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).

12,000,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Alibaba Group Holding 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$0.50 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 19 June 2020 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

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

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

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

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

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 19 June 2020 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 30 June 2020.

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.

29 June 2020

[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.

Table of Contents

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 direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

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

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

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

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

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

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 29 to 33 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section of this document for more information;

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

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

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

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

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

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

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

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

(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 increase in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday increase in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 48 to 49 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 35 to 37 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 rise. The following is a list of some of the significant risks associated with the Underlying Stock:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and

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

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

Certificates:	12,000,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Alibaba Group Holding Limited (the **"Underlying Stock"**)
ISIN:	LU1986499371
Company:	Alibaba Group Holding Limited (RIC: 9988.HK)
Underlying Price[3] and Source:	HK$209.40 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 0.50
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	5.40%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost[6]:	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	24 June 2020
Closing Date:	29 June 2020

[3] These figures are calculated as at, and based on information available to the Issuer on or about 29 June 2020. 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 29 June 2020.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	30 June 2020
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 20 June 2023
Expiry Date:	27 June 2023 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	26 June 2023 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 Short Certificates on Single Equities" section on pages 40 to 54 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying

Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and
ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

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

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

Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 40 to 54 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

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

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

Initial Reference Level: 1,000

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

The calculation of the closing level of the Leverage Inverse Strategy is set out in the "Specific Definitions relating to the Leverage Inverse Strategy" section on pages 19 to 23 below.

Initial Exchange Rate[3]: 0.1796

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

	Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 21 to 23 below and the "Description of Air Bag Mechanism" section on pages 46 to 47 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange 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 Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Inverse Strategy

Description of the Leverage Inverse Strategy

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

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

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

Leverage Inverse Strategy Formula

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

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

On Observation Date(1):

$LSL_1 = 1000$

On each subsequent Observation Date(t):

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

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

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

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

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

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

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

CB means the Cost of Borrowing applicable that is equal to 2%.

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

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

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), 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.

$\mathbf{Rfactor_t}$ 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 gross of any applicable withholding taxes.

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

DayCount BasisRate 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 Inverse 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 Inverse Strategy Level in accordance with the following provisions :

(1) for k = 1 :

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

(2) for k > 1 :

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

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

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

$\mathbf{IRC_{IR(k-1),IR(k)}}$	means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows : $$IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage}-1) \times \left(\left\| \frac{IS_{IR(k)}}{IS_{IR(k-1)} \times Rfactor_t} - 1 \right\| \right) \times TC$$
$\mathbf{IS_{IR(k)}}$	means the Underlying Stock Price in respect of IR(k) computed as follows : (1) for k=0 $IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$ (2) for k=1 to n means in respect of IR(k), the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period (3) with respect to IR(C) $IS_{IR(C)} = S_{IRD}$ In each case, subject to the adjustments and provisions of the Conditions.
IR(k)	For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date; For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.
IR(C)	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t) : (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event	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

Observation Period	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 19 June 2020, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) ranking:

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this Condition:

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

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

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

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

"**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.

2. Certificate Rights and Exercise Expenses

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

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

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

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

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

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

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

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

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

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

3. Expiry Date

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

4. Exercise of Certificates

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

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

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

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

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the

SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

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

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

6. Adjustments

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

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

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

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

(iii) an extraordinary dividend;

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

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

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

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

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

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

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

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

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

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

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

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

7. Purchases

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

8. Meetings of Certificate Holders; Modification

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

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

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

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

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

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

9. Notices

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

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

10. Liquidation

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

11. Further Issues

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

12. Delisting

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

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

13. Early Termination

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

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

For the purposes of this Condition:

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

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

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

For the purposes of this Condition:

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

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

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

14. 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:	Alibaba Group Holding Limited
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	12,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 19 June 2020 (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 30 June 2020.
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 SHORT CERTIFICATES ON SINGLE EQUITIES

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

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

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

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

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

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

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

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

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

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

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

B) Trading the Certificates before Expiry

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

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

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

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 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 Inverse Strategy daily performance[8] x Daily Fees	x	Leverage Inverse Strategy daily performance x Daily Fees	x …	Leverage Inverse Strategy Daily performance x Daily Fees

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

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

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

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

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

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

[8] Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Closing Level on Business Day (t) divided by the Leverage Inverse Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

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

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

Underlying Stock:	Ordinary shares of Alibaba Group Holding 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:	**0.50 SGD**
Notional Amount per Certificate:	**0.50 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**5.40%**
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):

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

$$\mathrm{HFF}\,(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 5.40\% \times \frac{1}{360}\right)$$

$$\mathrm{HFF}\,(1) = 100\% \times 99.9989\% \times 99.9850\% \approx 99.9839\%$$

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

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

$$\text{HFF (2)} = 99.9839\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 5.40\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9839\% \times 99.9967\% \times 99.9550\% \approx 99.9356\%$$

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7586% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9839%
5/7/2018	99.9678%
6/7/2018	99.9517%
9/7/2018	99.9034%
10/7/2018	99.8873%
11/7/2018	99.8712%
12/7/2018	99.8551%
13/7/2018	99.8390%
16/7/2018	99.7907%
17/7/2018	99.7747%
18/7/2018	99.7586%

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 99.7586%

= 119.71%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.71% x 0.50 SGD

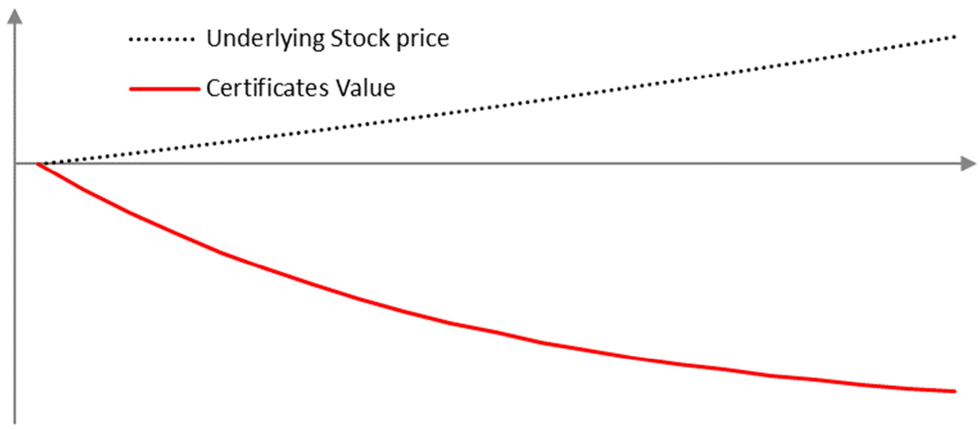
= 0.599 SGD

Illustration on how returns and losses can occur under different scenarios

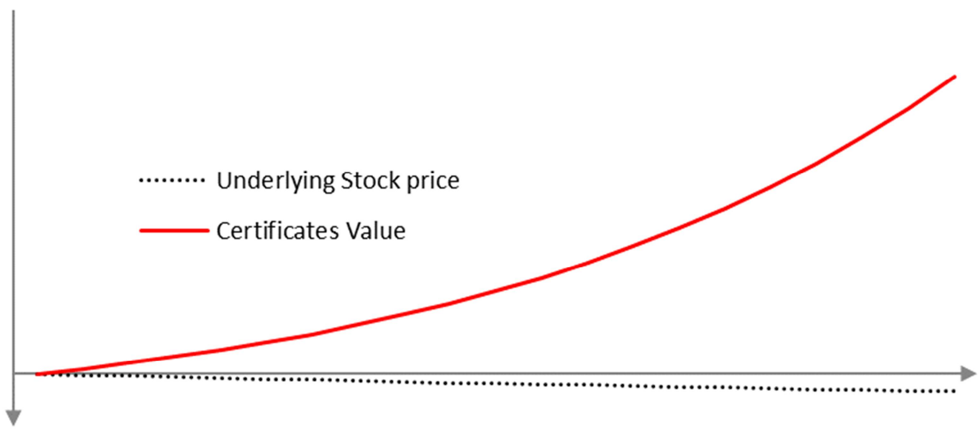
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

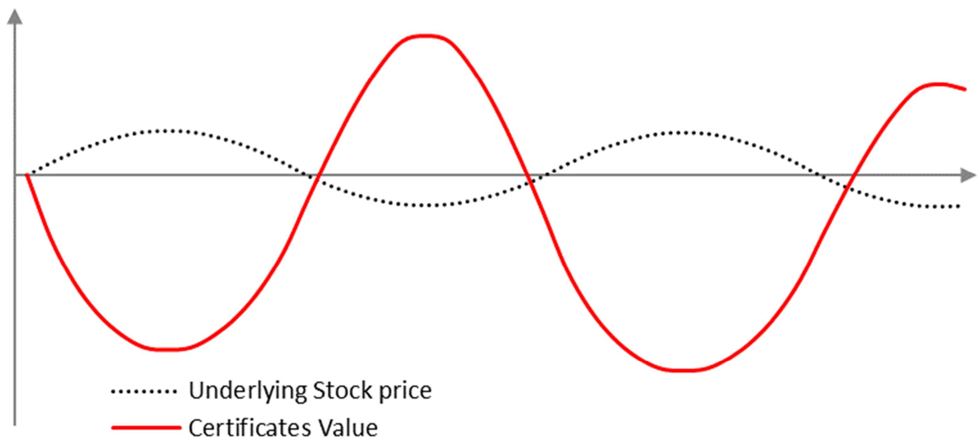
Scenario 1 – Upward Trend



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	0.5	0.45	0.40	0.36	0.33	0.30
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 2 – Downward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.5	0.55	0.61	0.67	0.73	0.81
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 3 – Volatile Market

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	10.0%	-10.0%	10.0%	-10.0%
Price at end of day	0.5	0.45	0.50	0.45	0.49	0.44
Accumulated Return		-10.00%	-1.00%	-10.90%	-1.99%	-11.79%

Description of Air Bag Mechanism

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

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

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

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

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

Air Bag Mechanism timeline

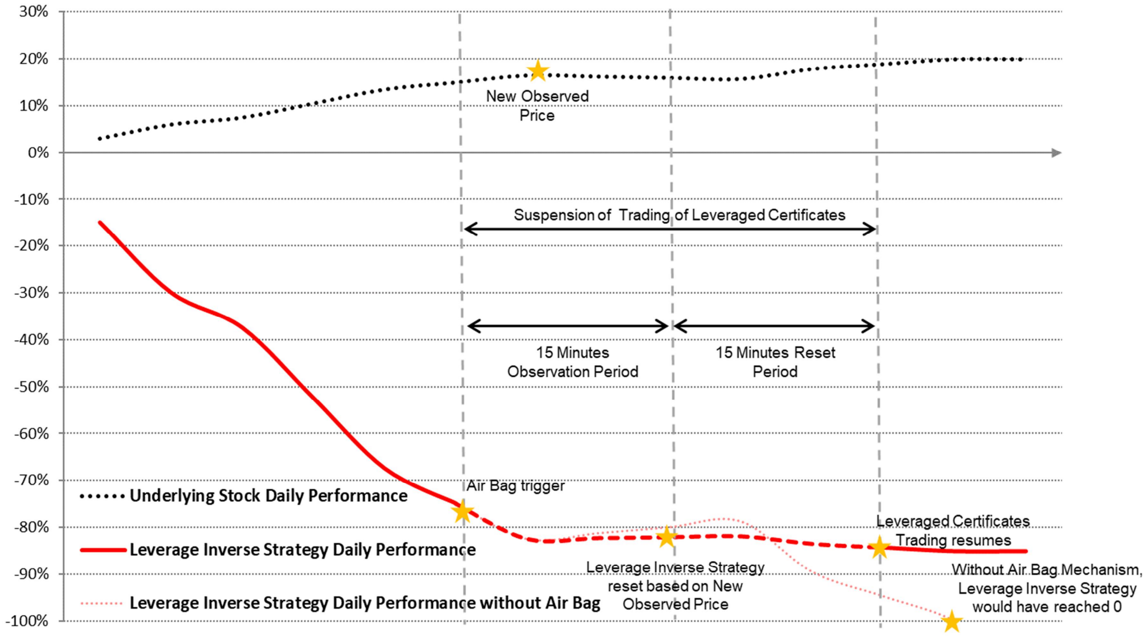
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>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

With **Market Close** defined as:

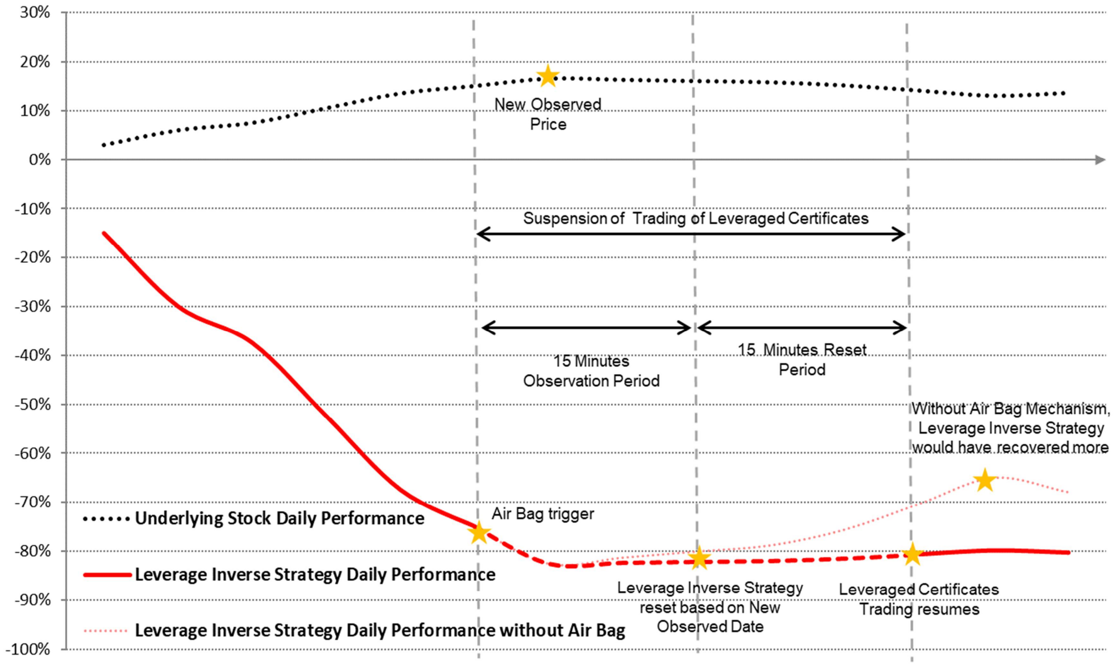
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



