to make these assumptions and estimates, the management uses information available at the date of preparation of the condensed interim financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the interim condensed financial statements.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial management judgment and/or estimates are listed below with respect to judgments/estimates involved.

The use of estimates and judgment mainly concerns the following topics:

- Fair value in the interim statement of financial position of financial instruments not quoted on an active market which are classified as Financial assets and liabilities at fair value through profit or loss (see Notes 4.1. and 4.2.);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost (see Note 5);
- The analysis of the contractual cash flow characteristics of financial assets.

2.1.5. Segmental information

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements and condensed interim financial statements are presented to the Executive Board of SGIS in analysing the performance of the Company. The Company has only one geographical area related to its revenue, which is France (Société Générale).

The business of the Company is not seasonal. Therefore, the additional disclosure of financial information for the twelve months up to the end of the interim period and comparative information for the prior twelve-month period, encouraged in IAS 34.21, are not necessary and not provided.

2.2. **Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2018, except for the adoption of the new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2.1. New accounting standards applied by the Company as at 1 January 2019

IFRS 15 “Revenue for contracts with customers” (see Notes 2.2.1.1).
IFRS 16 "Leases" (see Notes 2.2.1.2.).
IFRIC 23 “Uncertainty over Income Tax Treatments”(Note 2.2.1.3.).
Amendments to IAS 28 “Long-Term Interests in associates and joint ventures”(Note 2.2.1.4).
Annual improvements (2015-2017) (Note 2.2.1.5).
Amendments to IAS 19 “Plan Amendments, Curtailment or Settlement”(Note 2.2.1.6).

2.2.1.1. IFRS 15 “Revenue from contracts with customers”

Adopted by the European Union on 1 January 2018

This standard supersedes IAS 18 “Revenue” and sets out the new requirements for recognising revenues earned from all types of contracts entered into with customers.

The recognition of revenues in the income statement shall depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To apply this core principle, IFRS 15 provides a five-step model from the identification of the contract with the customer until the recognition of the related revenue when the performance obligation is fulfilled.

Income related to the issuance of Notes and Warrants were presented under the caption “net gains from financial instruments at fair value through profit or loss” until 31 December 2018 in accordance with IAS 39/IFRS 9. In 2019, the Company has reassessed the accounting treatment of such income and concluded that such income was in scope of IFRS 15. This new accounting policy has been applied since 1 January 2019. Comparative amounts for the year 2018 were not restated for materiality reasons (but presented in Note 8).

The remuneration of SGIS is composed by 2 distinct services:

- The issuing upfront fee for the initiation of the operation (thereafter issuing upfront fee). 85% of the total fee is recorded at the issue date;
- The account and security servicing during the lifecycle of the security (thereafter security servicing fee). 15% of the total fee is accrued on a monthly basis, as the recognition of continuous services from the security servicing services of SGIS (according to the costs and resources engaged by SGIS).

2.2.1.2. IFRS 16 “Leases”

Adopted by the European Union on 31 October 2017

This new standard supersedes the existing standard IAS 17 and modifies accounting requirements for leases, and more specifically in relation to the lessees’ financial statements, with very few impacts for the lessors.

For all lease agreements in the scope of IFRS 16, lessee are required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In its statement of profit and loss, the lessee separately recognises the depreciation of the right-of-use assets and the interest expense on lease liabilities.

SGIS has only one lease agreement related to the building. Since the term of this agreement is 2 years and the annual rental fees amount to KEUR 23, leases are considered non material.

2.2.1.3. IFRIC 23 “Uncertainty over Income Tax Treatments”

Adopted by the European Union on 23 October 2018

This interpretation provides clarifications about the measurement and accounting treatment of income tax when there is uncertainty over income tax treatments. The approach to be used should be the one that provides the best predictions of the resolution of the uncertainty.

The process for identifying, analyzing and monitoring tax uncertainties has been reviewed both at Group level and at the Company’s level. There is no tax treatment at the level of the Company which would raise uncertainty requiring assessment of potential other tax treatment. Consequently, no effect of this interpretation has been booked on equity.

2.2.1.4. Amendments to IAS 28 "Long-Term Interests in associates and joint ventures"

Issued by IASB on 12 October 2017

The amendments clarify that IFRS 9 "Financial Instruments" shall be applied to financial instruments that form part of the net investment in an associate or a joint venture but to which the equity method is not applied.

The Company did not identify any impact from these amendments as the Company does not have any long-term interest in neither associate nor joint venture.

2.2.1.5. Annual improvements (2015-2017)

Issued by IASB on 12 December 2017

As part of the annual Improvements to International Financial Reporting Standards, the IASB has issued amendments to IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs".

These improvements had no effect on the Company's condensed interim financial statements as the Company has neither business combinations, nor joint arrangements. Minor changes in IAS 12 and IAS 23 have no impact on the Company as they are related respectively to financial instruments classified as equity and to borrowing costs eligible for capitalisation, which are not applicable to the Company.

2.2.1.6. Amendments to IAS 19 "Plan Amendments, Curtailment or Settlement"

Published by IASB on 7 February 2018

These amendments clarify how pension expenses are determined in the event of amendment, curtailment or settlement of defined benefit pension plans. In these cases, IAS 19 currently calls for the net cost of the defined benefit asset or liability to be remeasured.

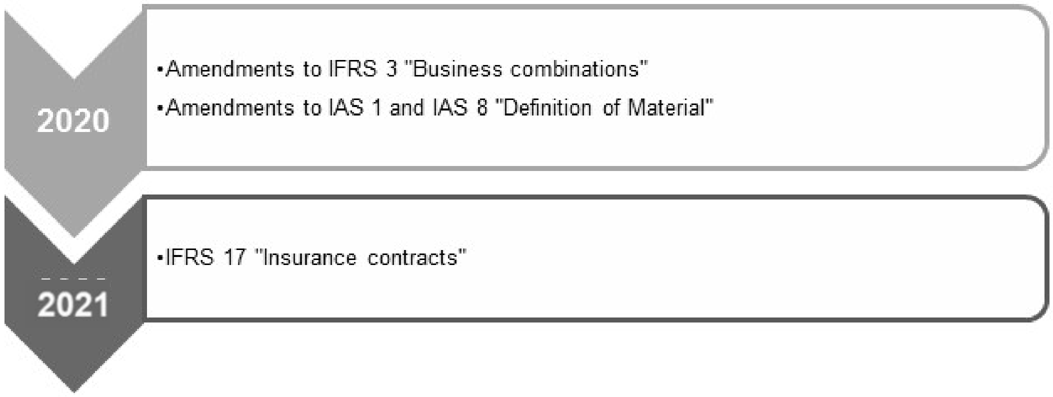
The amendments require the entity to use the updated actuarial assumptions from this remeasurement to determine past service cost and net interest.

The Company is not impacted by this standard as there is no pension plan at its level.

2.2.2. Accounting standards, amendments or interpretations to be applied by the Company in the future

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 30 June 2019. They are required to be applied from annual periods beginning on 1 January 2020 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Company as at 30 June 2019.

These standards are expected to be applied according to the following schedule:



2.2.2.1. Amendments to IFRS 3 “Business Combinations”

Published by the IASB on 22 October 2018

The amendments are intended to provide clearer guidance to facilitate the differentiation between the acquisition of a business and the acquisition of a group of assets, for which the accounting treatment is different.

The Company expects no effect from these amendments as it has no business combinations.

2.2.2.2. Amendments to IAS 1 and IAS 8 “Definition of Material”

Published by the IASB on 31 October 2018

These amendments are intended to clarify the definition of ‘materiality’ in order to facilitate the judgement in the context of the preparation of financial statements and condensed interim financial statements, particularly when selecting the information to be presented in the Notes.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.3. IFRS 17 “Insurance Contracts”

Issued by IASB on 18 May 2017

This new standard replaces IFRS 4 “Insurance Contracts” that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the interim statement of financial position is replaced by a current value measurement of insurance contracts. The Company expects no effect from this standard as it has no insurance contracts.

2.3. **Summary of significant accounting policies**

2.3.1. Foreign currency transactions

Transactions in foreign currencies are initially recorded in EUR at the exchange rate ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the interim reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the interim statement of profit and loss and other comprehensive income in the caption Net gains on financial instruments at fair value through profit or loss and Interest Expenses.

The most important foreign currency positions for the Company are USD, JPY, GBP, HKD and CHF. The following foreign exchange rates were used:

	USD	**JPY**	**GBP**	**HKD**	**CHF**
30.06.2019	1.1380	122.6000	0.89655	8.8866	1.1105
31.12.2018	1.1450	125.8500	0.8945	8.9675	1.1269

2.3.2. Cash and Cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

2.3.3. Financial instruments

The accounting principles related to financial instruments remain the same as of 31 December 2018.

2.3.3.1. Classification and measurement of financial assets

The portfolios of financial assets were reviewed to determine, based on the characteristics of their contractual cash flows and on how they are managed (business models), their accounting treatment under IFRS 9. Another objective of this review was to identify the most significant impacts on the information systems.

For the debt instruments held, SGIS has defined its business model as “held to collect” for the Fully Funded Swaps, for Cash and cash equivalents and for Loans and receivables. These assets are acquired in order to collect the contractual cash-flows attached to the assets. No sale has been made in the past years and no sale is anticipated in the future.

The Fully Funded Swaps (hereafter “FFS”) are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). This type of financial assets comply with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SGIS contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the SPPI test and these financial assets are mandatorily measured at Fair Value through Profit and Loss (“FVTPL”).

Cash and cash equivalents and Loans and receivables are SPPI compliant and are thus measured at amortised cost. Cash and cash equivalents and Loans and receivables are subject to impairment under IFRS 9 and are presented net of impairment.

The Options held, covering the Warrants issued, are Trading derivatives and thus measured at FVTPL.

Classification and measurement of financial liabilities

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss:

  These are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option.

The Company has designated at fair value through profit or loss the notes issued because mirror transactions (Fully Funded Swaps or "FFS") that are used to hedge those notes are measured mandatorily at fair value through profit and loss and thus reduce the accounting mismatch;

- Financial liabilities at amortised cost:

  These include the other non-derivative financial liabilities and are measured at amortized cost.

2.3.3.2. Valuation of financial instruments as financial assets and financial liabilities at fair value through profit or loss

The fair values of financial instruments include accrued interest as applicable.