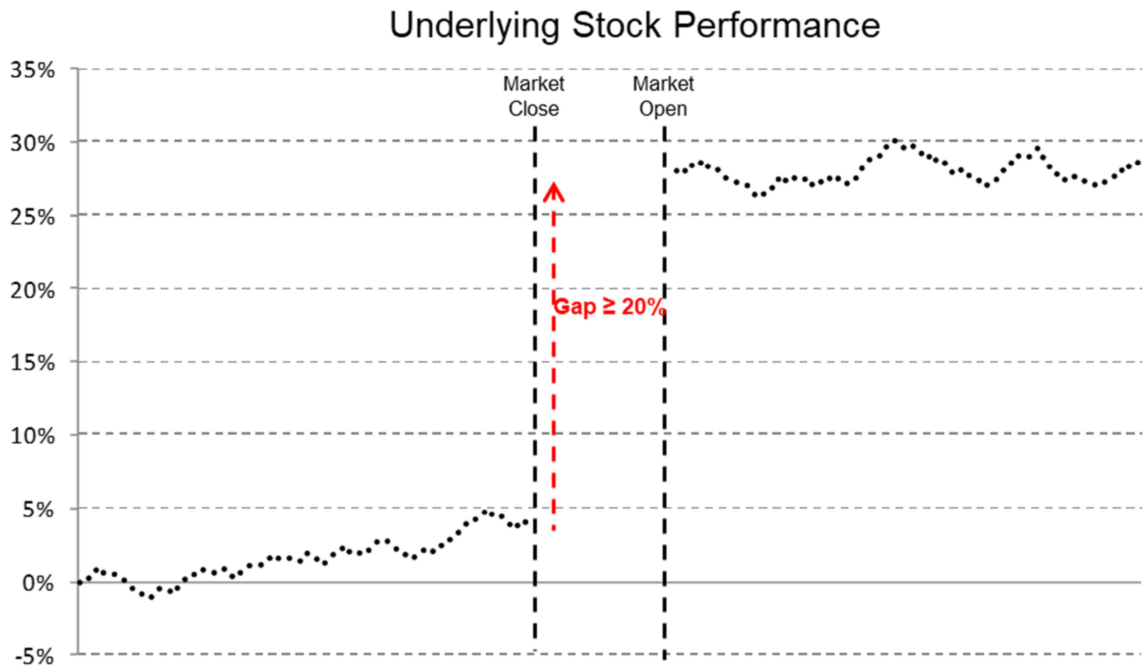
9 The illustrative examples are not exhaustive.

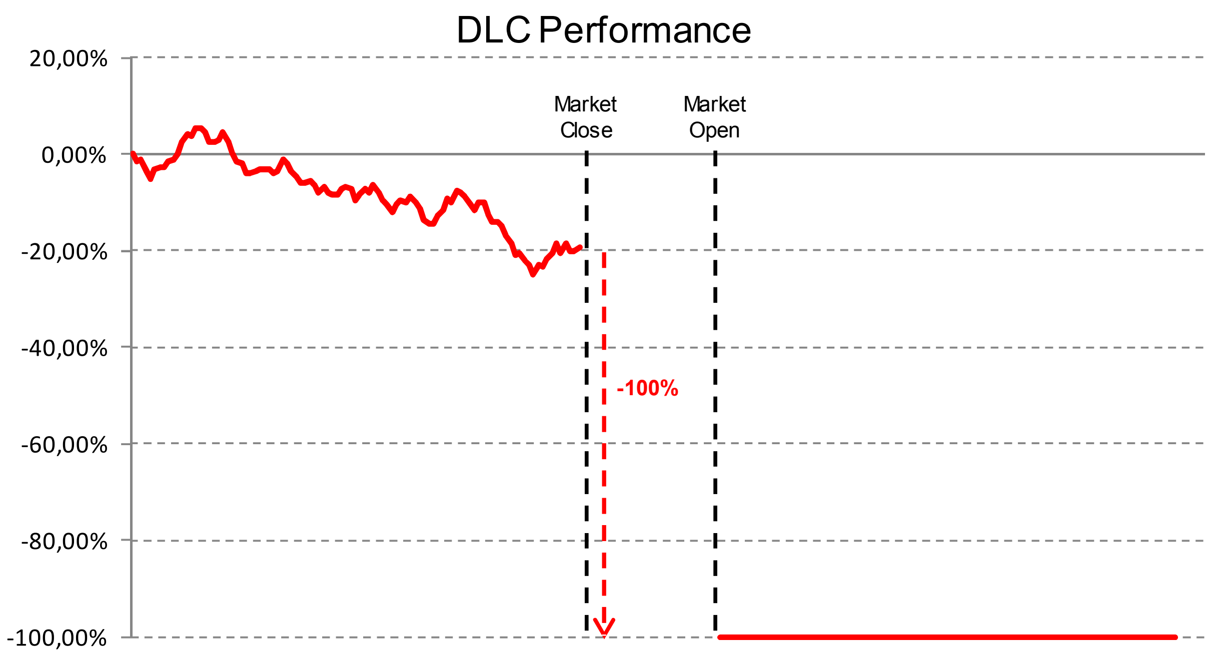
Scenarios where the investor may lose the entire value of the investment

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

Scenario 1 – Overnight rise of the Underlying Stock

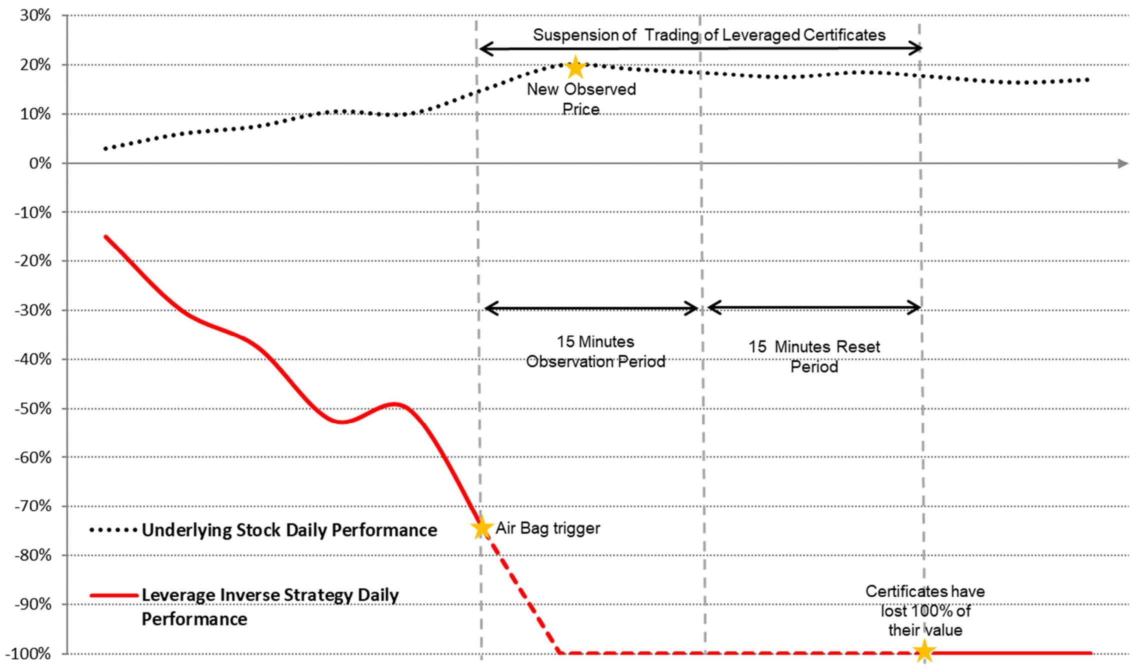
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more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





Scenario 2 – Sharp intraday rise of the Underlying Stock

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



Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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

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

Where:

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

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

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

1. 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

$\mathrm{Div_t} = \$0$

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

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:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.5	0.45	-10%

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

2. <u>Share Consolidation</u>

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

S_{t-1} = \$100

S_t = \$202

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.5	0.475	-5%

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

3. <u>Rights Issues</u>

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

S_{t-1} = $100

S_t = $84

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

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

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

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

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

As a consequence:

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

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)
0.5	0.375	-25%

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

4. <u>Bonus Issues</u>

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

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

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

R = $0

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

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

As a consequence:

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

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)
0.5	0.45	-10%

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

5. <u>Extraordinary Dividend</u>

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

S_{t-1} = $100

S_t = $84

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

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

R = $0

M = 0

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

As a consequence:

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

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	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)
0.5	0.375	-25%

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

INFORMATION RELATING TO THE COMPANY

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

Alibaba Group Holding Limited (the "**Company**") is a holding company that provides the technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of new technology to engage with users and customers to operate. The Company operates four business segments. The Core Commerce segment provides China retail, China wholesale, International retail, International wholesale, Cainiao logistics services and local consumer services through Taobao Marketplace and Tmall. The Cloud Computing segment provides complete suite of cloud services, including database, storage, network virtualization services, big data analytics and others. The Digital Media and Entertainment segment provides consumer services beyond the core business operations. The Innovation Initiatives and Others segment is to innovate and deliver new services and products.

The information set out in the Appendix to this document relates to the unaudited financial results of the Company and its subsidiaries for the quarter and fiscal year ended 31 March 2020 and has been extracted and reproduced from an announcement by the Company dated 22 May 2020 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);

(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 GENERAL INFORMATION

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

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

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

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

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2019 or the Guarantor since 31 March 2020, in the context of the issuance of Certificates hereunder.

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

    (a) the Guarantee;

    (b) the Master Instrument; and

    (c) the Master Warrant Agent Agreement.

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

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

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

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

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

should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

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

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

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

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

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

   (e) the Base Listing Document;

   (f) this document; and

   (g) the Guarantee.

PLACING AND SALE

General

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

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

Singapore

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

Hong Kong

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

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

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

European Economic Area and the United Kingdom

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

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

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

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

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

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

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

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of 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 (the "**CFTC Rules**") , guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX

REPRODUCTION OF THE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND FISCAL YEAR ENDED 31 MARCH 2020 OF ALIBABA GROUP HOLDING LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited financial results of the Company and its subsidiaries for the quarter and fiscal year ended 31 March 2020 and has been extracted and reproduced from an announcement by the Company dated 22 May 2020 in relation to the same.

We have one class of shares, and each holder of our shares is entitled to one vote per share. As the Alibaba Partnership's director nomination rights are categorized as a weighted voting rights structure (the "**WVR structure**") under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, we are deemed as a company with a WVR structure. Shareholders and prospective investors should be aware of the potential risks of investing in a company with a WVR structure. Our American depositary shares, each representing eight of our shares, are listed on the New York Stock Exchange in the United States under the symbol BABA.

Alibaba Group Holding Limited
阿里巴巴集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9988)

ANNOUNCEMENT OF THE MARCH QUARTER 2020 AND FISCAL YEAR 2020 RESULTS

We hereby announce our unaudited results for the three months ended March 31, 2020 ("**March Quarter 2020**") and the fiscal year ended March 31, 2020 ("**Fiscal Year 2020**"). The March Quarter 2020 and Fiscal Year 2020 unaudited results announcement are available for viewing on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at https://www.alibabagroup.com.

By order of the Board
Alibaba Group Holding Limited
Timothy A. STEINERT
Secretary

Hong Kong, May 22, 2020

As at the date of this announcement, our board of directors comprises Mr. Daniel Yong ZHANG as the chairman, Mr. Jack Yun MA, Mr. Joseph C. TSAI, Mr. J. Michael EVANS, Mr. Eric Xiandong JING and Mr. Masayoshi SON as directors, and Mr. Chee Hwa TUNG, Mr. Walter Teh Ming KWAUK, Mr. Jerry YANG, Mr. E. Börje EKHOLM and Ms. Wan Ling MARTELLO as independent directors.

Alibaba Group Announces March Quarter and Full Fiscal Year 2020 Results

Hangzhou, China, May 22, 2020 – Alibaba Group Holding Limited (NYSE: BABA and HKEX: 9988, "Alibaba" or "Alibaba Group") today announced its financial results for the quarter and fiscal year ended March 31, 2020.

"Alibaba achieved the historic milestone of US$1 trillion in GMV across our digital economy this fiscal year," said Daniel Zhang, Chairman and Chief Executive Officer of Alibaba Group. "Our overall business continued to experience strong growth, with a total annual active consumer base of 960 million globally, despite concluding the fiscal year with a quarter impacted by the economic effects of the COVID-19 pandemic. The pandemic has fundamentally altered consumer behavior and enterprise operations, making digital adoption and transformation a necessity. We are well positioned and prepared to help large and small businesses across a wide spectrum of industries achieve the digital transformation they need to survive this difficult period and eventually prevail in the new normal. By focusing on the long term and investing in value creation for our consumers and business customers, we believe we will emerge from this crisis stronger and be ready to capture more growth in the future."

"Despite a challenging quarter due to reduced economic activities in light of the COVID-19 pandemic in China, we achieved our annual revenue guidance of over RMB500 billion. Revenue growth of 35% year-over-year was driven by solid performance of our domestic retail businesses as well as robust cloud computing revenue growth," said Maggie Wu, Chief Financial Officer of Alibaba Group. "Our adjusted EBITDA grew 29% year-over-year, reflecting our discipline in allocating resources to key strategic growth areas while optimizing costs and improving efficiency. Although the pandemic negatively impacted most of our domestic core commerce businesses starting in late January, we have seen a steady recovery since March. Based on our current view of Chinese domestic consumption and enterprise digitization, we expect to generate over RMB650 billion in revenue in fiscal year 2021."

BUSINESS HIGHLIGHTS

In the quarter ended March 31, 2020:

- **Revenue** was RMB114,314 million (US$16,144 million), an increase of 22% year-over-year.

- **Annual active consumers** on our China retail marketplaces reached 726 million, an increase of 15 million from the 12-month period ended December 31, 2019.

- **Mobile MAUs** on our China retail marketplaces reached 846 million in March 2020, an increase of 22 million over December 2019.

- **Income from operations** was RMB7,131 million (US$1,007 million), a decrease of 19% year-over-year, primarily due to the impact of the COVID-19 pandemic. **Adjusted EBITDA**, a non-GAAP measurement, increased 1% year-over-year to RMB25,440 million (US$3,593 million).

- **Net income attributable to ordinary shareholders** was RMB3,162 million (US$447 million), a decrease of 88% year-over-year, and **net income** was RMB348 million (US$49 million), a decrease of 99% year-over year. The year-over-year decrease was primarily due to a net loss in investment income, mainly reflecting decreases in the market prices of our equity investments in publicly-traded companies, compared to a net gain recorded in the same quarter of 2019. **Non-GAAP net income**, which excludes the above-mentioned loss and gain, was RMB22,287 million (US$3,148 million), an increase of 11% year-over-year.

- **Diluted earnings per ADS** was RMB1.16 (US$0.16) and **non-GAAP diluted earnings per ADS** was RMB9.20 (US$1.30), an increase of 7% year-over-year. **Diluted earnings per share** was RMB0.14 (US$0.02 or HK$0.15) and **non-GAAP diluted earnings per share** was RMB1.15 (US$0.16 or HK$1.26), an increase of 7% year-over-year.

- **Net cash provided by operating activities** was RMB2,164 million (US$306 million), compared to RMB18,553 million in the same quarter of 2019, and **non-GAAP free cash flow** was an outflow of RMB4,214 million (US$595 million), compared to an inflow of RMB10,714 million in the same quarter of 2019. The year-over-year decreases were mainly due to the effect of the one-off AliExpress Payment Services Restructuring, as discussed in further detail in the section entitled "Cash Flow from Operating Activities and Free Cash Flow" below. Excluding the effect of the AliExpress Payment Services Restructuring, non-GAAP free cash flow for the quarter would have been an inflow of RMB1,977 million (US$279 million).

In the fiscal year ended March 31, 2020:

- **Revenue** was RMB509,711 million (US$71,985 million), an increase of 35% year-over-year.

- **Annual active consumers** for the Alibaba Digital Economy reached 960 million globally, including 780 million consumers in China and 180 million consumers outside China. Annual active consumers on our China retail marketplaces reached 726 million, an increase of 72 million from the 12-month period ended March 31, 2019.

- **Mobile MAUs** on our China retail marketplaces reached 846 million in March 2020, an increase of 125 million over March 2019.

- **GMV** transacted in the Alibaba Digital Economy was RMB7,053 billion (US$1 trillion) for fiscal year 2020, which mainly included China retail marketplaces GMV of RMB6,589 billion (US$945 billion), as well as international retail marketplaces and local consumer services GMV.

- **Income from operations** was RMB91,430 million (US$12,912 million), an increase of 60% year-over-year. **Adjusted EBITDA**, a non-GAAP measurement, increased 29% year-over-year to RMB157,659 million (US$22,266 million). **Adjusted EBITA**, a non-GAAP measurement, increased 28% year-over-year to RMB137,136 million (US$19,367 million).

- **Adjusted EBITA for core commerce** was RMB165,800 million (US$23,415 million), an increase of 22% year-over-year. Our **marketplace-based core commerce adjusted EBITA**, a non-GAAP measurement, increased 19% year-over-year to RMB192,771 million (US$27,224 million).

- **Net income attributable to ordinary shareholders** was RMB149,263 million (US$21,080 million), and **net income** was RMB140,350 million (US$19,821 million). **Non-GAAP net income** was RMB132,479 million (US$18,710 million), an increase of 42% year-over-year.

- **Diluted earnings per ADS** was RMB55.93 (US$7.90) and **non-GAAP diluted earnings per ADS** was RMB52.98 (US$7.48), an increase of 38% year-over-year. **Diluted earnings per share** was RMB6.99 (US$0.99 or HK$7.65) and **non-GAAP diluted earnings per share** was RMB6.62 (US$0.93 or HK$7.25), an increase of 38% year-over-year

- **Net cash provided by operating activities** was RMB180,607 million (US$25,507 million) and **non-GAAP free cash flow** was RMB130,914 million (US$18,489 million).

Reconciliations of GAAP measures to non-GAAP measures presented above are included at the end of this results announcement.

BUSINESS AND STRATEGIC UPDATES

Alibaba Digital Economy

The consumer commerce businesses of the Alibaba Digital Economy, mainly comprised of our China retail marketplaces, international retail marketplaces and local consumer services, reached RMB7,053 billion (US$1 trillion) of GMV in the twelve months ended March 31, 2020. In September 2019, on the occasion of Alibaba's 20th anniversary, we set our strategic goals for the next five years, consistent with our mission "to make it easy to do business anywhere," to:

- Continue to expand our globalization efforts;
- Serve more than 1 billion Chinese consumers; and
- Facilitate more than RMB10 trillion of consumption on our platforms.

These five-year goals are guide posts that will help us achieve our vision for 2036 to:

- Serve 2 billion global consumers;
- Enable 10 million businesses to be profitable; and
- Create 100 million jobs.

We manage our consumer-facing businesses as one integrated platform serving one user base with access to our various offerings. For the twelve months ended March 31, 2020, 780 million consumers in China purchased goods or services on our China retail, local consumer services and digital media and entertainment platforms. These consumers account for around 85% and 40% of the Chinese population in developed and less developed areas, respectively. We have also expanded into international markets, with over 180 million annual active consumers on our international retail marketplaces. Our digital infrastructure, such as smart logistics and cloud computing, which cuts across platforms to serve our major commerce, local services and entertainment businesses, gives us unparalleled and unique insights to meet changing consumer demands. Through the Alibaba Business Operating System (ABOS), we offer our data technologies and analytics to help our enterprise customers and partners achieve digital transformation.

COVID-19 Pandemic

Business Customer Support Programs

Starting in late January 2020, the COVID-19 pandemic triggered a series of lockdowns, social distancing requirements and travel restrictions that drastically reduced economic activities in China. In the initial phase of the crisis in China, the most pressing concern of all enterprises was business continuity – solving for issues like minimizing supply chain disruptions, cutting costs, identifying new revenue opportunities, improving cash flow and managing a remote workforce. We helped our merchant customers to overcome these challenges and took proactive measures to fulfill our mission.

Starting in February, together with Ant Financial, we implemented a comprehensive set of financial and business support measures to help alleviate the near-term challenges faced by our business customers and partners.

- ***Financial support*** – We worked with Ant Financial and other partners to advance RMB128 billion to provide liquidity to our merchants and to facilitate over RMB12 billion in 12-month loans with preferential interest rates (each as of April 30, 2020) to merchants who sell through our China retail marketplaces.

- ***Business support*** – Alibaba's domestic and international businesses provided billions of Renminbi in value in the form of subsidies and technical support to our merchants and users, including waivers of platform technology fees, annual service fees and warehousing fees, reduction of commissions and logistics costs, as well as free support for remote work and education programs through DingTalk, our digital collaboration platform for enterprises and schools all over the world.

- ***New initiatives*** – In April 2020, we launched our "2020 Spring Thunder" initiative, which aims to:

    - help export-oriented SMEs to explore opportunities in the China domestic market through our China retail marketplaces, as well as expand into new markets through our international wholesale and retail marketplaces, such as Alibaba.com and AliExpress;
    - develop digitalized manufacturing clusters;
    - accelerate the digital transformation of China's agriculture sector; and
    - alleviate financing challenges faced by SMEs by working with Ant Financial and its partners.

Social Responsibility

We leveraged our platform technology and other resources across our ecosystem to support those impacted by the COVID-19 pandemic within China and around the world.

- ***Donations of PPE and equipment*** – Through their combined efforts, the Alibaba Foundation, the Jack Ma Foundation and the Joe and Clara Tsai Foundation donated over 200 million units of personal protective equipment, testing kits and ventilators to over 150 countries and regions. Tmall Global, Tmall Supermarket, Alibaba.com and Lazada sourced, verified and procured many of these scarce supplies.

- ***Delivery of medical supplies*** – Our logistics subsidiary Cainiao delivered medical supplies to destinations around the world through its extensive global logistics network of airport hubs, customs clearance operations, trucking companies and local delivery personnel.

- ***Knowledge sharing*** – The Alibaba Foundation and Jack Ma Foundation jointly established an online exchange called the Global MediXchange for Combating COVID-19 (GMCC) to facilitate sharing of best practices and knowledge for fighting the pandemic among medical professionals around the world in real-time in 11 languages. Close to 10,000 healthcare workers from 120 countries and regions have joined the GMCC.

- ***Fund for medical and related supplies*** – Within China, we established a new RMB1 billion special fund to procure medical and related supplies for parts of the country affected by the COVID-19 pandemic.

- ***AI technology*** – We made available AI technology to over 550 hospitals in China to help improve the speed and efficiency of their COVID-19 diagnosis using CT scans.

- ***Jobs*** – Freshippo, Ele.me and Koubei launched employee-sharing initiatives to temporarily hire furloughed employees of businesses in negatively impacted service sectors, including restaurants, hotels, movie theaters and department stores.

Financial and Operational Impact on our Businesses

During the quarter, businesses in China and around the world, including merchants on our platforms and logistics companies, have been unable to conduct normal activities due to disruptions in supply chain and workforce availability. The substantial decline in business activities starting in late January in China negatively affected most of our domestic core commerce businesses, such as our China retail marketplaces and local consumer services businesses, while our key international commerce businesses began to experience a negative impact in February.

During the March quarter, some of our businesses experienced slowing or negative year-over-year growth due to the pandemic.

- ***China retail marketplaces*** – Tmall online physical goods GMV, excluding unpaid orders, grew 10% year-over-year, driven by growth of fast-moving consumer goods ("FMCG"), including daily necessities and household goods, and resilient demand for consumer electronics, which together grew approximately 25% year-over-year, offset by negative growth in other major categories such as apparel and accessories, home furnishing and auto parts. Combined customer management and commission revenues grew 1% year-over-year, reflecting an increase of 3% in customer management revenue and a decrease of 2% in commission revenue.

- ***Local consumer services*** – Our local consumer services business recorded an 8% year-over-year revenue decline during the quarter ended March 31, 2020, reflecting mass closure of restaurants and local merchants.

- ***International retail marketplaces*** – AliExpress revenue growth was significantly slower year-over-year, primarily due to supply chain and logistics disruptions that negatively impacted GMV growth from sales to North and South America and Europe. Lazada experienced some negative impact in certain countries beginning in March, but order growth remained strong.

- ***Other businesses*** – Our businesses that involve travel, transportation and offline entertainment, including Fliggy, Alibaba Pictures, Damai and Amap, have all been negatively impacted by the pandemic.

While the magnitude of near-term financial impact differs by business, the growth of our domestic businesses started to recover in March. Tmall online physical goods GMV, excluding unpaid orders, saw a strong recovery in April and continue to further improve in May. Similarly, Ele.me food delivery GMV growth turned positive in April as lockdown measures eased, restaurants began reopening and people began returning to work in China. For our international commerce businesses, which represented 7% of total revenue in fiscal year 2020, the timing and pace of recovery is still uncertain as demand in countries outside China remains soft. It is not possible to determine the ultimate impact of the COVID-19 pandemic on our business operations and financial results, which is highly dependent on numerous factors, many of which we are not able to predict or control. See the section entitled "Guidance" below for further details.

Business Opportunities

The COVID-19 pandemic created opportunities for consumer adoption of a broader digital lifestyle and the shift to online purchase of daily necessities. More businesses are adopting new digital tools and solutions to grow and manage their operations. Over the years, Alibaba has pioneered and developed businesses that allow us to capture the long-term benefits of these trends, including:

- ***Accelerated merchant on-boarding*** – We have seen a growing range of offline merchants going online, as well as increased adoption by existing merchants of new ways to engage with and sell to consumers. For example, daily active merchants using livestreaming on Taobao Live grew 88% year-over-year for the three months ended March 31, 2020.

- ***New Retail (grocery category)*** – Freshippo's revenue showed strong growth in February and March driven by an increased number of online customers, higher purchase frequency and larger order size. For the quarter ended March 31, 2020, online purchases represented approximately 60% of Freshippo's GMV, up by 10 percentage points year-over-year. Our Taoxianda (淘鲜达) business, which enables on-demand delivery for our partner grocery retailers with physical stores, also generated increased online revenue for these stores.

- ***DingTalk*** – DingTalk is a platform that offers new ways of working, sharing and collaborating for modern enterprises and organizations. Millions more enterprises and users in China are now using DingTalk to stay connected and work remotely. In the month of March, DingTalk's average daily active users on workdays reached 155 million. DingTalk also made significant penetration in the education sector as schools adopted the platform for their teachers and students. In March, DingTalk conducted on average over one million active classroom sessions each workday.

- ***Cainiao Post*** – Cainiao Post, which operates a network of neighborhood stations, campus stations and smart pick-up lockers, helped consumers and delivery personnel during this period of logistics disruptions. In March, as social distancing measures remained in place, we saw robust adoption of Cainiao Post by consumers who needed convenient and contactless pick-up and delivery options in their neighborhoods. In March 2020, daily packages handled by Cainiao Post's neighborhood stations grew over 100% year-over-year.

Core Commerce

China retail marketplaces – broad product selections and enhanced user experience result in higher purchase frequency from a large-scale consumer base.