- For unsecured Notes and Fully Funded Swaps

  The fair value for both the unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) are calculated by discounting the expected future cash flows with the risk free curve. To take the credit adjustment into account, the risk free curve is adjusted with Société Générale Group's credit spread curve. A dedicated process has been implemented using Société Générale Group and SGIS operational teams' input. This process is fully functional, constantly monitored as of today.

- For secured and Repack Notes

  Secured Notes are Notes which are collateralized with assets deposited on segregated or pooled accounts with external custodian (The Bank of New York MELLON (Luxembourg) S.A. hereafter "BNY Mellon") and pledged in favor of the Note holders.

  Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the "Reference Bond") issued by a third-party issuer (the "Reference Bond Issuer").

- The collateral assets are composed of eligible securities.

  Should Société Générale defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (external securities). Therefore, as Société Générale and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with Société Générale credit spread. Thus, no additional credit adjustment is needed for the secured Notes.

  The fair value of the secured Notes and the Repack Notes and the associated FFS is computed, for each accounting period, by discounting the expected future cash flows by a composite Repo rate curve.

- For Warrants and Options

  For financial instruments recognised at fair value in the interim statement of financial position, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the interim statement of financial position date or if the clearing value does not reflect transaction prices.

  However, due especially to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Company does not have quoted prices in the markets.

Deferred margin related to main unobservable inputs

The Company does not apply deferred margin related to its main unobservable inputs as margin on Notes and Warrants issued are offset by a similar margin on Fully Funded Swaps and Options purchased.

2.3.3.3. Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented on the interim statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by SG.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the interim statement of financial position when, and only when, an entity:

(a) currently has a legally enforceable right to set off the recognized amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."

In December 2014, a cash netting clause was added in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In June 2017, the Company added a new cash netting clause in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (OTC Options) and the liabilities (the Warrants) are settled (and intended to be settled) simultaneously.

In application of IAS 32 - Offsetting a financial asset and a financial liability, the Company proceeds to the accounting netting of the non-sold amounts. The impact of the off-setting for the non-sold Notes and the corresponding Fully Funded Swaps and impact of the off-setting for the non-sold Warrants and the corresponding options are described in note 4.1 and note 4.2.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to KEUR 92 164 as at 30 June 2019 (31 December 2018: KEUR 79 584) and are mainly composed of cash held with SGBT and Société Générale.

As at 30 June 2019 and 31 December 2018, this caption only contains cash that is repayable on demand.

NOTE 4 – FINANCIAL INSTRUMENTS

4.1. Financial assets measured at fair value through profit or loss

	30.06.2019 ('000 EUR)	31.12.2018 ('000 EUR)
Financial assets at fair value through profit or loss		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	51 712 386	45 062 134
- Trading derivatives (Options)	3 598 402	4 168 362
Total	**55 310 788**	**49 230 496**

As at 30 June 2019, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 51 712 386 (31 December 2018: KEUR 45 062 134) and replicate all the Notes issued by the Company (see Note 4.2). Differences between Fully Funded Swaps and Notes arise due to late settlements.

As at 30 June 2019, Trading derivatives (Options) amount to KEUR 3 598 402 (31 December 2018: KEUR 4 168 362) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between Options and Warrants arise due to late settlements.

As at 30 June 2019, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 59 866 543 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2018: KEUR 40 786 626) and KEUR 7 779 040 for the non-sold Warrants and the corresponding Options (31 December 2018: KEUR 5 281 042) (see Note 4.2).

The movements in financial assets at fair value through profit or loss were as follows:

	('000 EUR)	('000 EUR)	('000 EUR)
	Mandatorily at fair value through profit or loss	**Trading derivatives**	**Total**
As at 1 January 2018	**44 051 537**	**3 806 822**	**47 858 359**
Acquisition	31 615 388	34 831 815	66 447 203
Maturity/Disposal/Liquidation/Cancellation	(15 594 453)	(32 877 694)	(48 472 147)
Change in fair value	(2 247 871)	(2 054 287)	(4 302 158)
Exchange difference	1 144 519	63 069	1 207 588
Offsetting of Assets and Liabilities (Change)	(13 668 588)	(43 617)	(13 712 205)
As at 30 June 2018	**45 300 532**	**3 726 108**	**49 026 640**
Acquisition	30 120 091	(920 418)	29 199 673
Maturity/Disposal/Liquidation/Cancellation	(17 894 969)	169 074	(17 725 895)
Change in fair value	(9 819 706)	(632 465)	(10 452 171)
Exchange difference	842 729	118 021	960 750
Offsetting of Assets and Liabilities (Change)	(3 486 543)	1 708 042	(1 778 501)
As at 31 December 2018	**45 062 134**	**4 168 362**	**49 230 496**
Acquisition	33 277 613	20 820 233	54 097 846
Maturity/Disposal/Liquidation/Cancellation	(17 375 767)	(17 574 915)	(34 950 682)
Change in fair value	9 520 579	(1 350 072)	8 170 507
Exchange difference	307 744	32 792	340 536
Offsetting of Assets and Liabilities (Change)	(19 079 917)	(2 497 998)	(21 577 915)
As at 30 June 2019	**51 712 386**	**3 598 402**	**55 310 788**

4.2. Financial liabilities measured at fair value through profit or loss

	30.06.2019 ('000 EUR)	**31.12.2018 ('000 EUR)**
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss (Notes)	51 704 692	45 053 728
- Trading derivatives (Warrants)	3 622 675	4 170 486
Total	**55 327 367**	**49 224 214**

As at 30 June 2019, the Company has issued secured and unsecured Notes for a total amount of KEUR 51 704 692 (31 December 2018: KEUR 45 053 728):

- 33 037 unsecured Notes were issued (stock) for a total amount of KEUR 47 571 960 (31 December 2018: 29 736 unsecured Notes were issued (stock) for a total amount of KEUR 41 584 165);
- 888 secured Notes were issued (stock) for a total amount of KEUR 4 132 732 (31 December 2018: 871 secured Notes were issued (stock) for a total amount of KEUR 3 469 563).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.

Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 30 June 2019, securities deposited at BNY Mellon as collateral for secured issuances amount to KEUR 4 243 480 (31 December 2018: KEUR 3 609 288).

As at 30 June 2019, the Company also issued Warrants for a total amount of KEUR 3 622 675 (31 December 2018: KEUR 4 170 486). Refer to Note 9 for further details on Off-balance sheet items related to the Warrants activity.

As at 30 June 2019, the impact of the offsetting (decrease in the balance sheet) is KEUR 59 866 543 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2018: KEUR 40 786 626) and KEUR 7 779 040 for the non-sold Warrants and the corresponding Options (31 December 2018: KEUR 5 281 042) (see Note 4.1).

The movements in financial liabilities at fair value through profit or loss were as follows:

	('000 EUR)	('000 EUR)	('000 EUR)
	Designated at fair value through profit or loss	**Trading derivatives**	**Total**
As at 1 January 2018	**44 048 143**	**3 818 679**	**47 866 822**
Issuance	31 615 388	34 831 815	66 447 203
Maturity/Disposal/Liquidation/Cancellation	(15 616 360)	(32 886 766)	(48 503 126)
Change in fair value	(2 247 871)	(2 054 287)	(4 302 158)
Exchange difference	1 144 519	63 069	1 207 588
Offsetting of Assets and Liabilities (Change)	(13 668 588)	(43 617)	(13 712 205)
As at 30 June 2018	**45 275 231**	**3 728 893**	**49 004 124**
Issuance	30 759 451	(896 908)	29 862 543
Maturity/Disposal/Liquidation/Cancellation	(18 372 899)	(462 165)	(18 835 064)
Change in fair value	(9 984 059)	(256 637)	(10 240 696)
Exchange difference	862 547	349 261	1 211 808
Offsetting of Assets and Liabilities (Change)	(3 486 543)	1 708 042	(1 778 501)
As at 31 December 2018	**45 053 728**	**4 170 486**	**49 224 214**
Issuance	33 743 010	20 821 781	54 564 791
Maturity/Disposal/Liquidation/Cancellation	(17 794 541)	(17 350 616)	(35 145 157)
Change in fair value	9 473 510	(1 574 971)	7 898 539
Exchange difference	308 902	53 993	362 895
Offsetting of Assets and Liabilities (Change)	(19 079 917)	(2 497 998)	(21 577 915)
As at 30 June 2019	**51 704 692**	**3 622 675**	**55 327 367**

4.3. Financial instruments measured at amortised cost

As at 30 June 2019 and 31 December 2018, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000, issued by the Company and fully subscribed by SGBT, with maturity in 2022. Conversion may occur each year.

On this convertible bond, the Company pays to SGBT both variable interests calculated on Euribor 3M plus a margin of 2.05% (total rate of 1.705% as at 30 June 2019) and activity related interests. Activity related interests mean an amount equal to 100% of the activity related profit generated by the Company.

The convertible bond maturity shall be automatically extended by successive periods of one year, unless either the Issuer or the Holder has exercised its right to terminate the bond on the scheduled maturity date. The conversion option belongs to the Holder.

As at 30 June 2019 and 31 December 2018, the value of the equity component is estimated to be nil.

As at 30 June 2019, the Company also has amounts due to banks related to the Company's bank current accounts for KEUR 2 031 (31 December 2018: KEUR 16 673).

NOTE 5 – LOANS AND RECEIVABLES

As at 30 June 2019 and 31 December 2018, loans and receivables only consist in term deposits with SGBT, which represent the reinvestment of the Company's share capital, reserves and other available funds.

The amount of expected credit loss calculated on loans and receivables in accordance with IFRS 9 is KEUR 2 as at 30 June 2019 (31 December 2018: KEUR 2).

NOTE 6 – TAXATION

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company has been part of a tax integration group led by SGBT, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SGBT. Under the Agreement, the Company pays to SGBT, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

Income tax includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

6.1. Current tax

Current tax is based on the taxable profit and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the period. The related tax charge is included under Income tax in the interim statement of profit and loss and other comprehensive income.

Current tax was adjusted further to the fiscal law reform on December 2016. The rate of current tax applied as of 30 June 2019 is 24.94% (31 December 2018: 26.01%). The current tax rate includes the corporate tax and the municipal tax.

6.2. Deferred tax

Deferred taxes are recognized whenever the Company identifies a temporary difference between the accounting base and tax base for assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured considering rules established by Luxembourg tax authority.

There is no need to recognize deferred tax asset (or liability) considering mirror transactions are concluded to hedge the financial liabilities and net result consists only in the net banking income from investing activities (equity investment).