Consumers – the largest consumer platform in China with improving purchase frequency

In fiscal year 2020, our China retail marketplaces achieved strong results reflecting our strategic focus on user acquisition and engagement as well as on increasing our offerings of value-for-money products. In March 2020, our China retail marketplaces had 846 million mobile MAUs, representing an annual and quarterly net increase of 125 and 22 million, respectively. Annual active consumers on our China retail marketplaces was 726 million for the 12 months ended March 31, 2020, representing an annual and quarterly net increase of 72 million and 15 million, respectively. In fiscal year 2020, over 70% of new annual active consumers were from less developed areas.

The longer consumers have been with us, the more orders they place, across a more diverse range of product categories, and as a result we experience increasing average spend per user on our China retail marketplaces. In fiscal year 2020, GMV growth of our China retail marketplaces was driven by robust increase in annual active consumers and greater purchase frequency per consumer.

Product Supply – largest online physical goods platform in the world with the most comprehensive product offering that caters to the needs of different consumer segments

The Alibaba Digital Economy has a comprehensive range of products and services made available by tens of millions of merchants and ecosystem partners to meet the diverse demands of our large-scale consumer base. We continually work to secure relevant and new products, such as increasing our range of branded and imported products, going upstream to directly source fresh agricultural products, and expanding the breadth of selection of value-for-money and long-tail products. Having a broad product range is the key to our consumer segmentation and category expansion strategy.

Tmall online physical goods GMV, excluding unpaid orders, grew 23% year-over-year in fiscal year 2020. In addition to Tmall, we have multiple fast growing platforms, including Juhuasuan (聚划算) and Taobao Deals (特价版), that offer attractively priced products from brands, retailers and factories. Idle Fish is the largest C2C community and marketplace in China for long-tail products, including second-hand, recycled, refurbished and for-rent products, with approximately RMB200 billion GMV in fiscal year 2020.

Engagement – the largest digital commerce platform in China enabled by unrivalled consumer insights and proprietary data technology

In March 2020, over 300 million daily active users came to our China retail marketplaces to browse and purchase from billions of listings. The massive amount of user and merchant activities taking place every day on our China retail marketplaces generate significant consumer insights. By leveraging proprietary AI and data technology, we are able to build on these deep consumer insights to provide more accurate search results and relevant recommendation feeds that enhance the shopping experience for our consumers.

The Taobao app is the largest social commerce platform in China, offering rich, highly relevant and curated content and features that enable merchants to engage with consumers through live-streaming, short-form videos, interactive games and microblogs. For example, Taobao Live, where merchants and key opinion leaders ("KOLs") use live-streaming to market to their fans and customers, has become one of the fastest growing sales formats on our China retail marketplaces. In the fiscal year ended March 2020, GMV generated from live-streaming grew over 100% year-over-year.

New Retail – developing new business models to enable digital transformation of brick-and-mortar retailing.

Creating the new – Our self-operated grocery retail chain Freshippo (known as "Hema" in Chinese) continues to achieve robust same-store sales growth, expand its footprint, optimize its stores and introduce new initiatives to improve customer experience. In fiscal year 2020, Freshippo strengthened its direct procurement of agricultural products and built a nationwide cold chain logistics network in order to support its rapid growth. As of March 31, 2020, we had 207 self-operated Freshippo stores in China, primarily located in tier one and tier two cities.

Transforming the old – Taoxianda, our online-offline retail integration service provider for grocery retailer partners with physical stores, puts us at the forefront of transforming the retail industry by digitalizing all aspects of store-based operations. By digitalizing SunArt's hypermarket stores, Taoxianda has contributed to an increase in SunArt's online revenue. In the twelve months ended March 31, 2020, Alibaba commerce platforms – primarily Taoxianda – generated and enabled around 10% of SunArt's total revenue.

Local consumer services – ecosystem synergy and focus on market share gains in lower tier cities.
Our local consumer service business continues to expand our China retail offerings from shopping to

services, further tapping into new addressable markets for consumption in China. We are leveraging resources and technology in the Alibaba Digital Economy to benefit our local consumer services business. For example, in the fiscal year and quarter ended March 31, 2020, over 40% of new food delivery customers came from the Alipay app.

Cainiao Network – enabling greater efficiency and cost savings for merchants and other Alibaba businesses. Cainiao Network continues to focus on improving domestic and international one-stop-shop logistics services and supply chain management solutions for the Alibaba Digital Economy. We are seeing increased adoption of "Fulfilled by Cainiao" services from our fast growing cross-border businesses, including AliExpress and Tmall Global. Cainiao Network has developed robust import fulfilment solutions for Tmall Global by utilizing a combination of bonded warehouses in China and direct shipment from foreign countries. During fiscal year 2020, Cainiao Network used data insights and improved efficiency to lower fulfillment costs per order for our direct sales businesses, such as Tmall Supermarket, as these businesses increased their logistics volumes.

International – building foundation for long-term growth. Our cross-border and international retail businesses continued to show strong growth in fiscal year 2020, as we only started to experience the negative impacts of the COVID-19 pandemic in February. In the twelve months ended March 31, 2020, Lazada, AliExpress and other international retail businesses had a total of more than 180 million annual active consumers.

Lazada – In fiscal year 2020, Lazada, our Southeast Asian e-commerce platform, saw robust growth momentum in its marketplace business, driven by strong order volume, which increased over 100% year-over-year, reflecting strong user growth and improved purchase conversion rate as we continued to broaden our product assortment. Lazada's order growth remained strong despite movement control orders imposed by governments in response to the COVID-19 pandemic. Lazada introduced a stimulus package across Southeast Asia to help SMEs start online businesses. There was strong adoption of consumer engagement tools, especially livestreaming, by brands and sellers to engage with consumers and diversify revenue channels to compensate for drop in offline retail activities.

AliExpress – AliExpress delivered robust user and GMV growth in the first ten months of fiscal year 2020. Starting in February 2020, AliExpress GMV growth declined as a result of the COVID-19 pandemic, primarily due to supply chain and logistics disruptions that impacted GMV growth in North and South America and Europe.

Cloud Computing

Alibaba Cloud has maintained its leadership position in Asia Pacific's cloud computing market by developing technology and business solutions that enable the digital transformation of businesses across industries in the public and private sectors. According to Gartner (April 2020), Alibaba Cloud is the largest cloud computing service provider in the Asia Pacific region, as measured by market share for IaaS (Infrastructure as a Service) and IUS (Infrastructure Utility Service).

Cloud computing revenue grew 58% year-over-year to RMB12,217 million (US$1,725 million) in the quarter ended March 31, 2020 and 62% year-over-year in fiscal year 2020 to RMB 40,016 million (US$5,651 million), primarily driven by increased revenue contribution from both our public cloud and hybrid cloud businesses.

Digital Media and Entertainment

The digital media and entertainment segment revenue grew 5% year-over-year in the quarter ended March 31, 2020 and 12% year-over-year in fiscal year 2020 as the industry underwent rationalization and tighter regulatory scrutiny on content. Youku continued to focus on delivering a superior user experience and increasing paying subscribers. Youku's daily average subscriber base continued to grow at a healthy rate, increasing over 50% and 60% year-over-year during fiscal year 2020 and the March 2020 quarter, respectively. The increases in paying subscribers were driven by our offerings of original and exclusive content, our effective targeting of new subscribers and a greater contribution from the 88VIP membership program on our China retail marketplaces. We invested in original and exclusive content while ensuring cost efficiencies and return on investment, which resulted in narrowing annual adjusted EBITA losses year-over-year in fiscal year 2020.

Cash Flow from Operating Activities and Free Cash Flow

In the fiscal year ended March 31, 2020, net cash provided by operating activities was RMB180,607 million (US$25,507 million), an increase of 20% compared to RMB150,975 million in the fiscal year 2019. Free cash flow, a non-GAAP measurement of liquidity, in fiscal year 2020 increased by 25% to RMB130,914 million (US$18,489 million), from RMB104,478 million in fiscal year 2019, primarily due to our robust profitability growth.

In the quarter ended March 31, 2020, net cash provided by operating activities was RMB2,164 million (US$306 million), a decrease of 88% compared to RMB18,553 million in the same quarter of 2019. Free cash flow, a non-GAAP measurement of liquidity, was an outflow of RMB4,214 million (US$595 million), compared to an inflow of RMB10,714 million in the same quarter of 2019. The year-over-year decreases of RMB16,389 million in net cash provided by operating activities and RMB14,928 million in free cash flow, respectively, were primarily due to a decrease of RMB7,651 million in connection with the AliExpress Payment Services Restructuring (as further explained below), as well as an increase in the amount of total refunds of annual service fee deposits from merchants of RMB2,688 million because more merchants achieved their agreed GMV targets in 2019. Excluding the effect of the AliExpress Payment Services Restructuring, non-GAAP free cash flow for the quarter would have been an inflow of RMB1,977 million (US$279 million).

Starting in the quarter ended September 30, 2019, because of a change in regulatory requirements, AliExpress began the process of restructuring payment related services provided to merchants on its platform (the "AliExpress Payment Services Restructuring"). Pursuant to this restructuring, AliExpress will no longer hold consumer funds before their release to merchants upon completion of the relevant transactions. Starting in the September 2019 quarter, as a result of the restructuring, we started to de-recognize these client fund balances from our balance sheet. This de-recognition, a significant portion of which were completed during this quarter, resulted in cash outflows from operating activities. We expect the restructuring will be substantially completed in the quarter ending June 30, 2020. The client fund balances accounted for RMB8.4 billion and RMB3.1 billion (US$438 million) of restricted cash and escrow receivables on our balance sheet as of March 31, 2019 and March 31, 2020, respectively.

A reconciliation of net cash provided by operating activities to free cash flow is included at the end of this results announcement.

Guidance

The guidance below is a forward-looking statement that reflects assumptions that we believe to be reasonable as of the date of this announcement and involve inherent risks and uncertainties, many of which we are not able to predict or control. In particular, it is not possible to determine the ultimate impact of the COVID-19 pandemic on our business operations and financial results, which is highly dependent on numerous factors, including: the duration and spread of the pandemic and any resurgence of COVID-19 in China or elsewhere, actions taken by governments, domestically and in international relations, the response of businesses and individuals to the pandemic, the impact of the pandemic on business and economic conditions in China and globally, consumer demand, our ability and the ability of merchants, retailers, logistics service providers and other participants in the Alibaba Digital Economy to continue operations in areas affected by the pandemic and our efforts and expenditures to support merchants and partners and ensure the safety of our employees.

Based on our current view of Chinese domestic consumption and enterprise digitization, and subject to the uncertainties highlighted above and those under the section entitled "Safe Harbor Statements" below, we expect to generate over RMB650 billion in revenue in fiscal year 2021.

KEY OPERATIONAL METRICS*

	March 31, 2019	December 31, 2019	March 31, 2020	Net adds	
				YoY	QoQ
China Commerce Retail:					
Annual active consumers(1) (in millions)	654	711	726	72	15
Mobile monthly active users (MAUs)(2) (in millions)	721	824	846	125	22

* For definitions of terms used but not defined in this results announcement, please refer to our annual report on Form 20-F for the fiscal year ended March 31, 2019.

(1) For the twelve months ended on the respective dates.

(2) For the month ended on the respective dates.

MARCH QUARTER SUMMARY FINANCIAL RESULTS

	Three months ended March 31,			
	2019	2020		
	RMB	RMB	US$[1]	YoY % Change
	(in millions, except percentages and per share amounts)			
Revenue	93,498	114,314	16,144	22%
Income from operations	8,765	7,131	1,007	(19)%
Operating margin	9%	6%		
Adjusted EBITDA[2]	25,166	25,440	3,593	1%
Adjusted EBITDA margin[2]	27%	22%		
Adjusted EBITA[2]	20,757	19,827	2,800	(4)%
Adjusted EBITA margin[2]	22%	17%		
Net income	23,379	348	49	(99)%[3]
Net income attributable to ordinary shareholders	25,830	3,162	447	(88)% [3]
Non-GAAP net income[2]	20,056	22,287	3,148	11%
Diluted earnings per share[4]	1.23	0.14	0.02	(89)% [3]
Diluted earnings per ADS[4]	9.84	1.16	0.16	(88)% [3]
Non-GAAP Diluted earnings per share[2] [4]	1.07	1.15	0.16	7%
Non-GAAP Diluted earnings per ADS[2] [4]	8.57	9.20	1.30	7%

(1) This results announcement contains translations of certain Renminbi ("RMB") amounts into U.S. dollars ("US$") and Hong Kong dollars ("HK$") for the convenience of the reader. Unless otherwise stated, all translations of RMB into US$ were made at RMB7.0808 to US$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board, and all translations of RMB into HK$ were made at RMB0.9137 to HK$1.00, the middle rate on March 31, 2020 as published by The People's Bank of China. The U.S. dollar amounts of annual GMV for fiscal year 2020 presented in this results announcement represent the sums of GMV in U.S. dollars for the quarters ended June 30, September 30 and December 31, 2019 and March 31, 2020, each converted from the RMB amounts at the average daily exchange rate for each relevant quarter. The percentages stated in this announcement are calculated based on the RMB amounts and there may be minor differences due to rounding.

(2) See the sections entitled "Information about Segments," "Non-GAAP Financial Measures" and "Reconciliations of Non-GAAP Measures to the Nearest Comparable GAAP Measures" for more information about the non-GAAP measures referred to within this results announcement.

(3) The year-over-year decrease was primarily due to a net loss in investment income, mainly reflecting decreases in the market prices of our equity investments in publicly-traded companies, compared to a net gain recorded in the same quarter of 2019.

(4) Each ADS represents eight ordinary shares. See the section entitled "Share Subdivision and ADS Ratio Change" for more information.

MARCH QUARTER INFORMATION BY SEGMENTS

The table below sets forth selected financial information of our operating segments for the periods indicated:

	Three months ended March 31, 2020						
	Core commerce	Cloud computing	Digital media and entertainment	Innovation initiatives and others	Unallocated(1)	Consolidated	
	RMB	RMB	RMB	RMB	RMB	RMB	US$
	(in millions, except percentages)						
Revenue	**93,865**	**12,217**	**5,944**	**2,288**	**—**	**114,314**	**16,144**
Income (loss) from operations	**20,166**	**(1,757)**	**(4,491)**	**(4,022)**	**(2,765)**	**7,131**	**1,007**
Add: Share-based compensation expense	4,353	1,570	726	936	1,067	8,652	1,222
Add: Amortization and impairment of intangible assets	3,607	8	387	23	19	4,044	571
Adjusted EBITA	**28,126** (2)	**(179)**	**(3,378)**	**(3,063)**	**(1,679)**	**19,827**	**2,800**
Adjusted EBITA margin	**30%**	**(1)%**	**(57)%**	**(134)%**		**17%**	

	Three months ended March 31, 2019					
	Core commerce	Cloud computing	Digital media and entertainment	Innovation initiatives and others	Unallocated(1)	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB
	(in millions, except percentages)					
Revenue	**78,894**	**7,726**	**5,671**	**1,207**	**—**	**93,498**
Income (loss) from operations	**21,632**	**(1,036)**	**(3,854)**	**(3,270)**	**(4,707)**	**8,765**
Add: Share-based compensation expense	3,054	869	691	1,318	1,178	7,110
Add: Amortization of intangible assets	2,798	3	335	20	47	3,203
Add: Settlement of U.S. federal class action lawsuit	—	—	—	—	1,679	1,679
Adjusted EBITA	**27,484** (2)	**(164)**	**(2,828)**	**(1,932)**	**(1,803)**	**20,757**
Adjusted EBITA margin	**35%**	**(2)%**	**(50)%**	**(160)%**		**22%**

(1) Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

(2) Marketplace-based core commerce adjusted EBITA decreased 2% year-over-year to RMB33,990 million (US$4,800 million). A reconciliation of adjusted EBITA for core commerce to marketplace-based core commerce adjusted EBITA is included at the end of this results announcement.

MARCH QUARTER OPERATIONAL AND FINANCIAL RESULTS

Revenue

Revenue for the quarter ended March 31, 2020 was RMB114,314 million (US$16,144 million), an increase of 22% compared to RMB93,498 million in the same quarter of 2019. The increase was mainly driven by the solid revenue growth of our China commerce retail business and robust revenue growth of cloud computing.

The following table sets forth a breakdown of our revenue by segment for the periods indicated:

	Three months ended March 31,					
	2019		2020			
	RMB	% of Revenue	RMB	US$	% of Revenue	YoY % Change
	(in millions, except percentages)					
Core commerce:						
China commerce retail						
- Customer management	30,119	32%	30,906	4,365	27%	3%
- Commission	14,790	16%	14,500	2,048	13%	(2)%
- Others[(1)]	13,532	15%	25,499	3,601	22%	88%
	58,441	63%	70,905	10,014	62%	21%
China commerce wholesale	2,547	3%	2,787	394	3%	9%
International commerce retail	4,944	5%	5,353	756	5%	8%
International commerce wholesale	2,133	2%	2,458	347	2%	15%
Cainiao logistics services	3,861	4%	4,951	699	4%	28%
Local consumer services	5,266	5%	4,841	684	4%	(8)%
Others	1,702	2%	2,570	362	2%	51%
Total core commerce	78,894	84%	93,865	13,256	82%	19%
Cloud computing	7,726	8%	12,217	1,725	11%	58%
Digital media and entertainment	5,671	6%	5,944	840	5%	5%
Innovation initiatives and others	1,207	2%	2,288	323	2%	90%
Total	93,498	100%	114,314	16,144	100%	22%

(1) "Others" revenue under China commerce retail is primarily generated by our New Retail and direct sales businesses, comprising mainly Freshippo, Tmall Supermarket, direct import and Intime.

Core commerce

- ***China commerce retail business***

  Revenue from our China commerce retail business in the quarter ended March 31, 2020 was RMB70,905 million (US$10,014 million), an increase of 21% compared to RMB58,441 million in the same quarter of 2019. Combined customer management and commission revenues grew 1% year-over-year, reflecting an increase of 3% in customer management revenue and a decrease of 2% in commission revenue. The growth of customer management revenue was primarily due to the increase in revenue from recommendation feeds and Taobao Live, partly offset by a decrease in volume of paid clicks and average unit price per click in search monetization as a result of the impact of the COVID-19 pandemic.

  Although Tmall online physical goods GMV, excluding unpaid orders, grew by 10% year-over-year, commission revenue decreased by 2%. The decline in commission revenue was primarily due to the impact of the COVID-19 pandemic, including the cancellation of orders as a result of logistics disruption in February, weakness in the apparel category and our waiver of annual service fees for the first half of 2020 as part of our support to merchant customers.

"Others" revenue under China commerce retail business was RMB25,499 million (US$3,601 million), a significant increase compared to RMB13,532 million in the same quarter of 2019, primarily driven by contributions from direct sales businesses, including Freshippo and Tmall Supermarket, as well as our consolidation of Kaola starting in September 2019.

We expect that the proportion of revenue of our direct sales businesses will continue to increase as we further implement our New Retail strategy.

- ***China commerce wholesale business***

  Revenue from our China commerce wholesale business in the quarter ended March 31, 2020 was RMB2,787 million (US$394 million), an increase of 9% compared to RMB2,547 million in the same quarter of 2019. The increase was primarily due to an increase in revenue from Lingshoutong, a digital sourcing platform that connects FMCG brand manufacturers and their distributors directly to local mom-and-pop stores in China, as well as an increase in average revenue from paying members on 1688.com, our domestic wholesale marketplace.

- ***International commerce retail business***

  Revenue from our international commerce retail business in the quarter ended March 31, 2020 was RMB5,353 million (US$756 million), an increase of 8% compared to RMB4,944 million in the same quarter of 2019. The increase was primarily due to the growth in revenues generated by Lazada and Trendyol, which was partially offset by the exclusion of revenue from the AliExpress Russia businesses, which we deconsolidated upon the formation of a Russian joint venture in October 2019. In addition to the exclusion of revenue from the AliExpress Russia businesses, AliExpress revenue growth during the quarter was significantly slower year-over-year, primarily due to supply chain and logistics disruptions caused by the COVID-19 pandemic that negatively impacted GMV growth from sales to North and South America and Europe.

- ***International commerce wholesale business***

  Revenue from our international commerce wholesale business in the quarter ended March 31, 2020 was RMB2,458 million (US$347 million), an increase of 15% compared to RMB2,133 million in the same quarter of 2019. The increase was primarily due to an increase in the number of paying members on Alibaba.com, our global wholesale marketplace.

- ***Cainiao logistics services***

  Revenue from Cainiao Network's logistics services, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, after elimination of inter-company transactions, was RMB4,951 million (US$699 million) in the quarter ended March 31, 2020, an increase of 28% compared to RMB3,861 million in the same quarter of 2019, primarily due to the increase in the volume of orders fulfilled from our fast growing cross-border and international commerce retail businesses.

- ***Local consumer services***

  Revenue from local consumer services, which primarily represents platform commissions, fees from provision of delivery services and other services provided by our on-demand delivery and local services platform Ele.me, was RMB4,841 million (US$684 million) in the quarter ended

March 31, 2020, a decrease of 8% compared to RMB5,266 million in the same quarter of 2019, reflecting mass closure of restaurants and local merchants in China due to the COVID-19 pandemic.

Cloud computing

Revenue from our cloud computing business in the quarter ended March 31, 2020 was RMB12,217 million (US$1,725 million), an increase of 58% compared to RMB7,726 million in the same quarter of 2019, primarily driven by increased revenue contributions from both our public cloud and hybrid cloud businesses.

Digital media and entertainment

Revenue from our digital media and entertainment segment in the quarter ended March 31, 2020 was RMB5,944 million (US$840 million), an increase of 5% compared to RMB5,671 million in the same quarter of 2019. The increase was primarily due to an increase in subscription revenue from Youku driven by an increase in number of paying subscribers.

Innovation initiatives and others

Revenue from innovation initiatives and others in the quarter ended March 31, 2020 was RMB2,288 million (US$323 million), an increase of 90% compared to RMB1,207 million in the same quarter of 2019. The increase was primarily due to an increase in revenue from online games and other business initiatives.

Costs and Expenses

The following tables set forth a breakdown of our costs and expenses, share-based compensation expense and costs and expenses excluding share-based compensation expense by function for the periods indicated.

	Three months ended March 31,					% of Revenue YoY change
	2019		2020			
	RMB	% of Revenue	RMB	US$	% of Revenue	
	(in millions, except percentages)					
Costs and expenses:						
Cost of revenue	55,610	60%	72,502	10,239	64%	4%
Product development expenses	8,659	10%	10,587	1,495	9%	(1)%
Sales and marketing expenses	9,649	10%	12,179	1,720	11%	1%
General and administrative expenses	7,612	8%	7,871	1,112	7%	(1)%
Amortization and impairment of intangible assets	3,203	3%	4,044	571	3%	0%
Total costs and expenses	84,733	91%	107,183	15,137	94%	3%
Share-based compensation expense by function:						
Cost of revenue	1,951	2%	1,857	262	2%	0%
Product development expenses	2,801	3%	3,484	492	3%	0%
Sales and marketing expenses	764	1%	1,017	144	1%	0%
General and administrative expenses	1,594	2%	2,294	324	2%	0%

Total share-based compensation expense	7,110	8%	8,652	1,222	8%	0%
Costs and expenses excluding share-based compensation expense:						
Cost of revenue	53,659	58%	70,645	9,977	62%	4%
Product development expenses	5,858	7%	7,103	1,003	6%	(1)%
Sales and marketing expenses	8,885	9%	11,162	1,576	10%	1%
General and administrative expenses	6,018	6%	5,577	788	5%	(1)%
Amortization and impairment of intangible assets	3,203	3%	4,044	571	3%	0%
Total costs and expenses excluding share-based compensation expense	77,623	83%	98,531	13,915	86%	3%

Cost of revenue – Cost of revenue in the quarter ended March 31, 2020 was RMB72,502 million (US$10,239 million), or 64% of revenue, compared to RMB55,610 million, or 60% of revenue, in the same quarter of 2019. Without the effect of share-based compensation expense, cost of revenue as a percentage of revenue would have increased from 58% in the quarter ended March 31, 2019 to 62% in the quarter ended March 31, 2020. The increase was primarily due to an increase in revenue mix shift towards direct sales businesses such as New Retail and Tmall Supermarket, which resulted in increased cost of inventory, as well as our consolidation of Kaola, partly offset by a decrease in delivery costs of our local consumer services.

Product development expenses – Product development expenses in the quarter ended March 31, 2020 were RMB10,587 million (US$1,495 million), or 9% of revenue, compared to RMB8,659 million, or 10% of revenue, in the same quarter of 2019. Without the effect of share-based compensation expense, product development expenses as a percentage of revenue would have decreased from 7% in the quarter ended March 31, 2019 to 6% in the quarter ended March 31, 2020.

Sales and marketing expenses – Sales and marketing expenses in the quarter ended March 31, 2020 were RMB12,179 million (US$1,720 million), or 11% of revenue, compared to RMB9,649 million, or 10% of revenue, in the same quarter of 2019. Without the effect of share-based compensation expense, sales and marketing expenses as a percentage of revenue would have increased from 9% in the quarter ended March 31, 2019 to 10% in the quarter ended March 31, 2020.

General and administrative expenses – General and administrative expenses in the quarter ended March 31, 2020 were RMB7,871 million (US$1,112 million), or 7% of revenue, compared to RMB7,612 million, or 8% of revenue, in the same quarter of 2019. Without the effect of share-based compensation expense, general and administrative expenses as a percentage of revenue would have decreased from 6% in the quarter ended March 31, 2019 to 5% in the quarter ended March 31, 2020, primarily due to our US$250 million settlement of a U.S. federal class action lawsuit in the quarter ended March 31, 2019.

Share-based compensation expense – Total share-based compensation expense included in the cost and expense items above in the quarter ended March 31, 2020 was RMB8,652 million (US$1,222 million), an increase of 22% compared to RMB7,110 million in the same quarter of 2019. Share-based compensation expense as a percentage of revenue remained stable at 8% in the quarter ended March 31, 2020 and 2019.

The following table sets forth our analysis of share-based compensation expense for the quarters indicated by type of share-based awards:

	Three months ended								
	March 31, 2019		December 31, 2019		March 31, 2020			% Change	
	RMB	% of Revenue	RMB	% of Revenue	RMB	US$	% of Revenue	YoY	QoQ
	(in millions, except percentages)								
By type of awards:									
Alibaba Group share-based awards[(1)]	6,099	7%	6,587	4%	6,832	965	6%	12%	4%
Ant Financial share-based awards granted to our employees[(2)]	435	0%	347	0%	259	37	0%	(40)%	(25)%
Others[(3)]	576	1%	896	0%	1,561	220	2%	171%	74%
Total share-based compensation expense	7,110	8%	7,830	4%	8,652	1,222	8%	22%	10%

(1) This includes awards granted to our employees, Ant Financial and other consultants. Awards granted to nonemployees were subject to mark-to-market accounting treatment until March 31, 2019. Beginning on April 1, 2019, we adopted ASU 2018-07, "Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting" under US GAAP. As a result of adopting this new accounting update, these awards are no longer subject to mark-to-market accounting treatment. Commencing upon the receipt of the 33% equity interest in Ant Financial on September 23, 2019, the expense relating to Alibaba Group share-based awards granted to Ant Financial employees are recognized in share of results of equity investees.

(2) Awards subject to mark-to-market accounting treatment.

(3) Others primarily relate to share-based awards underlying the equity of our subsidiaries.

Share-based compensation expense related to Alibaba Group share-based awards granted to our employees remained stable in this quarter compared to the previous quarter. Share-based compensation expense related to share-based awards underlying the equity of our subsidiaries increased in this quarter compared to the previous quarter, mainly due to the impact arising from the cash settlement of such awards in this quarter.

We expect that our share-based compensation expense will continue to be affected by changes in the fair value of our shares, our subsidiaries' share-based awards and the quantity of awards we grant to our employees and consultants in the future. Furthermore, we expect that our share-based compensation expense will continue to be affected by any future changes in the valuation of Ant Financial, although such changes will be non-cash and will not result in any economic cost or equity dilution to our shareholders.