NOTE 7 – SHAREHOLDERS' EQUITY

7.1. Share capital and Share premium

As at 31 December 2018, the subscribed and fully paid share capital, 100% held by SGBT, was EUR 2 000 200, divided into 50 005 shares with nominal value of EUR 40 each.

By resolution adopted on 15 January 2019, the Executive Board decided to increase the capital of the Company from EUR 2 000 200 to EUR 2 000 240 by the issue of a new share with a nominal value of EUR 40, subscribed by the sole shareholder. In the context of the capital increase, the 2018 activity related interests amounting to EUR 31 604 629 have been allocated to the Share premium.

As at 30 June 2019, the subscribed and fully paid share capital, 100% held by SGBT, is EUR 2 000 240, divided into 50 006 shares with nominal value of EUR 40 each.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital amount may be increased, subject to the approval or the Sole Shareholder, if the Company's activity evolves, incurring specific additional risks.

7.2. Reserves

7.2.1. Legal reserve

In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at 30 June 2019, the legal reserve amounts to KEUR 200 (31 December 2018: KEUR 200).

7.2.2. Other reserves

Since 2013, the Company is fiscally integrated in its parent company SGBT. SGBT constitutes the Net Wealth Tax reserve for the Company. As a consequence, no additional Net Wealth Tax reserve has been constituted by the Company since 2013.

As at 30 June 2019, other reserves are nil (31 December 2018: KEUR 1 662 corresponding to the remaining Net Wealth Tax reserve that was constituted by the Company before 2013 and released since).

NOTE 8 – COMMISSION INCOME/NET GAINS FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Principles of the revenue recognition are set out in the paragraph 2.2.1.1.

Commission income/net gains from financial instruments at fair value through profit or loss can be breakdown as follows:

	30.06.2019 ('000 EUR)	**30.06.2018 ('000 EUR)**
Issuing upfront fees on Notes	30 041	21 789*
Servicing fees on Notes	925	3 845*
Commission on Warrants	1 916	3 584*
Total	**32 882**	**29 218***

As at 30 June 2019, KEUR 4 377 are retained as differed income under the caption "other liabilities".

* The above amounts as at 30 June 2018 are presented in the interim statement of profit and loss and other comprehensive income under the caption "net gains from financial instruments at fair value through profit or loss" (Please see note 2.2.1.1.). The remaining amount of KEUR (67) corresponds to the fair value adjustment recorded during the six-month period ended 30 June 2018.

NOTE 9 – OFF-BALANCE SHEET

As at 30 June 2019, financial instruments to be issued (engagement taken before 30 June 2019 with value date after 30 June 2019) amount to KEUR 3 345 921 (31 December 2018: KEUR 2 790 111).

All the Warrants issued are fully hedged by concluding identically equipped OTC options with Société Générale.

Warrants issuance summary

The Warrants issued as at 30 June 2019 and 31 December 2018 break down as follows:

				30 June 2019			31 December 2018		
Warrant Type	**Category of Underlying**	**Type of Underlying**	**Option Type**	**Quantity**	**Notional** ('000 EUR)	**Fair Value** ('000 EUR))	**Quantity**	**Notional** ('000 EUR)	**Fair Value** ('000 EUR)
Basket Warrant	Basket	Index	Call	2	15 648	17 520	2	15 581	14 584
		Equity	Call	1	3 163	776	4	3 144	4 350
Commodity Future Warrant	Future	Mutual Fund	Put	8	27 049	1 859	4	7 138	6
		Commodity Future	Call	98	391 245	31 045	76	381 303	11 361
			Put	100	279 409	44 157	148	439 664	119 532
Commodity Warrant	Commodity	Index	Call	9	48 075	27 613	-	-	-
		Mutual Fund	Call	124	880 993	101 871	63	161 967	40 489
			Put	73	264 484	15 213	80	240 430	27 319
		Precious metals	Call	12	26 036	5 498	12	24 767	3 657
			Put	10	24 789	543	14	34 545	2 235
Currency Warrant	Currency	Currency	Call	207	128 595	20 939	201	159 308	36 455
			Put	269	195 201	68 372	253	176 373	65 947
Equity Warrant	Equity	American Depositary Receipt	Call	61	229 687	13 562	21	25 218	1
			Put	38	72 567	4 973	18	17 817	0
		Mutual fund	Call	11	342 336	520	-	-	-
			Put	5	92 926	13	-	-	-
		Ordinary Share	Call	5 686	31 072 830	733 683	4 654	26 923 067	596 199
			Put	3 808	12 879 399	366 951	3 487	11 659 558	790 924
		Other Certificate	Call	1	303	3	1	300	0
			Put	7	4 454	-	8	4 894	459
		Other Receipt	Call	1	422	-	2	2 442	0
			Put	2	1 173	-	2	1 252	0
		Own Share	Call	119	212 410	5 973	92	193 993	3 526
			Put	72	66 562	15 235	82	112 290	28 196

		Preference	Call	33	66 183	1 543	23	35 672	331
			Put	29	54 332	868	29	41 791	888
REIT	REIT	REIT	Call	55	202 223	2 167	42	148 254	908
			Put	47	115 286	1 155	35	35 074	3 453
Index Warrant	Index	Index	Call	2 306	49 082 682	1 633 634	1 354	51 887 633	1 066 292
			Put	1 518	34 064 753	482 248	1 451	30 468 115	1 333 566
Fund Warrant	Fund	Mutual Fund	Call	221	1 232 301	23 892	196	1 171 799	19 733
			Put	12	210 272	849	10	137 095	75
Total Call			**Call**	**8 947**	**83 935 132**	**2 620 239**	**6 743**	**81 134 448**	**1 797 886**
Total Put			**Put**	**5 998**	**48 352 656**	**1 002 436**	**5 621**	**43 376 036**	**2 372 600**
Total Warrants				**14 945**	**132 287 788**	**3 622 675**	**12 364**	**124 510 484**	**4 170 486**

NOTE 10 – RISK MANAGEMENT

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale's internal control systems.

For any further information on the risks relating to the Group, investors and/or Noteholders should refer to the "Risk and Capital Adequacy" section of the Registration Document (https://www.societegenerale.com).

10.1. Market risk

Market risk is the risk that changes in market prices, such as interest rates, securities prices, and foreign exchange rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues Notes and Warrants. The Notes are systematically hedged with Fully Funded Swaps concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the secured / unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: reinvestment of available equity by participating interests or loans to the Company's treasury (SGBT) with hedged interest rate risk. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

10.2. Credit risk

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with its parent companies, SGBT and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SGBT and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.

As at 30 June 2019 and 31 December 2018, no financial assets were past due or impaired.

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 30 June 2019, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

10.3. Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

10.4. Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company does not face any liquidity risk thanks to the perfect replication between the contractual obligations of i) the financial instruments issued by the Company and ii) the financial assets held for hedging by the Company.

10.5. Fair Value measurement

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the interim statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of GBIS (Global Banking and Investor Solutions), in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related Fully Funded Swaps are classified as Level 3 when the valuation of the associated embedded derivatives (underlyings of the Notes) is also based on unobservable market data.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the Note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

Transfers from Level 2 to Level 3 are determined at the end of each month and occur in case of a modification within a parameter (e.g. no longer linked to the deal, modification of the observability rule of the parameter).

10.5.1. Estimate of Level 3 instruments and other most significant unobservable inputs as at 30 June 2019 (by type of underlyings):

Type of underlyings	**Assets** In million EUR	**Liabilities** In million EUR	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of unobservable inputs Min & Max**
Equity / funds	19 606	19 606	Derivatives on funds, equities or baskets of stocks derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets on stocks	Equity volatilities	[4.4% ; 67.6%]
					Equity dividends	[0.0% ; 13.2%]
					Correlations	[-89.5% ; 98.5%]
					Hedge funds volatilities	[8.5% ; 20.0%]
					Mutual funds volatilities	[1.5% ; 42.3%]
Rates and Forex	3 942	3 942	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-46.5% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[1.0% ; 32.8%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayement modeling	Constant prepayment rates	[0.0% ; 20.0%]
			Inflation instruments and derivatives	Inflation pricing models	Correlations	[50.5%; 88.9%]
Credit	4 925	4 925	Collateralized Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	[0% ; 100%]
					Recovery rate variance for single name underlyings	[0% ; 100%]
			Other credit derivatives	Credit default models	Time to default correlations	[0% ; 100%]
					Quanto correlations	[-50% ; 40%]
					Credit spreads	[0 bps ; 1 000 bps]
Commodity	15	15	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	[14%; 96%]

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments. However, by its very nature, and considering mirror transactions are concluded with Société Générale to hedge the financial liabilities issued by the Company, the Company has no market risk exposure. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit or net equity of the Company.

Notes to the condensed interim financial statements
as at 30 June 2019
- continued -

10.5.2. Analysis per remaining maturities:

As at 30 June 2019, analysis per remaining maturities is as follows:

30.06.2019 - EUR' 000	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	92 164	-	-	-	-	**92 164**
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	2 108 644	10 811 451	21 699 122	17 093 169	-	**51 712 386**
- *Trading derivatives*	577 557	799 943	814 702	1 406 200	-	**3 598 402**
Loans and receivables	-	200	48 849	1 000	-	**50 049**
Other assets	12 072	-	-	-	-	**12 072**
Total assets	**2 790 437**	**11 611 594**	**22 562 673**	**18 500 369**	**-**	**55 465 073**
Financial liabilities at amortised cost	2 031	17 919	48 000	-	-	**67 950**
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	2 175 838	10 786 526	21 691 968	17 050 360	-	**51 704 692**
- *Trading derivatives*	623 140	780 120	814 144	1 405 271	-	**3 622 675**
Other liabilities	10 601	-	-	-	-	**10 601**
Tax liabilities	87	-	-	-	-	**87**
Total liabilities	**2 811 697**	**11 584 565**	**22 554 112**	**18 455 631**	**-**	**55 406 005**

As at 31 December 2018, analysis per remaining maturities is as follows:

31.12.2018 - EUR' 000	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	79 584	-	-	-	-	79 584
Financial assets at fair value through profit or loss						
- Mandatorily at fair value through profit or loss	2 659 566	7 215 881	20 045 169	15 141 518	-	45 062 134
- Trading derivatives	682 685	1 033 560	508 253	1 943 864	-	4 168 362
Loans and receivables	189	828	50 553	1 000	-	52 570
Total assets	**3 422 024**	**8 250 269**	**20 603 975**	**17 086 382**	**-**	**49 362 650**
Financial liabilities at amortised cost	16 673	31 611	48 000	-	-	96 284
Financial liabilities at fair value through profit or loss						
- Designated at fair value through profit or loss	2 648 107	7 216 548	20 037 056	15 152 017	-	45 053 728
- Trading derivatives	684 009	1 029 500	514 100	1 942 877	-	4 170 486
Other liabilities	13 039	-	-	-	-	13 039
Tax liabilities	64	-	-	-	-	64
Total liabilities	**3 361 892**	**8 277 659**	**20 599 156**	**17 094 894**	**-**	**49 333 601**

10.5.3. The fair values together with the carrying amounts shown in the interim statement of financial position are as follows:

30.06.2019 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	92 164	92 164
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	51 712 386	51 712 386
- *Trading derivatives*	3 598 402	3 598 402
Loans and receivables *	50 049	52 324
Other assets	12 072	12 072
Total	**55 465 073**	**55 467 348**
Financial liabilities at amortised cost *	67 950	70 225
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	51 704 692	51 704 692
- *Trading derivatives*	3 622 675	3 622 675
Other liabilities	10 601	10 601
Tax liabilities	87	87
Total	**55 406 005**	**55 408 280**

31.12.2018 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	79 584	79 584
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	45 062 134	45 062 134
- *Trading derivatives*	4 168 362	4 168 362
Loans and receivables *	52 570	54 993
Total	**49 362 650**	**49 365 073**
Financial liabilities at amortised cost *	96 284	98 451
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	45 053 728	45 053 728
- *Trading derivatives*	4 170 486	4 170 486
Other liabilities	13 039	13 039
Tax liabilities	64	64
Total	**49 333 601**	**49 335 768**

* For Loans and receivables and Financial liabilities at amortised cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with Société Générale Group credit spread curve (EUR swap curve from Bloomberg and Société Générale credit spread curve provided by Risk department Paris).

Determining fair value is dependent on many factors and can be an estimate of what value may be obtained in the open market at any point in time.

10.5.4. The fair value hierarchy of IFRS 13

As at 30 June 2019, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

30.06.2019 - EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Mandatorily at fair value through profit or loss	-	**23 376 690**	**28 335 696**	**51 712 386**
Commodities instruments	-	1 053 248	15 403	1 068 651
Credit derivatives/securities	-	1 238 585	4 926 440	6 165 025
Equity and index securities	-	16 943 347	18 036 519	34 979 866
Foreign exchange instruments/securities	-	1 694 892	819 926	2 514 818
Interest rate instruments/securities	-	2 332 615	3 122 212	5 454 827
Other financial instruments	-	114 003	1 415 196	1 529 199
- Trading derivatives	-	**3 339 841**	**198 561**	**3 598 402**
Equity and Index instruments	-	3 081 133	162 233	3 243 366
Other financial instruments	-	318 708	36 328	355 036
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss	-	**23 373 363**	**28 331 329**	**51 704 692**
Commodities instruments	-	1 053 248	15 403	1 068 651
Credit derivatives/securities	-	1 238 180	4 925 442	6 163 622
Equity and index securities	-	16 940 816	18 033 305	34 974 121
Foreign exchange instruments/securities	-	1 694 440	819 850	2 514 290
Interest rate instruments/securities	-	2 332 611	3 122 170	5 454 781
Other financial instruments	-	114 068	1 415 159	1 529 227
- Trading derivatives	-	**3 420 668**	**202 007**	**3 622 675**
Equity and Index instruments	-	3 099 613	164 928	3 264 541
Other financial instruments	-	321 055	37 079	358 134

Notes to the condensed interim financial statements
as at 30 June 2019
- continued -

As at 31 December 2018, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2018 - EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- *Mandatorily at fair value through profit or loss*	**-**	**20 606 194**	**24 455 940**	**45 062 134**
Commodities instruments	-	1 160 486	40 872	1 201 358
Credit derivatives/securities	-	1 509 044	4 490 176	5 999 220
Equity and index securities	-	15 226 349	15 031 332	30 257 681
Foreign exchange instruments/securities	-	793 456	779 644	1 573 100
Interest rate instruments/securities	-	1 626 581	2 624 148	4 250 729
Other financial instruments	-	290 278	1 489 768	1 780 046
- Trading derivatives	**-**	**4 050 694**	**117 668**	**4 168 362**
Equity and Index instruments	-	3 573 416	94 142	3 667 557
Other financial instruments	-	477 278	23 526	500 805
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss	**-**	**20 599 491**	**24 454 237**	**45 053 728**
Commodities instruments	-	1 160 486	40 872	1 201 358
Credit derivatives/securities	-	1 508 480	4 488 869	5 997 349
Equity and index securities	-	15 221 303	15 031 014	30 252 317
Foreign exchange instruments/securities	-	792 379	779 568	1 571 947
Interest rate instruments/securities	-	1 626 565	2 624 147	4 250 712
Other financial instruments	-	290 278	1 489 767	1 780 045
- Trading derivatives	**-**	**4 052 818**	**117 668**	**4 170 486**
Equity and Index instruments	-	3 574 563	94 142	3 668 705
Other financial instruments	-	478 255	23 526	501 781

The following table describes the variation in Level 3 by financial instruments

Financial liabilities at fair value through profit or loss	**Balance at 01.01.2019**	Acquisitions	Change in fair value	Reimbursements/ Other	Transfers from Level 2 to Level 3	Transfers from Level 3 to Level 2	Offsetting of the assets and liabilities	**Balance 30.06.2019**
Designated at fair value through profit or loss	**24 454 237**	**21 693 529**	**4 258 082**	**(6 982 740)**	**401 684**	**(2 297 952)**	**(13 195 511)**	**28 331 329**
Equity and index instrument	15 031 014	18 559 296	3 293 959	(5 629 676)	269 139	(1 855 195)	(11 635 232)	18 033 305
Commodity instruments	40 872	93	1 366	(29 379)	-	-	2 451	15 403
Credit derivatives	4 488 869	1 338 946	429 010	(416 004)	37 917	(311 154)	(642 142)	4 925 442
Foreign exchange instruments	779 568	117 881	16 389	(71 615)	-	(10 259)	(12 114)	819 850
Interest rate instruments	2 624 147	1 449 474	421 111	(390 001)	75 488	(116 628)	(941 421)	3 122 170
Other financial instruments	1 489 767	227 839	96 247	(446 065)	19 140	(4 716)	32 947	1 415 159
Trading derivatives	**117 668**	**87 209**	**10 448**	**(22 461)**	**15 930**	**(1 479)**	**(4 768)**	**202 007**
Equity and index instruments	94 142	79 264	1 265	(18 901)	15 930	(1 479)	(4 753)	164 928
Other financial instruments	23 526	7 945	9 183	(3 560)	-	-	(15)	37 079

Transfers from Level 3 to Level 2

The consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Transfers from Level 2 to Level 3

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc…).

10.6. Operational risk

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collecting internal data on losses due to operational errors with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system.

These procedures are supplemented by a crisis management unit and a business continuity plan.

NOTE 11 – SUBSEQUENT EVENTS

There were no subsequent events which could have a significant impact on the condensed interim financial statements as at 30 June 2019.

APPENDIX III

REPRODUCTION OF THE PRESS RELEASE DATED 6 NOVEMBER 2019 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

The information set out below is a reproduction of the press release dated 6 November 2019 containing the Guarantor's consolidated financial results for the third quarter ended 30 September 2019.

SOCIETE GENERALE

RESULTS AT SEPTEMBER 30TH 2019

Press release

Paris, November 6th 2019

SUBSTANTIAL INCREASE IN THE CAPITAL RATIO (CET1 AT 12.5%)

- Increase in CET1 of 46 basis points to 12.5% vs. June 30th, 2019, nearly 250 basis points above regulatory requirements (Maximum Distributable Amount). The Tier 1 ratio stands at 15.2%
- Organic capital generation amounting to 28 basis points in 9M 19, including a dividend provision of EUR 1.65 per share (corresponding to 75% of EUR 2.20 per share)
- Target of reducing Global Banking & Investor Solutions' risk-weighted assets by EUR 10 billion achieved
- Finalisation of the disposals of Societe Generale Serbia, Societe Generale Montenegro and Mobiasbanca Societe Generale for an impact of +10bp in Q3 19, taking the cumulative impact of the finalised disposals to +38bp
- Increase in the leverage ratio to 4.4%
- Tangible net asset value up 7.9% vs. September 30th, 2018 (tangible net asset value per share: +1.9%)

SATISFACTORY PROGRESS IN THE ADAPTATION OF THE BUSINESSES AND THE BUSINESS MODEL, RESILIENT PROFITABILITY (ROTE(1) OF 8.1% in 9M 19)

- Good level of profitability in French Retail Banking and International Retail Banking & Financial Services, within the target of 2020 objectives
- Execution of Global Banking & Investor Solutions' restructuring plan in line with objectives: increase in Structured Financing revenues, decline in Global Markets' revenues incorporating the effects of business closures
- Further decline in the Group's underlying operating expenses: -1.3%(1) in Q3 19 vs. Q3 18, -1.2%(1) in 9M 19 vs. 9M 18, with in particular an excellent performance in Global Banking & Investor Solutions (-3.1%(2) in 9M 19 vs. 9M 18)
- Cost of risk contained at 24 basis points in 9M 19 (26 basis points in Q3 19)
- Underlying Group net income of EUR 855m in Q3 19 and EUR 3,183m in 9M 19

SOCIETE GENERALE CONFIRMED AS A LEADING BANK IN COMBATING CLIMATE CHANGE

- No. 1 bank globally on Environmental issues and No. 6 across all CSR criteria (2019 RobecoSAM ranking)
- New objective for Societe Generale's contribution to the financing of the energy transition of EUR 120 billion between 2019 and 2023

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

"Once again this quarter, we have achieved results very much in line with our objectives and priorities. In terms of capital, there was a further substantial increase in the CET1 ratio to 12.5%. Retail banking and financial services posted robust commercial and financial performances. Global Banking & Investor Solutions delivered resilient net income in an unfavourable environment, without yet benefiting from the positive effects of the ongoing restructuring which is ahead of its 2020 objectives. The cost of risk remained low for all the businesses, reflecting the quality of the loan portfolio. Finally, Societe Generale has confirmed its role as a committed and responsible player and leading international bank in terms of financing the energy transition. The Group, with the strong commitment of its teams, is confident of its ability to deliver, in an ever more restrictive environment in Europe."