Amortization and impairment of intangible assets – Amortization and impairment of intangible assets in the quarter ended March 31, 2020 was RMB4,044 million (US$571 million), an increase of 26% from RMB3,203 million in the same quarter of 2019, primarily due to an impairment loss of intangible assets recorded in the quarter ended March 31, 2020.

Income from operations and operating margin

Income from operations in the quarter ended March 31, 2020 was RMB7,131 million (US$1,007 million), or 6% of revenue, a decrease of 19% compared to RMB8,765 million, or 9% of revenue, in the same quarter of 2019, primarily due to the impact of the COVID-19 pandemic.

Adjusted EBITDA and Adjusted EBITA

Adjusted EBITDA increased 1% year-over-year to RMB25,440 million (US$3,593 million) in the quarter ended March 31, 2020, compared to RMB25,166 million in the same quarter of 2019. Adjusted EBITA decreased 4% year-over-year to RMB19,827 million (US$2,800 million) in the quarter ended March 31, 2020, compared to RMB20,757 million in the same quarter of 2019, primarily due to the impact of the COVID-19 pandemic. A reconciliation of net income to adjusted EBITDA and adjusted EBITA is included at the end of this results announcement.

Adjusted EBITA and adjusted EBITA margin by segments

Adjusted EBITA and adjusted EBITA margin by segments are set forth in the table below. See the section entitled "Information about Segments" above for a reconciliation of income from operations to adjusted EBITA.

	Three months ended March 31,				
	2019		2020		
	RMB	% of Segment Revenue	RMB	US$	% of Segment Revenue
	(in millions, except percentages)				
Core commerce	27,484	35%	28,126	3,972	30%
Cloud computing	(164)	(2)%	(179)	(25)	(1)%
Digital media and entertainment	(2,828)	(50)%	(3,378)	(477)	(57)%
Innovation initiatives and others	(1,932)	(160)%	(3,063)	(433)	(134)%

Core commerce segment – Adjusted EBITA increased by 2% to RMB28,126 million (US$3,972 million) in the quarter ended March 31, 2020, compared to RMB27,484 million in the same quarter of 2019, primarily due to our reduced loss in strategic businesses, partly offset by a decrease in marketplace-based core commerce adjusted EBITA to RMB33,990 million (US$4,800 million) mainly as a result of the negative impact on customer management and commission revenue from the COVID-19 pandemic, which was also one of the factors that led to adjusted EBITA margin decreasing from 35% in the quarter ended March 31, 2019 to 30% in the quarter ended March 31, 2020. The continuing revenue mix shift towards self-operated New Retail and direct sales businesses, where revenue is recorded on a gross basis, including the cost of inventory, as well as the effects of our consolidation of Kaola, also contributed to the decrease in adjusted EBITA margin.

A reconciliation of adjusted EBITA for core commerce to marketplace-based core commerce adjusted EBITA is included at the end of this results announcement.

We expect that our core commerce adjusted EBITA margin will continue to be affected by the pace of our investment in new businesses and by a continuing revenue mix shift to self-operated New Retail and direct sales businesses.

Cloud computing segment – Adjusted EBITA in the quarter ended March 31, 2020 was a loss of RMB179 million (US$25 million), compared to a loss of RMB164 million in the same quarter of 2019.

Adjusted EBITA margin improved to negative 1% in the quarter ended March 31, 2020 from negative 2% in the quarter ended March 31, 2019.

Digital media and entertainment segment – Adjusted EBITA in the quarter ended March 31, 2020 was a loss of RMB3,378 million (US$477 million), compared to a loss of RMB2,828 million in the same quarter of 2019. Adjusted EBITA margin decreased to negative 57% in the quarter ended March 31, 2020 from negative 50% in the quarter ended March 31, 2019, primarily due to our provision for doubtful debts of RMB437 million (US$62 million) on receivables from ticketing services and film related businesses that have been severely affected by the COVID-19 pandemic.

Innovation initiatives and others segment – Adjusted EBITA in the quarter ended March 31, 2020 was a loss of RMB3,063 million (US$433 million), compared to a loss of RMB1,932 million in the same quarter of 2019, primarily due to the increased loss from DingTalk as a result of our support to enterprises by providing remote working capabilities free-of-charge during the COVID-19 pandemic.

Interest and investment income, net

Interest and investment income, net in the quarter ended March 31, 2020 was a loss of RMB7,715 million (US$1,089 million), compared to an income of RMB18,665 million in the same quarter of 2019, primarily due to a net loss arising from decreases in the market prices of our equity investments in publicly-traded companies in the quarter ended March 31, 2020, compared to a net gain recorded in the same quarter of 2019. The above-mentioned gains and losses were excluded from our non-GAAP net income.

Other income, net

Other income, net in the quarter ended March 31, 2020 was RMB1,180 million (US$167 million), compared to RMB1,449 million in the same quarter of 2019.

Income tax expenses

Income tax expenses in the quarter ended March 31, 2020 were RMB2,628 million (US$371 million), compared to RMB5,025 million in the same quarter of 2019.

Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments, as well as the deferred tax effects on basis differences arising from our share of results of equity investees, our effective tax rate would have been 20% in the quarter ended March 31, 2020.

Share of results of equity investees

Share of results of equity investees in the quarter ended March 31, 2020 was RMB3,545 million (US$500 million), compared to RMB828 million in the same quarter of 2019. We record our share of results of equity investees one quarter in arrears. Share of results of equity investees in the quarter ended March 31, 2020 and the comparative periods consisted of the following:

	Three months ended			
	March 31, 2019	December 31, 2019	March 31, 2020	
	RMB	RMB	RMB	US$
		(in millions)		
Share of profit of equity investees				
- Ant Financial[1]	—	215	5,109	721
- Others	1,306	2,229	164	23
Impairment loss	—	—	(234)	(33)
Dilution (loss) gain	(62)	166	(249)	(35)
Others[2]	(416)	(445)	(1,245)	(176)
Total	828	2,165	3,545	500

(1) We received the 33% equity interest in Ant Financial on September 23, 2019. Similar to other equity method investees, we record our share of results of Ant Financial one quarter in arrears. As such, the share of profit of Ant Financial in the quarter ended December 31, 2019 reflects our share of profit of Ant Financial for the period from the day following receipt of the equity interest to the end of the quarter on September 30, 2019.

(2) Others mainly include amortization of intangible assets of equity investees and share-based compensation expense.

The year-over-year increase in share of results of equity investees was mainly due to our starting to recognize share of profit in Ant Financial after we received the 33% equity in Ant Financial in September 2019, partly offset by a decrease in our share of results of Suning. In addition, the increase in "Others" in the quarter ended March 31, 2020 was primarily due to the commencement of amortization of intangible assets of Ant Financial upon our receipt of an equity interest in Ant Financial. The COVID-19 pandemic has caused widespread disruptions to the economy and the businesses of our equity investees may be adversely affected, which could negatively impact our share of results of equity investees in future periods.

Net income and Non-GAAP net income

Our net income in the quarter ended March 31, 2020 was RMB348 million (US$49 million), a decrease of 99% compared to RMB23,379 million in the same quarter of 2019. The year-over-year decrease was primarily due to a net loss in investment income, mainly reflecting decreases in the market prices of our equity investments in publicly-traded companies, compared to a net gain recorded in the same quarter of 2019.

Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and intangible assets and certain other items, non-GAAP net income in the quarter ended March 31, 2020 was RMB22,287 million (US$3,148 million), an increase of 11% compared to RMB20,056 million in the same quarter of 2019. A reconciliation of net income to non-GAAP net income is included at the end of this results announcement.

Net income attributable to ordinary shareholders

Net income attributable to ordinary shareholders in the quarter ended March 31, 2020 was RMB3,162 million (US$447 million), a decrease of 88% compared to RMB25,830 million in the same quarter of 2019. The year-over-year decrease was primarily due to a net loss in investment income, mainly reflecting decreases in the market prices of our equity investments in publicly-traded companies, compared to a net gain recorded in the same quarter of 2019.

Diluted earnings per ADS/share and non-GAAP diluted earnings per ADS/share

Diluted earnings per ADS in the quarter ended March 31, 2020 was RMB1.16 (US$0.16) on a weighted average of 21,822 million diluted shares outstanding during the quarter, a decrease of 88% compared to RMB9.84 on a weighted average of 21,002 million diluted shares outstanding during the same quarter in 2019 (giving effect, in each case, to our share split in July 2019). Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and intangible assets and certain other items, non-GAAP diluted earnings per ADS in the quarter ended March 31, 2020 was RMB9.20 (US$1.30), an increase of 7% compared to RMB8.57 in the same quarter of 2019.

Diluted earnings per share in the quarter ended March 31, 2020 was RMB0.14 (US$0.02 or HK$0.15), a decrease of 89% compared to RMB1.23 in the same quarter of 2019. Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and intangible assets and certain other items, non-GAAP diluted earnings per share in the quarter ended March 31, 2020 was RMB1.15 (US$0.16 or HK$1.26), an increase of 7%, compared to RMB1.07 in the same quarter of 2019.

A reconciliation of diluted earnings per ADS/share to non-GAAP diluted earnings per ADS/share is included at the end of this results announcement. Each ADS represents eight ordinary shares. See the section entitled "Share Subdivision and ADS Ratio Change" for more information.

Cash, cash equivalents and short-term investments

As of March 31, 2020, cash, cash equivalents and short-term investments were RMB358,981 million (US$50,698 million), compared to RMB351,946 million as of December 31, 2019. The increase in cash, cash equivalents and short-term investments during the quarter ended March 31, 2020 was primarily due to the cash inflow of RMB9,816 million (US$1,386 million) from disposal of various investments, partly offset by outflow of free cash flow from operations of RMB4,214 million (US$595 million).

Cash flow from operating activities and free cash flow

Net cash provided by operating activities in the quarter ended March 31, 2020 was RMB2,164 million (US$306 million), a decrease of 88% compared to RMB18,553 million in the same quarter of 2019. Free cash flow, a non-GAAP measurement of liquidity, was an outflow of RMB4,214 million (US$595 million), compared to an inflow of RMB10,714 million in the same quarter of 2019. The year-over-year decreases of RMB16,389 million in net cash provided by operating activities and RMB14,928 million in free cash flow, respectively, were primarily due to a decrease of RMB7,651 million in connection with the AliExpress Payment Services Restructuring, as explained in further detail above, as well as an increase in the amount of total refunds of annual service fee deposits from merchants of RMB2,688 million because more merchants achieved their agreed GMV targets in 2019. Excluding the effect of the AliExpress Payment Services Restructuring, non-GAAP free cash flow for the quarter would have been an inflow of RMB1,977 million (US$279 million). A reconciliation of net cash provided by operating activities to free cash flow is included at the end of this results announcement.

Net cash used in investing activities

During the quarter ended March 31, 2020, net cash used in investing activities of RMB32,995 million (US$4,660 million) primarily reflected (i) an increase in short-term investments by RMB26,919 million (US$3,802 million), (ii) capital expenditures of RMB9,683 million (US$1,367 million), which included cash outflow for acquisition of land use rights and construction in progress relating to office campuses of RMB5,802 million (US$819 million), (iii) cash outflow of RMB3,368 million (US$476 million) for investment and acquisition activities, as well as (iv) acquisition of licensed copyrights and other intangible assets of RMB2,716 million (US$384 million). These cash outflows were partly offset by cash inflow of RMB9,816 million (US$1,386 million) from disposal of various investments.

Employees

As of March 31, 2020, we had a total of 117,600 employees, compared to 116,519 as of December 31, 2019.

FULL FISCAL YEAR 2020 SUMMARY FINANCIAL RESULTS

	Year ended March 31,			
	2019	2020		
	RMB	RMB	US$[1]	YoY % Change
	(in millions, except percentages and per share amounts)			
Revenue	376,844	509,711	71,985	35%
Income from operations	57,084	91,430	12,912	60%
Operating margin	15%	18%		
Adjusted EBITDA[2]	121,943	157,659	22,266	29%
Adjusted EBITDA margin[2]	32%	31%		
Adjusted EBITA[2]	106,981	137,136	19,367	28%
Adjusted EBITA margin[2]	28%	27%		
Net income	80,234	140,350	19,821	75%[3]
Net income attributable to ordinary shareholders	87,600	149,263	21,080	70%[3]
Non-GAAP net income[2]	93,407	132,479	18,710	42%
Diluted earnings per share[4]	4.17	6.99	0.99	68%[3]
Diluted earnings per ADS[4]	33.38	55.93	7.90	68%[3]
Non-GAAP Diluted earnings per share[2][4]	4.80	6.62	0.93	38%
Non-GAAP Diluted earnings per ADS[2][4]	38.40	52.98	7.48	38%

(1) This results announcement contains translations of certain Renminbi ("RMB") amounts into U.S. dollars ("US$") and Hong Kong dollars ("HK$") for the convenience of the reader. Unless otherwise stated, all translations of RMB into US$ were made at RMB7.0808 to US$1.00, the exchange rate on March 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board, and all translations of RMB into HK$ were made at RMB0.9137 to HK$1.00, the middle rate on March 31, 2020 as published by The People's Bank of China. The U.S. dollar amounts of annual GMV for fiscal year 2020 presented in this results announcement represent the sums of GMV in U.S. dollars for the quarters ended June 30, September 30 and December 31, 2019 and March 31, 2020, each converted from the RMB amounts at the average daily exchange rate for each relevant quarter. The percentages stated in this announcement are calculated based on the RMB amounts and there may be minor differences due to rounding.

(2) See the sections entitled "Information about Segments," "Non-GAAP Financial Measures" and "Reconciliations of Non-GAAP Measures to the Nearest Comparable GAAP Measures" for more information about the non-GAAP measures referred to within this results announcement.