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

(1) Underlying data. See methodology note 5 for the transition from accounting data to underlying data.

(2) Operating expenses restated for restructuring costs and integration costs in respect of EMC activities

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q3 19	Q3 18	Change		9M 19	9M 18	Change	
Net banking income	**5,983**	**6,530**	***-8.4%***	***-7.7%****	**18,458**	**19,278**	***-4.3%***	***-4.0%****
Operating expenses	**(4,165)**	**(4,341)**	***-4.1%***	***-3.3%****	**(13,224)**	**(13,473)**	***-1.8%***	***-1.4%****
Underlying operating expenses(1)	*(4,317)*	*(4,374)*	*-1.3%*	*-0.5%**	*(12,816)*	*(12,968)*	*-1.2%*	*-0.7%**
Gross operating income	**1,818**	**2,189**	***-16.9%***	***-16.5%****	**5,234**	**5,805**	***-9.8%***	***-10.0%****
Underlying gross operating income(1)	*1,666*	*2,156*	*-22.7%*	*-22.4%**	*5,642*	*6,310*	*-10.6%*	*-10.8%**
Net cost of risk	**(329)**	**(264)**	***+24.6%***	***+26.1%****	**(907)**	**(642)**	***+41.3%***	***+44.6%****
Underlying net cost of risk (1)	*(329)*	*(264)*	*+24.6%*	*+26.1%**	*(889)*	*(642)*	*+38.5%*	*+41.6%**
Operating income	**1,489**	**1,925**	***-22.6%***	***-22.3%****	**4,327**	**5,163**	***-16.2%***	***-16.6%****
Underlying operating income(1)	*1,337*	*1,892*	*-29.3%*	*-29.1%**	*4,753*	*5,668*	*-16.1%*	*-16.5%*
Net profits or losses from other assets	**(71)**	**2**	***n/s***	***n/s***	**(202)**	**(39)**	***n/s***	***n/s***
Income tax	(389)	(464)	-16.2%	-15.1%*	(1,034)	(1,229)	-15.9%	-16.6%*
Reported Group net income	**854**	**1,309**	***-34.8%***	***-34.8%****	**2,594**	**3,436**	***-24.5%***	***-24.8%****
Underlying Group net income(1)	855	1,327	-35.6%	-35.6%*	3,183	3,917	-18.7%	-18.9%*
ROE	5.3%	9.3%			5.5%	8.1%		
ROTE	6.1%	10.9%			6.7%	9.6%		
Underlying ROTE (1)	***6.1%***	***11.0%***			***8.1%***	***11.0%***		

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

As from January 1st 2019, in accordance with the amendment to IAS 12 "Income Tax", the tax saving related to the payment of coupons on undated subordinated and deeply subordinated notes, previously recorded in consolidated reserves, is now recognised in income on the "income tax" line; 2018 comparative data have been restated.

Societe Generale's Board of Directors, which met on November 5th, 2019 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q3 and 9M 2019.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 9.5).

Net banking income: EUR 5,983m (-8.4% vs. Q3 18), EUR 18,458m (-4.3% vs. 9M 18)

When restating the revaluation of Euroclear securities in Q3 18 for EUR 271 million, the Group's net banking income was down -4.4% (-3.7%*) vs. Q3 18 and -2.9% (-2.6%*) vs. 9M 18. In terms of the businesses, revenues were 2.9%* lower than in Q3 18 (-1.3%* vs. 9M 18). The growth in International Retail Banking & Financial Services and the stable revenues in French Retail Banking were more than offset by the decline in revenues in Global Banking & Investor Solutions, against the backdrop of the restructuring of activities and an adverse market environment for Global Markets and Investment Banking.

Operating expenses: EUR -4,165m (-4.1% vs. Q3 18), EUR -13,224m (-1.8% vs. 9M 18)

Underlying operating expenses were down -1.3% in Q3 19 and -1.2% in 9M 19, reflecting rigorous cost control across all the businesses. More than 55% of the programme to reduce costs by EUR 1.1 billion by 2020 has been achieved. Global Banking & Investor Solutions' operating expenses were lower in Q3 19, against a backdrop of restructuring. Operating expenses were slightly higher in French Retail Banking. In International Retail Banking & Financial Services, operating expenses supported the growth in activity, with a positive jaws effect.

Cost of risk: EUR -329m (26bp), EUR -907m (24bp)

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) remained low and amounted to 26 basis points in Q3 19 (22 basis points in Q3 18 and 25 basis points in Q2 19). The cost of risk amounted to 24 basis points in 9M 19; it was 18 basis points in 9M 18. The Group anticipates a cost of risk of between 25 and 30 basis points in 2019.

The gross doubtful outstandings ratio amounted to 3.4% at September 30th, 2019 (stable vs. June 30th, 2019). The Group's gross coverage ratio for doubtful outstandings stood at 55%(1) at September 30th, 2019 (stable vs. June 30th, 2019).

Net profits or losses from other assets: EUR -71m in Q3 19, EUR -202m in 9M 19

Net profits or losses from other assets totalled EUR -71 million in Q3 19, including EUR -113 million corresponding to the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan.

Group net income: EUR 854m (-34.8% vs. Q3 18), EUR 2,594m (-24.5% vs. 9M 18)

In EURm	Q3 19	Q3 18	9M 19	9M 18
Reported Group net income	854	1,309	2,594	3,436
Underlying Group net income(2)	855	1,327	3,183	3,917

In %	Q3 19	Q3 18	9M 19	9M 18
ROTE (reported)	6.1%	10.9%	6.7%	9.6%
Underlying ROTE(2)	6.1%	11.0%	8.1%	11.0%

Earnings per share amounts to EUR 2.49 in 9M 19 (EUR 3.62 in 9M 18). The dividend provision amounts to EUR 1.65 per share in 9M 19.

(1) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings.
(2) Adjusted for exceptional items and effect of the linearisation of IFRIC 21.

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 63.7 billion at September 30th, 2019 (EUR 61.0 billion at December 31st, 2018). Net asset value per share was EUR 63.6 and tangible net asset value per share was EUR 55.5 (an increase of 1.9% vs. September 30th, 2018).

The **consolidated balance sheet** totalled EUR 1,411 billion at September 30th, 2019 (EUR 1,309 billion at December 31st, 2018). The net amount of customer loan outstandings at September 30th, 2019, including lease financing, was EUR 425 billion (EUR 421 billion at December 31st, 2018) – excluding assets and securities received under repurchase agreements. At the same time, customer deposits amounted to EUR 407 billion, vs. EUR 399 billion at December 31st, 2018 (excluding assets and securities sold under repurchase agreements).

At end-September 2019, the parent company had issued EUR 32.7 billion of medium/long-term debt, having an average maturity of 4.5 years and an average spread of 49 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 1.7 billion. At September 30th, 2019, the Group had issued a total of EUR 34.4 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 136% at end-September 2019 vs. 129% at end-December 2018. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-September 2019. At end-September 2019, the Group had achieved 100% of its long-term financing programme scheduled for 2019.

The Group's **risk-weighted assets** (RWA) amounted to EUR 353.5 billion at September 30th, 2019 (vs. EUR 376.0 billion at end-December 2018) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.6% of the total, at EUR 288.5 billion, down -4.7% vs. December 31st, 2018.

At September 30th, 2019, the Group's fully-loaded **Common Equity Tier 1** ratio stood at 12.5%(1), up 46 basis points vs. June 30th, 2019. This increase includes, in particular, the reduction in Global Markets' risk-weighted assets for +10 basis points, the effect of securitisation transactions for a cumulative impact of +15 basis points, the finalisation of the disposals of Societe Generale Serbia, Societe Generale Montenegro and Mobiasbanca Societe Generale for an impact of 10 basis points. The Tier 1 ratio stood at 15.2% at end-September 2019 (13.7% at end-December 2018) and the total capital ratio amounted to 18.5% (16.7% at end-December 2018).
With a level of 27.0% of RWA and 7.7% of leveraged exposure at end-September 2019, the Group's TLAC ratio is above the FSB's requirements for 2019. At September 30th, 2019, the Group was also above its MREL requirements of 8% of the TLOF(2) (which, at end-December 2016, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.

The **leverage ratio** stood at 4.4% at September 30th, 2019, an increase of 11 basis points vs. end-December 2018 and 7 basis points vs. June 30th, 2019.

The Group is rated by five rating agencies: (i) DBRS - long-term rating (senior preferred debt) "A (high)", positive trends, short-term rating "R-1 (middle)"; (ii) FitchRatings - long-term rating "A", stable outlook, senior preferred debt rating "A+", short-term rating "F1"; (iii) Moody's – long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1"; (iv) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (v) S&P Global Ratings - long-term rating (senior preferred debt) "A", positive outlook, short-term rating "A-1".

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(1) *Pro forma for the announced disposals (+9 basis points) and the integration of EMC (-5 basis points), the CET1 ratio amounts to 12.5%*
(2) *TLOF: Total Liabilities and Own Funds*

3. FRENCH RETAIL BANKING

In EUR m	**Q3 19**	**Q3 18**	**Change**	**9M 19**	**9M 18**	**Change**
Net banking income	1,879	1,949	*-3.6%*	5,789	5,948	*-2.7%*
Net banking income excl. PEL/CEL	*1,945*	*1,942*	*+0.2%*	*5,894*	*5,913*	*-0.3%*
Operating expenses	(1,375)	(1,358)	*+1.3%*	(4,209)	(4,199)	*+0.2%*
Gross operating income	**504**	**591**	***-14.7%***	**1,580**	**1,749**	***-9.7%***
Gross operating income excl. PEL/CEL	*570*	*584*	*-2.3%*	*1,685*	*1,714*	*-1.7%*
Net cost of risk	(95)	(119)	*-20.2%*	(318)	(346)	*-8.1%*
Operating income	**409**	**472**	***-13.3%***	**1,262**	**1,403**	***-10.0%***
Reported Group net income	**311**	**320**	***-2.8%***	**901**	**955**	***-5.7%***
RONE	**11.0%**	**11.4%**		**10.6%**	**11.3%**	
Underlying RONE (1)	**12.0%**	**10.6%**		**11.7%**	**11.3%**	

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

French Retail Banking delivered a solid performance in Q3 19 against the backdrop of a low interest rate environment and the transformation of the French networks. Underlying RONE stood at 12.0% in Q3.