(3) The year-over-year increase was primarily due to a one-time gain of RMB71.6 billion (US$10.1 billion) recognized upon the receipt of the 33% equity interest in Ant Financial, partly offset by a year-over-year decrease in revaluation and disposal gains (as discussed in detail under the "Interest and investment income, net" section below), and net losses from changes in the fair values and higher impairment charges relating to equity investments this year. Excluding these gains and losses and certain other items, our non-GAAP net income would have increased by 42% year-over-year.

(4) Each ADS represents eight ordinary shares. See the section entitled "Share Subdivision and ADS Ratio Change" for more information.

FULL FISCAL YEAR 2020 INFORMATION BY SEGMENTS

The table below sets forth selected financial information of our operating segments for the fiscal year 2020:

	Year ended March 31, 2020						
	Core commerce	Cloud computing	Digital media and entertainment	Innovation initiatives and others	Unallocated(1)	Consolidated	
	RMB	RMB	RMB	RMB	RMB	RMB	US$
	(in millions, except percentages)						
Revenue	**436,104**	**40,016**	**26,948**	**6,643**	**—**	**509,711**	**71,985**
Income (loss) from operations	**138,631**	**(7,016)**	**(14,937)**	**(12,951)**	**(12,297)**	**91,430**	**12,912**
Add: Share-based compensation expense	15,427	5,577	2,444	4,050	4,244	31,742	4,483
Add: Amortization and impairment of intangible assets	11,742	25	1,377	86	158	13,388	1,891
Add: Impairment of goodwill	—	—	—	—	576	576	81
Adjusted EBITA	**165,800** (2)	**(1,414)**	**(11,116)**	**(8,815)**	**(7,319)**	**137,136**	**19,367**
Adjusted EBITA margin	**38%**	**(4)%**	**(41)%**	**(133)%**		**27%**	

	Year ended March 31, 2019					
	Core commerce	Cloud computing	Digital media and entertainment	Innovation initiatives and others	Unallocated(1)	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB
	(in millions, except percentages)					
Revenue	**323,400**	**24,702**	**24,077**	**4,665**	**—**	**376,844**
Income (loss) from operations	**109,312**	**(5,508)**	**(20,046)**	**(11,795)**	**(14,879)**	**57,084**
Add: Share-based compensation expense	17,694	4,332	2,988	5,774	6,703	37,491
Add: Amortization of intangible assets	9,161	18	1,262	50	236	10,727
Add: Settlement of U.S. federal class action lawsuit	—	—	—	—	1,679	1,679
Adjusted EBITA	**136,167**(2)	**(1,158)**	**(15,796)**	**(5,971)**	**(6,261)**	**106,981**
Adjusted EBITA margin	**42%**	**(5)%**	**(66)%**	**(128)%**		**28%**

(1) Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

(2) Marketplace-based core commerce adjusted EBITA increased 19% year-over-year to RMB192,771 million (US$27,224 million). A reconciliation of adjusted EBITA for core commerce to marketplace-based core commerce adjusted EBITA is included at the end of this results announcement.

FULL FISCAL YEAR 2020 OPERATIONAL AND FINANCIAL RESULTS

Revenue

Revenue in fiscal year 2020 was RMB509,711 million (US$71,985 million), an increase of 35% compared to RMB376,844 million in fiscal year 2019. The increase was mainly driven by the robust revenue growth of our China commerce retail business and cloud computing.

The following table sets forth a breakdown of our revenue by segment for the periods indicated:

	Year ended March 31,					
	2019		2020			
	RMB	% of Revenue	RMB	US$	% of Revenue	YoY % Change
	(in millions, except percentages)					
Core commerce:						
China commerce retail						
- Customer management	145,684	39%	175,396	24,771	34%	20%
- Commission	61,847	16%	71,086	10,039	14%	15%
- Others[(1)]	40,084	11%	86,268	12,183	17%	115%
	247,615	66%	332,750	46,993	65%	34%
China commerce wholesale	9,988	3%	12,427	1,755	3%	24%
International commerce retail	19,558	5%	24,323	3,435	5%	24%
International commerce wholesale	8,167	2%	9,594	1,355	2%	17%
Cainiao logistics services	14,885	4%	22,233	3,140	4%	49%
Local consumer services	18,058	5%	25,440	3,593	5%	41%
Others	5,129	1%	9,337	1,319	2%	82%
Total core commerce	323,400	86%	436,104	61,590	86%	35%
Cloud computing	24,702	7%	40,016	5,651	8%	62%
Digital media and entertainment	24,077	6%	26,948	3,806	5%	12%
Innovation initiatives and others	4,665	1%	6,643	938	1%	42%
Total	376,844	100%	509,711	71,985	100%	35%

(1) "Others" revenue under China commerce retail is primarily generated by our New Retail and direct sales businesses, comprising mainly Freshippo, Tmall Supermarket, direct import and Intime.

Core commerce

- ***China commerce retail business***

  Revenue from our China commerce retail business in fiscal year 2020 was RMB332,750 million (US$46,993 million), an increase of 34% compared to RMB247,615 million in fiscal year 2019. Revenue from our China retail marketplaces continued to see strong growth. Combined customer management and commission revenues grew 19% year-over-year, which represents an increase of 20% in customer management revenue and an increase of 15% in commission revenue. The growth of customer management revenue was primarily the result of an increase in the volume of paid clicks and an increase in the average unit price per click.

  The growth of commission revenue was primarily due to strong 23% year-over-year growth of Tmall online physical goods GMV, excluding unpaid orders. Commission revenue did not grow in proportion to the growth of Tmall online physical goods GMV (excluding unpaid orders) primarily because of the revenue mix shift within Tmall Supermarket from commission-based revenue towards direct sales, which is classified as “Others” revenue under China commerce retail business, and also because more merchants under our merchant incentive program achieved annual GMV targets and received preferential commission rates.

“Others” revenue was RMB86,268 million (US$12,183 million), a significant increase compared to RMB40,084 million in fiscal year 2019, primarily driven by contributions from direct sales businesses, including Tmall Supermarket and Freshippo, as well as our consolidation of Kaola starting in September 2019.

We expect that the proportion of revenue of our direct sales businesses will continue to increase as we further implement our New Retail strategy.

- ***China commerce wholesale business***

  Revenue from our China commerce wholesale business in fiscal year 2020 was RMB12,427 million (US$1,755 million), an increase of 24% compared to RMB9,988 million in fiscal year 2019. The increase was primarily due to an increase in average revenue from paying members on 1688.com, our domestic wholesale marketplace, as well as an increase in revenue from Lingshoutong, a digital sourcing platform that connects FMCG brand manufacturers and their distributors directly to local mom-and-pop stores in China.

- ***International commerce retail business***

  Revenue from our international commerce retail business in fiscal year 2020 was RMB24,323 million (US$3,435 million), an increase of 24% compared to RMB19,558 million in fiscal year 2019. The increase was primarily due to an increase in revenue from Lazada and Trendyol (which we consolidated in July 2018), as well as an increase in revenue from AliExpress.

- ***International commerce wholesale business***

  Revenue from our international commerce wholesale business in fiscal year 2020 was RMB9,594 million (US$1,355 million), an increase of 17% compared to RMB8,167 million in fiscal year 2019. The increase was primarily due to an increase in the number of paying members on Alibaba.com, our global wholesale marketplace.

- ***Cainiao logistics services***

  Revenue from Cainiao Network’s logistics services, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, after elimination of inter-company transactions, was RMB22,233 million (US$3,140 million) in fiscal year 2020, an increase of 49% compared to RMB14,885 million in fiscal year 2019, primarily due to the increase in the volume of orders fulfilled from our fast growing cross-border and international commerce retail businesses.

- ***Local consumer services***

  Revenue from local consumer services, which primarily represents platform commissions, fees from provision of delivery services and other services provided by our on-demand delivery and local services platform Ele.me, was RMB25,440 million (US$3,593 million) in fiscal year 2020, an increase of 41% compared to RMB18,058 million in fiscal year 2019, primarily due to an increase in volume of orders delivered and an increase in average order value.

Cloud computing

Revenue from our cloud computing business in fiscal year 2020 was RMB40,016 million (US$5,651 million), an increase of 62% compared to RMB24,702 million in fiscal year 2019, primarily driven by increased revenue contributions from both our public cloud and hybrid cloud businesses.

Digital media and entertainment

Revenue from our digital media and entertainment business in fiscal year 2020 was RMB26,948 million (US$3,806 million), an increase of 12% compared to RMB24,077 million in fiscal year 2019. The increase was primarily due to our consolidation of Alibaba Pictures starting in March 2019.

Innovation initiatives and others

Revenue from innovation initiatives and others in fiscal year 2020 was RMB6,643 million (US$938 million), an increase of 42% compared to RMB4,665 million in fiscal year 2019. The increase was primarily due to an increase in revenue from online games and other business initiatives.

Costs and Expenses

The following tables set forth a breakdown of our costs and expenses, share-based compensation expense and costs and expenses excluding share-based compensation expense by function for the periods indicated.

	Year ended March 31,					% of Revenue YoY change
	2019		2020			
	RMB	% of Revenue	RMB	US$	% of Revenue	
	(in millions, except percentages)					
Costs and expenses:						
Cost of revenue	206,929	55%	282,367	39,878	55%	0%
Product development expenses	37,435	10%	43,080	6,085	9%	(1)%
Sales and marketing expenses	39,780	11%	50,673	7,156	10%	(1)%
General and administrative expenses	24,889	6%	28,197	3,982	5%	(1)%
Amortization and impairment of intangible assets	10,727	3%	13,388	1,891	3%	0%
Impairment of goodwill	—	—	576	81	0%	0%
Total costs and expenses	319,760	85%	418,281	59,073	82%	(3)%
Share-based compensation expense by function:						
Cost of revenue	8,915	2%	7,322	1,034	1%	(1)%
Product development expenses	15,378	4%	13,654	1,928	3%	(1)%
Sales and marketing expenses	4,411	2%	3,830	541	1%	(1)%
General and administrative expenses	8,787	2%	6,936	980	1%	(1)%
Total share-based compensation expense	37,491	10%	31,742	4,483	6%	(4)%
Costs and expenses excluding share-based compensation expense:						
Cost of revenue	198,014	53%	275,045	38,844	54%	1%

Product development expenses	22,057	6%	29,426	4,157	6%	0%
Sales and marketing expenses	35,369	9%	46,843	6,615	9%	0%
General and administrative expenses	16,102	4%	21,261	3,002	4%	0%
Amortization and impairment of intangible assets	10,727	3%	13,388	1,891	3%	0%
Impairment of goodwill	—	—	576	81	0%	0%
Total costs and expenses excluding share-based compensation expense	282,269	75%	386,539	54,590	76%	1%

Cost of revenue – Cost of revenue in fiscal year 2020 was RMB282,367 million (US$39,878 million), or 55% of revenue, compared to RMB206,929 million, or 55% of revenue, in fiscal year 2019. Without the effect of share-based compensation expense, cost of revenue as a percentage of revenue would have increased from 53% in fiscal year 2019 to 54% in fiscal year 2020. The increase was primarily due to an increase in revenue mix shift towards direct sales businesses such as Tmall Supermarket and New Retail, which resulted in increased cost of inventory, as well as our consolidation of Kaola, partly offset by a decrease in content cost by Youku and efficiency gains from our technology and infrastructure.

Product development expenses – Product development expenses in fiscal year 2020 were RMB43,080 million (US$6,085 million), or 9% of revenue, compared to RMB37,435 million, or 10% of revenue, in fiscal year 2019. Without the effect of share-based compensation expense, product development expenses as a percentage of revenue would have remained stable at 6% in fiscal year 2020 and 2019.

Sales and marketing expenses – Sales and marketing expenses in fiscal year 2020 were RMB50,673 million (US$7,156 million), or 10% of revenue, compared to RMB39,780 million, or 11% of revenue, in fiscal year 2019. Without the effect of share-based compensation expense, sales and marketing expenses as a percentage of revenue would have remained stable at 9% in fiscal year 2020 and 2019.

General and administrative expenses – General and administrative expenses in fiscal year 2020 were RMB28,197 million (US$3,982 million), or 5% of revenue, compared to RMB24,889 million, or 6% of revenue, in fiscal year 2019. Without the effect of share-based compensation expense, general and administrative expenses as a percentage of revenue would have remained stable at 4% in fiscal year 2020 and 2019.

Share-based compensation expense – Total share-based compensation expense included in the cost and expense items above in fiscal year 2020 was RMB31,742 million (US$4,483 million), a decrease of 15% compared to RMB37,491 million in fiscal year 2019. Share-based compensation expense as a percentage of revenue decreased from 10% in fiscal year 2019 to 6% in fiscal year 2020.

The following table sets forth our analysis of share-based compensation expense for the periods indicated by type of share-based awards:

	Year ended March 31,					
	2019		2020			
	RMB	% of Revenue	RMB	US$	% of Revenue	YoY % Change
	(in millions, except percentages)					
By type of awards:						
Alibaba Group share-based awards[(1)]	22,727	6%	26,216	3,703	5%	15%
Ant Financial share-based awards granted to our employees[(2)]	12,855	3%	1,261	178	0%	(90)%
Others[(3)]	1,909	1%	4,265	602	1%	123%
Total share-based compensation expense	37,491	10%	31,742	4,483	6%	(15)%

(1) This includes awards granted to our employees, Ant Financial and other consultants. Awards granted to nonemployees were subject to mark-to-market accounting treatment until March 31, 2019. Beginning on April 1, 2019, we adopted ASU 2018-07, "Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting" under US GAAP. As a result of adopting this new accounting update, these awards are no longer subject to mark-to-market accounting treatment. Commencing upon the receipt of the 33% equity interest in Ant Financial on September 23, 2019, the expense relating to Alibaba Group share-based awards granted to Ant Financial employees are recognized in share of results of equity investees.

(2) Awards subject to mark-to-market accounting treatment.

(3) Others primarily relate to share-based awards underlying the equity of our subsidiaries.

Share-based compensation expense related to Alibaba Group share-based awards increased in fiscal year 2020 compared to fiscal year 2019. This increase is primarily due to the general increase in the average fair market value of the awards granted.