French Retail Banking's three brands (Societe Generale, Crédit du Nord and Boursorama) enjoyed a healthy commercial momentum during the quarter and strengthened their customer franchise.
Boursorama consolidated its position as the leading online bank in France, with more than 2 million clients at end-September 2019.
French Retail Banking expanded its business among mass affluent and wealthy clients, with the number of customers increasing by 3% vs. Q3 18. Net inflow for wealthy clients remained robust at EUR 1.1 billion in Q3 19, taking assets under management to EUR 68 billion (including Crédit du Nord) at end-September 2019.
The commercial momentum remained robust for Corporate clients, with the number of clients rising by 1% vs. Q3 18.
Bancassurance continued to enjoy buoyant activity: life insurance experienced net inflow of EUR 395 million (+9% vs. Q3 18). Outstandings were up +1.7% vs. Q3 18 at EUR 95 billion, with the unit-linked share accounting for 25% of outstandings.

Average loan outstandings climbed +5.7% vs. Q3 18 (to EUR 198 billion): in particular, outstanding loans to individuals were 5.3% higher at EUR 117 billion while medium-term corporate loan outstandings rose 6.9% vs. Q3 18 to EUR 70 billion.

Average outstanding balance sheet deposits were 4.4% higher than in Q3 18 (at EUR 210 billion), still driven by sight deposits (+8.7% vs. Q3 18, including currency-denominated deposits).
As a result, the average loan/deposit ratio stood at 94.3% in Q3 19 (up 1.2 points vs. Q3 18).

The Group continued to adapt its operational set-up, in parallel with the digital transformation process. It closed 23 Societe Generale branches in Q3 19, and now has 1,821 branches nationwide. Societe Generale continued to roll out its specific facilities for the corporate sector and professionals. At end-September 2019, Societe Generale had 16 regional business centres, 110 "Pro Corners" (espaces pro) in branches and 10 dedicated "Pro Corners".

Net banking income excluding PEL/CEL: EUR 1,945m (+0.2% vs. Q3 18), EUR 5,894m (-0.3% vs. 9M 18)

Q3 19: Although still adversely affected by the low interest rate environment, there was an improvement in net interest income (excluding PEL/CEL) with an increase of 2.9% vs. Q3 18, underpinned by robust

loan production and improved margins. Commissions (including insurance revenues) were 4.2% lower than in Q3 18, impacted in particular by the banking industry's commitments in relation to vulnerable populations.
9M 19: Net interest income (excluding PEL/CEL) was 0.4% higher, while commissions (including insurance revenues) were 2.3% lower than in 9M 18.

The Group has confirmed that it expects revenues to evolve between 0% and -1% in 2019 vs. 2018, after neutralising the impact of PEL/CEL provisions.

Operating expenses: EUR -1,375m (+1.3% vs. Q3 18), EUR -4,209m (+0.2% vs. 9M 18)

Q3 19: Operating expenses were 1.3% higher than in Q3 18, reflecting primarily investments in the transformation process. **9M 19:** Operating expenses were stable (+0.2% vs. 9M 18).
The cost to income ratio stood at 71.0% in 9M 19 (excluding PEL/CEL provision and after linearisation of the IFRIC 21 charge).
The Group expects an increase in operating expenses of between 1% and 2% in 2019 vs. 2018.

Cost of risk: EUR -95m (-20.2% vs. Q3 18), EUR -318m (-8.1% vs. 9M 18)

Q3 19: The commercial cost of risk remained low and amounted to 19 basis points (27 basis points in Q2 19 and 25 basis points in Q3 18), reflecting the quality of the portfolio.
9M 19: The cost of risk stood at 22 basis points; it was 25 basis points in the first nine months of 2018.

Contribution to Group net income: EUR 311m (-2.8% vs. Q3 18), EUR 901m (-5.7% vs. 9M 18)

RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at the robust level of 12.0% in Q3 19 (vs. 10.6% in Q3 18) and 11.7% in 9M 19 (vs. 11.3% in 9M 18).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EUR m	Q3 19	Q3 18	Change		9M 19	9M 18	Change	
Net banking income	2,096	2,092	+0.2%	+3.7%*	6,296	6,156	+2.3%	+5.4%*
Operating expenses	(1,091)	(1,100)	*-0.8%*	*+3.0%**	(3,440)	(3,381)	*+1.7%*	*+5.4%**
Gross operating income	**1,005**	**992**	***+1.3%***	***+4.5%****	**2,856**	**2,775**	***+2.9%***	***+5.3%****
Net cost of risk	(169)	(124)	*+36.3%*	*+38.8%**	(430)	(290)	*+48.3%*	*+56.3%**
Operating income	**836**	**868**	***-3.7%***	***-0.5%****	**2,426**	**2,485**	***-2.4%***	***-0.4%****
Net profits or losses from other assets	1	2	*-50.0%*	*-35.7%*	2	6	*-66.7%*	*-60.9%**
Reported Group net income	**513**	**532**	***-3.6%***	***+0.2%****	**1,492**	**1,502**	***-0.7%***	***+1.7%****
RONE	18.7%	18.9%			17.8%	17.6%		
Underlying RONE (1)	***18.1%***	***18.2%***			***18.2%***	***17.9%***		

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

In International Retail Banking, outstanding loans totalled EUR 89.5 billion at end-June 2019. They rose +6.4%* vs. Q3 18 when adjusted for changes in Group structure and at constant exchange rates (-2.2% at current structure and exchange rates), given the disposals finalised during the first nine months of 2019 (SG Albania, Express Bank in Bulgaria, Societe Generale Montenegro, Eurobank in Poland, Societe Generale Serbia and Mobiasbanca in Moldova). Outstanding deposits were up +6.8%* (-1.6% at current structure and exchange rates) vs. Q3 18, at EUR 80.8 billion, with a healthy momentum in all regions.

For the Europe scope, outstanding loans were up +6.0%* vs. Q3 18, at EUR 56.6 billion (-8.7% at current structure and exchange rates), driven by the excellent momentum in Western Europe (+11.0%, +11.0%*) and robust growth in Romania (+3.7%*, -2.4%) and the Czech Republic (+3.0%*, +2.6%). Outstanding deposits were up +4.8%* (-10.1% at current structure and exchange rates), notably in the Czech Republic (+6.1%*, +5.8%).

In Russia, commercial activity was robust in a buoyant banking market. At end-September 2019, outstanding loans were up +7.6%* at constant exchange rates (+15.4% at current exchange rates) while outstanding deposits climbed +18.3%* (+26.5% at current exchange rates).

In Africa, Mediterranean Basin and Overseas Territories, commercial activity was generally healthy especially in Sub-Saharan Africa. Outstanding loans rose +6.9%* (+9.4%) vs. Q3 18, with a good commercial momentum both in the individual and business customer segments. Outstanding deposits were up +5.7%* (+8.4%).

In the Insurance business, the life insurance savings business saw outstandings increase +4.6%* vs. Q3 18. The share of unit-linked products in outstandings was 28% at end-September 2019, up +0.8 points vs. Q3 18. Personal Protection and Property/Casualty insurance enjoyed robust growth, with premiums increasing by respectively +8.8%* and +8.4%* vs. Q3 18.

Financial Services to Corporates enjoyed a good commercial momentum in Q3 19. Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+6.7% vs. end of Q3 18) to 1.7 million vehicles at end-September 2019, primarily through organic growth. Equipment Finance's outstanding loans were up +3.8%* in Q3 19 vs. Q3 18 at EUR 18.3 billion (excluding factoring), driven by a good level of new business whose margin has improved.

Net banking income: EUR 2,096m, +3.7%* (+0.2%) vs. Q3 18, EUR 6,296m, +5.4%* (+2.3%) vs. 9M 18

Net banking income totalled EUR 2,096 million in Q3 19, up +3.7%* (+0.2%) vs. Q3 18. Revenues amounted to EUR 6,296 million in 9M 19, up +5.4%* (+2.3%) vs. 9M 18.

In International Retail Banking, net banking income totalled EUR 1,401 million in Q3 19, up +4.8%* (-1.2%) vs. Q3 18, driven by the excellent momentum in Africa, Mediterranean Basin and Overseas Territories (+10.0%*, +12.4%) and robust growth in Europe (+2.1%*, -10.4%) and for SG Russia(1) (+3.2%*, +9.7%).
There was further confirmation of this trend in 9M 19. Net banking income amounted to EUR 4,200 million, up +6.6%* excluding the structure and exchange rate effect (+1.7%) vs. 9M 18.

The Insurance business posted a good financial performance in Q3 19, with net banking income increasing +4.6% to EUR 227 million in Q3 19 (+4.4%*). Net banking income rose +3.6% (+3.6%*) in 9M 19 to EUR 687 million.

Financial Services to Corporates' net banking income rose +2.4% (+0.4%*) in Q3 19 vs. Q3 18 to EUR 468 million. Net banking income came to EUR 1,409 million in 9M 19, up +3.5% (+2.8%*) vs. 9M 18.

Operating expenses: EUR -1,091m, +3.0%* (-0.8%) vs. Q3 18, EUR -3,440m, +5.4%* (+1.7%) vs. 9M 18

Operating expenses were up +3.0%* (-0.8%) in Q3 19. They increased +5.4%* (+1.7%) in 9M 19, including the restructuring provision (EUR 29 million) related to the simplification of the head office structure. The cost to income ratio stood at 52.1% in Q3 19 and 54.6% in 9M 19. When restated for the provision, operating expenses experienced a contained increase of +4.5%*, generating a positive jaws effect.

In International Retail Banking, the contained increase in operating expenses, up +2.5%* (-3.3%) vs. Q3 18 and +4.4%* (-0.8%) vs. 9M 18, resulted in a positive jaws effect.

In the **Insurance** business, operating expenses rose +9.1% (+8.8%*) vs. Q3 18 to EUR 84 million and +5.9% (+5.8%*) vs. 9M 18, in conjunction with the Insurance business' commercial expansion ambitions.

In **Financial Services to Corporates,** operating expenses rose +4.3% (+2.6%*) vs. Q3 18 and +5.0% (+4.4%*) vs. 9M 18.

Cost of risk: EUR -169m, +38.8%* (+36.3%) vs. Q3 18, EUR -430m, +56.3%* (+48.3%) vs. 9M 18

Q3 19: The commercial cost of risk remained low at 49 basis points (37 basis points in Q3 18 and 38 basis points in Q2 19), primarily in conjunction with the normalisation of the cost of risk in the Czech Republic and a slight deterioration in Africa. In Romania, there was a net write-back of EUR 14 million in the cost of risk which included an insurance payout in Q3 19.
9M 19: The cost of risk stood at 42 basis points; it was 29 basis points in 9M 18.

Contribution to Group net income: EUR 513m, +0.2%* (-3.6%) vs. Q3 18, EUR 1,492m, +1.7%* (-0.7%) vs. 9M 18

Underlying RONE stood at the high level of 18.1% in Q3 19, vs. 18.2% in Q3 18, and 18.2% in 9M 19, vs. 17.9% in 9M 18.

(1) SG Russia encompasses the entities Rosbank, Delta Credit Bank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q3 19	Q3 18	Change		9M 19	9M 18	Change	
Net banking income	2,013	2,178	*-7.6%*	*-8.5%**	6,518	6,805	*-4.2%*	*-5.9%**
Operating expenses	(1,638)	(1,710)	*-4.2%*	*-4.7%**	(5,579)	(5,462)	*+2.1%*	*+1.1%**
Gross operating income	**375**	**468**	***-19.9%***	***-21.9%****	**939**	**1,343**	***-30.1%***	***-33.2%****
Net cost of risk	**(65)**	(15)	*x 4.3*	*x 4.6*	**(140)**	5	*n/s*	*n/s*
Operating income	**310**	**453**	***-31.6%***	***-33.5%****	**799**	**1,348**	***-40.7%***	***-43.4%****
Reported Group net income	**253**	**345**	***-26.7%***	***-28.7%****	**667**	**1,018**	***-34.5%***	***-37.4%****
RONE	6.9%	8.7%			5.7%	8.9%		
Underlying RONE (1)	***5.1%***	***6.9%***			***7.7%***	***9.5%***		

(2) Adjusted for the linearisation of IFRIC 21 and the restructuring cost of EUR 227 million

Global Banking & Investor Solutions continued with the successful implementation of its plan for the adaptation of its operational set-up.

The target of reducing risk-weighted assets (RWA) by EUR 10 billion by 2020 (including EUR 8 billion in Global Markets) was already achieved in Q3 19. Overall, Global Banking & Investor Solutions' RWA declined by EUR 20 billion in the first nine months of the year.

The voluntary departure plan was launched in France on July 1st and reductions in the workforce outside France had already been initiated during the second quarter. At end-September, 55% of the announced reductions in the workforce had been achieved globally. The other cost-cutting initiatives have also been introduced and are well under way.

Q3 19 also saw the continued integration of Equity Markets & Commodities (EMC).

The division's net income fell in Q3 19 in a challenging market environment for Global Markets and investment banking and following the discontinuation of the OTC commodities business and the proprietary trading subsidiary.

It remained robust in structured financing and transaction banking.

Net banking income: EUR 2,013m (-7.6% vs. Q3 18), EUR 6,518m (-4.2% vs. 9M 18)

When adjusted for the effects of restructuring (activities in the process of being closed or scaled back) and the disposal of Private Banking in Belgium, net banking income was down **-3.2% vs. Q3 18 and -2.0% vs. 9M 18.**

Global Markets & Investor Services' revenues were down -9.2% vs. Q3 18, at EUR 1,191 million. Revenues totalled EUR 3,910 million in 9M 19, down -8.3% vs. 9M 18.

Q3 19 was impacted by the full effect of revenue attrition following the scaling back and discontinuation of certain market activities. When restated for these items, Q3 19 revenues were down -3.8% vs. Q3 18 and -6.6% vs. 9M 18.

At EUR 520 million, the revenues of Fixed Income, Currencies & Commodities were 1.0% higher in Q3 19 than in Q3 18. Rate and Credit activities, as well as Financing activities posted good results in Q3 19, offsetting the impact on revenues of the restructuring in Global Markets.

Equities and Prime Services' revenues were down -20.1% vs. Q3 18 at EUR 505 million, against a backdrop of lower volumes and adverse market conditions, particularly in August.

Securities Services' assets under custody amounted to EUR 4,247 billion at end-September 2019, an increase of EUR 89 billion (+2.1%) vs. end-June 2019. Over the same period, assets under administration were slightly higher at EUR 632 billion. Revenues were slightly higher (+0.6%) in Q3 19 vs. Q3 18 at EUR 166 million.

Financing & Advisory's revenues totalled EUR 604 million in Q3 2019, down -4.4% vs. Q3 2018. When adjusted for the measures to reduce RWA, revenues were 1.9% lower.
Revenues were 5.3% higher in 9M 2019 than in 9M 2018 (+8.5% when restated).

Structured Financing and Transaction Banking posted revenues up +6.8% vs. Q3 18. Asset Financing and Structured Financing continued to enjoy robust commercial activity, with a number of significant transactions. The increase in Transaction Banking earnings reflects the successful implementation of this growth initiative.
Investment Banking revenues were lower than in Q3 18, during which Investment Banking benefited from several major transactions. Corporate Banking revenues were also lower, impacted by the measures implemented to reduce RWA.

Asset and Wealth Management's net banking income totalled EUR 218 million in Q3 19, down -6.8% vs. Q3 18 and -3.0% when adjusted for the sale of the Private Banking activities in Belgium.
Net banking income amounted to EUR 704 million in 9M 2019, down -4.1% vs. 9M 2018, and slightly lower (-1.0%) when adjusted for the sale of the Private Banking activities in Belgium.

At end-September 2019, Private Banking's assets under management were 3.3% higher than in June 2019, at EUR 117 billion. Net banking income was down -10.3% in Q3 19 vs. Q3 18, at EUR 165 million. Inflow remained buoyant in France while the business' revenues were impacted by the sale in Belgium.

Lyxor's assets under management came to EUR 138 billion at end-September 2019, 2.5% higher than in June 2019. Revenues totalled EUR 48 million in Q3 19, up +6.7% vs. Q3 18.

Operating expenses: EUR -1,638m (-4.2% vs. Q3 18), EUR -5,579m (+2.1% vs. 9M 18)

Q3 19: Global Banking & Investor Solutions' operating expenses were down -4.2% vs. Q3 18, reflecting the initial visible cost savings and resulting from the adaptation of the operational set-up and the departures recorded during the quarter.
9M 19: Operating expenses were 2.1% higher than in 9M 18 and include restructuring costs and integration costs in respect of EMC activities.
When restated for these items, operating expenses were down -3.1% vs. 9M 18.

Net cost of risk: EUR -65m (EUR -15m in Q3 18), EUR -140m (write-back in 9M 18)

The net cost of risk remains low: 16 basis points in Q3 19 and 11 basis points in 9M 19.

Contribution to Group net income: EUR 253m (-26.7% vs. Q3 18), EUR 667m (-34.5% vs. 9M 18)

When restated for IFRIC 21 and the restructuring provision, the pillar's RONE stood at 7.7% in 9M 19 (vs. 9.5% in 9M 18).

6. CORPORATE CENTRE

In EUR m	Q3 19	Q3 18	9M 19	9M 18
Net banking income	(5)	311	(145)	369
Operating expenses	(61)	(173)	4	(431)
Gross operating income	**(66)**	**138**	**(141)**	**(62)**
Net cost of risk	0	(6)	(19)	(11)
Net profits or losses from other assets	(115)	1	(249)	(31)
Reported Group net income	**(223)**	**112**	**(466)**	**(39)**

Figures for Q3 18 and 9M 18 restated for the implementation of the amendment to IAS 12. See Appendix 1.

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects and certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR -5 million in Q3 19 vs. EUR +311 million in Q3 18 (which included the revaluation of Euroclear securities for EUR +271 million) and EUR -145 million in 9M 19 vs. EUR +369 million in 9M 18.

Operating expenses totalled EUR -61 million in Q3 19 vs. EUR -173 million in Q3 18 (which included an allocation to the provision for disputes of EUR -136 million) and EUR +4 million in 9M 19 vs. EUR -431 million in 9M 18.

Net profits or losses from other assets totalled EUR -115 million and included, with regard to the application of IFRS 5 as part of the implementation of the Group's refocusing plan, an expense amounting to EUR -113 million in respect primarily of the finalisation of the disposals in Q3 19 of Societe Generale Serbia, Mobiasbanca Societe Generale in Moldova and Societe Generale Montenegro.

The Corporate Centre's contribution to Group net income was EUR -223 million in Q3 19 vs. EUR +112 million in Q3 18 and EUR -466 million in 9M 19 vs. EUR -39 million in 9M 18.

7. 2019/2020 FINANCIAL CALENDAR

2019/2020 Financial communication calendar

February 6th, 2020	Fourth quarter and FY 2019 results
May 6th, 2020	First quarter 2020 results
August 3rd, 2020	Second quarter and first half 2020 results
November 5th, 2020	Third quarter and nine-month 2020 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

8. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In EUR m	Q3 19	Q3 18	Change	9M 19	9M 18	Change
French Retail Banking	311	320	-2.8%	901	955	-5.7%
International Retail Banking and Financial Services	513	532	-3.6%	1,492	1,502	-0.7%
Global Banking and Investor Solutions	253	345	-26.7%	667	1,018	-34.5%
Core Businesses	1,077	1,197	-10.0%	3,060	3,475	-11.9%
Corporate Centre	(223)	112	n/s	(466)	(39)	n/s
Group	854	1,309	-34.8%	2,594	3,436	-24.5%

TABLE FOR THE TRANSITION FROM PUBLISHED DATA TO DATA RESTATED FOR THE APPLICATION OF THE AMENDMENT TO IAS 12

	Income Tax			Group Net Income		
	Reported	IAS 12 impact	Adjusted	Reported	IAS 12 impact	Adjusted
2017	(1,708)	**198**	(1,510)	2,806	**198**	3,004
Q1 18	(370)	**53**	(317)	850	**53**	903
Q2 18	(516)	**68**	(448)	1,156	**68**	1,224
Q3 18	(539)	**75**	(464)	1,234	**75**	1,309
9M 18	(1,425)	**196**	(1,229)	3,240	**196**	3,436
Q4 18	(136)	**61**	(75)	624	**61**	685
2018	(1,561)	**257**	(1,304)	3,864	**257**	4,121
Q1 19	(310)	**55**	(255)	631	**55**	686

CONSOLIDATED BALANCE SHEET

(ASSETS - In millions of euros)	30.09.2019	31.12.2018
Central banks	94,942	96,585
Financial assets at fair value through profit or loss	434,042	365,550
Hedging derivatives	22,141	11,899
Financial assets measured at fair value through other comprehensive income	53,484	50,026
Securities at amortised cost	12,193	12,026
Due from banks at amortised cost	63,512	60,588
Customer loans at amortised cost	445,011	447,229
Revaluation differences on portfolios hedged against interest rate risk	617	338
Investment of insurance activities	161,408	146,768
Tax assets	5,396	5,819
Other assets	78,282	67,446
Non-current assets held for sale	5,175	13,502
Investments accounted for using the equity method	259	249
Tangible and intangible assets (1)	29,979	26,751
Goodwill	4,692	4,652
Total	**1,411,133**	**1,309,428**

(1) As a result of the application of IFRS 16 "Leases" as from January 1st, 2019, the Group has recorded a right-of-use asset under "Tangible and intangible assets" that represents its rights to use the underlying leased assets.

(LIABILITIES - In millions of euros)	30.09.2019	31.12.2018
Central banks	5,831	5,721
Financial liabilities at fair value through profit or loss	415,385	363,083
Hedging derivatives	11,921	5,993
Debt securities issued	129,944	116,339
Due to banks	99,372	94,706
Customer deposits	415,051	416,818
Revaluation differences on portfolios hedged against interest rate risk	10,040	5,257
Tax liabilities(1)	1,402	1,157
Other liabilities(2)	89,962	76,629
Non-current liabilities held for sale	4,089	10,454
Liabilities related to insurance activities contracts	140,026	129,543
Provisions	4,569	4,605
Subordinated debts	14,924	13,314
Total liabilities	**1,342,516**	**1,243,619**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	31,109	29,856
Retained earnings*	29,820	28,085
Net income*	2,594	4,121
Sub-total	**63,523**	**62,062**
Unrealised or deferred capital gains and losses	192	(1,036)
Sub-total equity, Group share	**63,715**	**61,026**
Non-controlling interests	4,902	4,783
Total equity	**68,617**	**65,809**
Total	**1,411,133**	**1,309,428**

** The amounts have been restated following the first-time application of an amendment to IAS 12 "Income taxes".*
(1) Since January 1st, 2019, provisions for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainty over income tax treatments".
(2) As a result of the application of IFRS 16 "Leases" as from January 1st, 2019, the Group has recorded a lease liability under "Other Liabilities" that represents the obligation to make lease payments.

9. APPENDIX 2: METHODOLOGY

1 - The financial information presented in respect of Q3 and 9M 2019 was examined by the Board of Directors on November 5th, 2019 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 40 of Societe Generale's 2019 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2018 (pages 416 et seq. of Societe Generale's 2019 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses.
The Cost/Income Ratio is defined on page 40 of Societe Generale's 2019 Universal Registration Document.

4 – IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.
Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar **for PEL/CEL provision allocations or write-backs**. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

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

Q3 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(4,165)**	**(329)**	**(71)**	**854**	
(+) IFRIC 21 linearisation	*(152)*			*(110)*	
*(-) Group refocusing plan**			*(113)*	*(111)*	*Corporate Centre*
Underlying	**(4,317)**	**(329)**	**42**	**855**	

Q3 18 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(4,341)**	**(264)**	**2**	**1,309**	
(+) IFRIC 21 linearisation	*(169)*			*(118)*	
*(-) Provision for disputes**	*(136)*			*(136)*	*Corporate Centre*
Underlying	**(4,374)**	**(264)**	**2**	**1,327**	

9M 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(13,224)**	**(907)**	**(202)**	**2,594**	
(+) IFRIC 21 linearisation	*152*			*110*	
*(-) Restructuring provision**	*(256)*			*(192)*	*GBIS (EUR -227m) / IBFS (EUR -29m)*
*(-) Group refocusing plan**		*(18)*	*(249)*	*(287)*	*Corporate Centre*
Underlying	**(12,816)**	**(889)**	**47**	**3,183**	

9M 18 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(13,473)**	**(642)**	**(39)**	**3,436**	
(+) IFRIC 21 linearisation	*169*			*118*	
*(-) Provision for disputes**	*(336)*			*(336)*	*Corporate Centre*
*(-) Group refocusing plan**			*(27)*	*(27)*	*Corporate Centre*
Underlying	**(12,968)**	**(642)**	**(12)**	**3,917**	

* Exceptional items

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

The cost of risk or commercial cost of risk is defined on pages 42 and 562 of Societe Generale's 2019 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q3 19	Q3 18	9M 19	9M 18
French Retail Banking	Net Cost Of Risk	95	118	318	346
	Gross loan Outstandings	195,305	186,639	193,208	186,031
	Cost of Risk in bp	**19**	**25**	**22**	**25**
International Retail Banking and Financial Services	Net Cost Of Risk	169	124	430	290
	Gross loan Outstandings	138,493	135,671	135,996	133,350
	Cost of Risk in bp	**49**	**37**	**42**	**29**
Global Banking and Investor Solutions	Net Cost Of Risk	65	16	140	(5)
	Gross loan Outstandings	160,906	156,723	163,310	151,240
	Cost of Risk in bp	**16**	**4**	**11**	**(0)**
Corporate Centre	Net Cost Of Risk	0	6	19	11
	Gross loan Outstandings	9,944	8,100	9,299	7,266
	Cost of Risk in bp	**2**	**29**	**27**	**20**
Societe Generale Group	Net Cost Of Risk	329	264	907	642
	Gross loan Outstandings	504,647	487,133	501,813	477,887
	Cost of Risk in bp	**26**	**22**	**24**	**18**

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 42 and 43 of Societe Generale's 2019 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 43 of Societe Generale's 2019 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 overleaf:

ROTE calculation: calculation methodology

End of period	Q3 19	Q3 18	9M 19	9M 18
Shareholders' equity Group share	**63,715**	**60,149**	**63,715**	**60,149**
Deeply subordinated notes	(9,739)	(9,249)	(9,739)	(9,249)
Undated subordinated notes	(290)	(276)	(290)	(276)
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	(16)	(169)	(16)	(169)
OCI excluding conversion reserves	(741)	(300)	(741)	(300)
Dividend provision	(1,402)	(1,451)	(1,402)	(1,451)
ROE equity end-of-period	**51,527**	**48,704**	**51,527**	**48,704**
Average ROE equity	**51,243**	**48,327**	**50,309**	**47,845**
Average Goodwill	(4,562)	(5,033)	(4,600)	(5,044)
Average Intangible Assets	(2,259)	(2,091)	(2,215)	(2,028)
Average ROTE equity	**44,422**	**41,203**	**43,494**	**40,773**
Group net Income (a)	**854**	**1,309**	**2,594**	**3,436**
Underlying Group net income (b)	**855**	**1,327**	**3,183**	**3,917**
Interest on deeply subordinated notes and undated subordinated notes (c)	(180)	(190)	(537)	(534)
Cancellation of goodwill impairment (d)	7		115	22
Adjusted Group net Income (e) = (a)+ (c)+(d)	**681**	**1,119**	**2,172**	**2,924**
Adjusted Underlying Group net Income (f)=(b)+(c)	**675**	**1,137**	**2,646**	**3,383**
Average ROTE equity (g)	**44,422**	**41,203**	**43,494**	**40,773**
ROTE [quarter: (4*e/g), 9M: (4/3*e/g)]	6.1%	10.9%	6.7%	9.6%
Average ROTE equity (underlying) (h)	**44,422**	**41,212**	**43,693**	**41,013**
Underlying ROTE [quarter: (4*f/h), 9M: (4/3*f/h)]	6.1%	11.0%	8.1%	11.0%

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

In EUR m	Q3 19	Q3 18	Change	9M 19	9M 18	Change
French Retail Banking	11,321	11,192	+1.2%	11,294	11,229	+0.6%
International Retail Banking and Financial Services	10,946	11,287	-3.0%	11,196	11,411	-1.9%
Global Banking and Investor Solutions	14,739	15,933	-7.5%	15,622	15,238	+2.5%
Core Businesses	37,006	38,412	-3.7%	38,112	37,878	+0.6%
Corporate Centre	14,237	9,916	+43.6%	12,197	9,967	+22.4%
Group	51,243	48,327	+6.0%	50,309	47,845	+5.1%

8 – Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 45 of the Group's 2019 Universal Registration Document. The items used to calculate them are presented below:

End of period	9M 19	H1 19	2018	9M 18
Shareholders' equity Group share	**63,715**	**62,492**	**61,026**	**60,149**
Deeply subordinated notes	(9,739)	(9,861)	(9,330)	(9,249)
Undated subordinated notes	(290)	(280)	(278)	(276)
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	(16)	(39)	(14)	(169)
Bookvalue of own shares in trading portfolio	348	431	423	387
Net Asset Value	**54,018**	**52,743**	**51,827**	**50,842**
Goodwill	(4,577)	(4,548)	(4,860)	(5,033)
Intangible Assets	(2,292)	(2,226)	(2,224)	(2,130)
Net Tangible Asset Value	**47,149**	**45,969**	**44,743**	**43,679**
Number of shares used to calculate NAPS**	**849,665**	**844,026**	**801,942**	**801,942**
Net Asset Value per Share	**63.6**	**62.5**	**64.6**	**63.4**
Net Tangible Asset Value per Share	**55.5**	**54.5**	**55.8**	**54.5**

*** The number of shares considered is the number of ordinary shares outstanding as at September 30th, 2019, 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 44 of Societe Generale's 2019 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. As specified on page 44 of Societe Generale's 2019 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)	9M 19	H1 19	2018	9M 18
Existing shares	**829,235**	**821,189**	**807,918**	**807,918**
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	4,087	4,214	5,335	5,231
Other own shares and treasury shares	187	249	842	996
Number of shares used to calculate EPS**	**824,961**	**816,726**	**801,741**	**801,691**
Group net Income	**2,594**	**1,740**	**4,121**	**3,436**
Interest on deeply subordinated notes and undated subordinated notes	(537)	(357)	(719)	(534)
Capital gain net of tax on partial buybacks				
Adjusted Group net income	**2,057**	**1,383**	**3,402**	**2,902**
EPS (in EUR)	**2.49**	**1.69**	**4.24**	**3.62**
Underlying EPS* (in EUR)	**3.24**	**2.42**	**5.00**	**4.22**

** Excluding exceptional items and including linearisation of the IFRIC 21 effect.*
*** The number of shares considered is the number of ordinary shares outstanding as at September 30th, 2019, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

10 – The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is calculated according to applicable CRR/CRD4 rules including the provisions of the delegated act of October 2014.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 149,000 members of staff in 67 countries and supports on a daily basis 31 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking**, which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

For more information, you can follow us on twitter @societegenerale or visit our website www.societegenerale.com

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