Share-based compensation expense related to Ant Financial share-based awards granted to our employees decreased significantly in fiscal year 2020 compared to fiscal year 2019. This expense was significantly higher in fiscal year 2019 because during the year Ant Financial completed an equity financing at a higher valuation, which required us to recognize the increase in value of these awards.

Share-based compensation expense related to share-based awards underlying the equity of our subsidiaries increased in fiscal year 2020 compared to fiscal year 2019, mainly due to the increase in share-based awards granted and the impact arising from the cash settlement of such awards in this year.

We expect that our share-based compensation expense will continue to be affected by changes in the fair value of our shares, our subsidiaries' share-based awards and the quantity of awards we grant to our employees and consultants in the future. Furthermore, we expect that our share-based compensation expense will continue to be affected by any future changes in the valuation of Ant Financial, although such changes will be non-cash and will not result in any economic cost or equity dilution to our shareholders.

Amortization and impairment of intangible assets – Amortization and impairment of intangible assets in fiscal year 2020 was RMB13,388 million (US$1,891 million), an increase of 25% from RMB10,727 million in fiscal year 2019, primarily due to the full year impact of the amortization of intangible assets acquired from business combinations of Koubei in December 2018.

Income from operations and operating margin

Income from operations in fiscal year 2020 was RMB91,430 million (US$12,912 million), or 18% of revenue, an increase of 60% compared to RMB57,084 million, or 15% of revenue, in fiscal year 2019.

Adjusted EBITDA and Adjusted EBITA

Adjusted EBITDA increased 29% year-over-year to RMB157,659 million (US$22,266 million) in fiscal year 2020, compared to RMB121,943 million in fiscal year 2019. Adjusted EBITA increased 28% year-over-year to RMB137,136 million (US$19,367 million) in fiscal year 2020, compared to RMB106,981 million in fiscal year 2019. A reconciliation of net income to adjusted EBITDA and adjusted EBITA is included at the end of this results announcement.

Adjusted EBITA and adjusted EBITA margin by segments

Adjusted EBITA and adjusted EBITA margin by segments are set forth in the table below. See the section entitled "Information about Segments" above for a reconciliation of income from operations to adjusted EBITA.

	Year ended March 31,				
	2019		2020		
	RMB	% of Segment Revenue	RMB	US$	% of Segment Revenue
	(in millions, except percentages)				
Core commerce	136,167	42%	165,800	23,415	38%
Cloud computing	(1,158)	(5)%	(1,414)	(199)	(4)%
Digital media and entertainment	(15,796)	(66)%	(11,116)	(1,570)	(41)%
Innovation initiatives and others	(5,971)	(128)%	(8,815)	(1,245)	(133)%

Core commerce segment – Adjusted EBITA increased by 22% to RMB165,800 million (US$23,415 million) in fiscal year 2020, compared to RMB136,167 million in fiscal year 2019, primarily due to an increase in marketplace-based core commerce adjusted EBITA to RMB192,771 million (US$27,224 million). Adjusted EBITA margin decreased from 42% in fiscal year 2019 to 38% in fiscal year 2020 primarily due to a continuing revenue mix shift towards self-operated New Retail and direct sales businesses, where revenue is recorded on a gross basis, including the cost of inventory, as well as the effects of our consolidation of Kaola.

A reconciliation of adjusted EBITA for core commerce to marketplace-based core commerce adjusted EBITA is included at the end of this results announcement.

We expect that our core commerce adjusted EBITA margin will continue to be affected by the pace of our investments in new businesses and by a continuing revenue mix shift to self-operated New Retail and direct sales businesses.

Cloud computing segment – Adjusted EBITA in fiscal year 2020 was a loss of RMB1,414 million (US$199 million), compared to a loss of RMB1,158 million in fiscal year 2019. Adjusted EBITA margin improved to negative 4% in fiscal year 2020 from negative 5% in fiscal year 2019.

Digital media and entertainment segment – Adjusted EBITA in fiscal year 2020 was a loss of RMB11,116 million (US$1,570 million), compared to a loss of RMB15,796 million in fiscal year 2019. Adjusted EBITA margin improved to negative 41% in fiscal year 2020 from negative 66% in fiscal year 2019, primarily due to reduced content cost by Youku as a result of our more disciplined content spending policy.

Innovation initiatives and others segment – Adjusted EBITA in fiscal year 2020 was a loss of RMB8,815 million (US$1,245 million), compared to a loss of RMB5,971 million in fiscal year 2019. The increase in adjusted EBITA loss was primarily due to the increased loss from DingTalk and other new business initiatives, as well as our investments in technological research and innovation.

Interest and investment income, net

Interest and investment income, net in fiscal year 2020 was RMB72,956 million (US$10,303 million), compared to RMB44,106 million in fiscal year 2019. In fiscal year 2020, we recognized one-time gains of RMB71.6 billion (US$10.1 billion) and RMB10.3 billion (US$1.5 billion) in relation to the receipt of the 33% equity interest in Ant Financial and our deconsolidation of the AliExpress Russia businesses, respectively. In fiscal year 2019, we recognized one-time gains of RMB22.0 billion and RMB5.8 billion arising from the revaluation of our previously held equity interest in Koubei and Alibaba Pictures when we obtained control over these businesses in December 2018 and March 2019, respectively. The increase in one-time gains in fiscal year 2020 was partly offset by net losses arising from changes in the fair values of our equity investments, compared to net gains recorded on such fair value changes in fiscal year 2019.

The above-mentioned gains and losses were excluded from our non-GAAP net income.

Other income, net

Other income, net in fiscal year 2020 was RMB7,439 million (US$1,051 million), compared to RMB221 million in fiscal year 2019. The increase in other income, net was primarily due to an increase in royalty fees and software technology service fees from Ant Financial and a decrease in exchange loss. Royalty fees and software technology service fees under our profit sharing arrangement with Ant Financial amounted to RMB3,835 million (US$542 million) in fiscal year 2020, as compared to RMB517 million in fiscal year 2019. The profit sharing arrangement was terminated in September 2019 upon our receipt of the 33% equity interest in Ant Financial.

Income tax expenses

Income tax expenses in fiscal year 2020 were RMB20,562 million (US$2,904 million), compared to RMB16,553 million in fiscal year 2019.

Our effective tax rate decreased to 12% in fiscal year 2020 from 17% in fiscal year 2019. Excluding the one-time gain in relation to the receipt of the 33% equity interest in Ant Financial, share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and goodwill, as well as the deferred tax effects on basis differences arising from our share of results of equity investees, our effective tax rate would have been 17% in fiscal year 2020.

Share of results of equity investees

Share of results of equity investees in fiscal year 2020 was a loss of RMB5,733 million (US$810 million), compared to a profit of RMB566 million in fiscal year 2019. We record our share of results of equity investees one quarter in arrears. Share of results of equity investees in fiscal year 2020 and the comparative periods consisted of the following:

	Year ended March 31,		
	2019	2020	
	RMB	RMB	US$
		(in millions)	
Share of profit of equity investees:			
- Ant Financial[(1)]	—	5,324	752
- Others	2,997	3,332	470
Impairment loss	(493)	(11,824)	(1,670)
Dilution loss	(185)	(108)	(15)
Others[(2)]	(1,753)	(2,457)	(347)
Total	566	(5,733)	(810)

(1) We received the 33% equity interest in Ant Financial on September 23, 2019. Similar to other equity method investees, we record our share of results of Ant Financial one quarter in arrears. As such, the share of profit of Ant Financial in fiscal year 2020 reflects our share of profit of Ant Financial for the period from the day following receipt of the equity interest to the end of the quarter on December 31, 2019.

(2) Others mainly include amortization of intangible assets of equity investees and share-based compensation expense.

The year-over-year decrease in share of results of equity investees was mainly due to impairment loss of RMB11,824 million (US$1,670 million) with respect to certain equity investees as a result of their prolonged decline in market values against our carrying values, partly offset by our share of profit in Ant Financial. The COVID-19 pandemic has caused widespread disruptions to the economy and the businesses of our equity investees may be adversely affected, which could negatively impact our share of results of equity investees in future periods.

Net income and Non-GAAP net income

Our net income in fiscal year 2020 was RMB140,350 million (US$19,821 million), an increase of 75% compared to RMB80,234 million in fiscal year 2019.

Excluding the one-time gain in relation to the receipt of the 33% equity interest in Ant Financial, share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments, intangible assets and goodwill and certain other items, non-GAAP net income in fiscal year 2020 was RMB132,479 million (US$18,710 million), an increase of 42% compared to RMB93,407 million in fiscal year 2019. A reconciliation of net income to non-GAAP net income is included at the end of this results announcement.

Net income attributable to ordinary shareholders

Net income attributable to ordinary shareholders in fiscal year 2020 was RMB149,263 million (US$21,080 million), an increase of 70% compared to RMB87,600 million in fiscal year 2019.

Diluted earnings per ADS/share and non-GAAP diluted earnings per ADS/share

Diluted earnings per ADS in the fiscal year 2020 was RMB55.93 (US$7.90) on a weighted average of 21,346 million diluted shares outstanding during the year, an increase of 68% compared to RMB33.38 on a weighted average of 20,988 million diluted shares outstanding in fiscal year 2019 (giving effect, in each case, to our share split in July 2019). Excluding the one-time gain in relation to the receipt of the 33% equity interest in Ant Financial, share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments, intangible assets and goodwill and certain other items, non-GAAP diluted earnings per ADS in fiscal year 2020 was RMB52.98 (US$7.48), an increase of 38% compared to RMB38.40 in fiscal year 2019.

Diluted earnings per share in fiscal year 2020 was RMB6.99 (US$0.99 or HK$7.65), an increase of 68% compared to RMB4.17 in fiscal year 2019. Excluding the one-time gain in relation to the receipt of the 33% equity interest in Ant Financial, share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments, intangible assets and goodwill and certain other items, non-GAAP diluted earnings per share in fiscal year 2020 was RMB6.62 (US$0.93 or HK$7.25), an increase of 38%, compared to RMB4.80 in fiscal year 2019.

A reconciliation of diluted earnings per ADS/share to non-GAAP diluted earnings per ADS/share is included at the end of this results announcement. Each ADS represents eight ordinary shares. See the section entitled "Share Subdivision and ADS Ratio Change" for more information.

Cash, cash equivalents and short-term investments

As of March 31, 2020, cash, cash equivalents and short-term investments were RMB358,981 million (US$50,698 million), compared to RMB193,238 million as of March 31, 2019. The increase in cash, cash equivalents and short-term investments in fiscal year 2020 was primarily due to free cash flow generated from operations of RMB130,914 million (US$18,489 million) and net proceeds of RMB90,546 million (US$12,788 million) from the issuance of shares in connection with our global offering, partly offset by net cash used in investment and acquisition activities of RMB38,104 million (US$5,381 million).

Cash flow from operating activities and free cash flow

Net cash provided by operating activities in fiscal year 2020 was RMB180,607 million (US$25,507 million), an increase of 20% compared to RMB150,975 million in fiscal year 2019. Free cash flow, a non-GAAP measurement of liquidity, in fiscal year 2020 increased by 25% to RMB130,914 million (US$18,489 million), from RMB104,478 million in fiscal year 2019, primarily due to our robust profitability growth. A reconciliation of net cash provided by operating activities to free cash flow is included at the end of this results announcement.

Net cash used in investing activities

During fiscal year 2020, net cash used in investing activities of RMB108,072 million (US$15,263 million) primarily reflected (i) cash outflow of RMB56,873 million (US$8,032 million) for investment and acquisition activities, including the acquisition of Kaola and investment in Meinian Onehealth Healthcare, Red Star Macalline, STO Express and China TransInfo, (ii) capital expenditures of RMB32,550 million (US$4,597 million), which included cash outflow for acquisition of land use rights and construction in progress relating to office campuses of RMB7,888 million (US$1,114 million), (iii) an increase in short-term investments by RMB24,907 million (US$3,518 million), as well as (iv) acquisition of licensed copyrights and other intangible assets of RMB12,836 million (US$1,813 million). These cash outflows were partly offset by cash inflow of RMB18,769 million (US$2,651 million) from the disposal of various investments. In addition, in connection with the receipt of the 33% equity interest in Ant Financial, the net cash impact is minimal because the consideration paid was fully funded by the amount we received for the transfer of certain intellectual property and assets to Ant Financial.

Share Subdivision and ADS Ratio Change

On July 30, 2019, we effected a 1-to-8 share subdivision, as a result of which each ordinary share was subdivided into eight ordinary shares (the "Share Subdivision"). At the same time, we changed our ordinary share-to-ADS ratio. Following the ADS ratio change, each ADS now represents eight ordinary shares. Because the ADS ratio change was exactly proportionate to the Share Subdivision, no new ADSs were issued to any ADS holder and the total number of our outstanding ADSs remains unchanged.

The tables below set forth the pre- and post-share subdivision earnings per share/ADS attributable to ordinary shareholders and weighted average number of shares used in calculating earnings per ordinary share for the periods indicated.

	Three months ended March 31,					
	2019		2020			
	Pre-Share Subdivision	Post-Share Subdivision	Pre-Share Subdivision		Post-Share Subdivision	
	RMB	RMB	RMB	US$	RMB	US$
	(except share data)					
Earnings per share attributable to ordinary shareholders						
Basic	10.02	1.25	1.18	0.17	0.15	0.02
Diluted	9.84	1.23	1.16	0.16	0.14	0.02
Non-GAAP diluted	8.57	1.07	9.20	1.30	1.15	0.16
Earnings per ADS attributable to ordinary shareholders						
Basic	10.02	10.02	1.18	0.17	1.18	0.17
Diluted	9.84	9.84	1.16	0.16	1.16	0.16
Non-GAAP diluted	8.57	8.57	9.20	1.30	9.20	1.30
Weighted average number of shares used in calculating earnings per ordinary share (million shares)						
Basic	2,579	20,635	2,679		21,435	
Diluted	2,625	21,002	2,727		21,822	

	Year ended March 31,					
	2019		2020			
	Pre-Share Subdivision	Post-Share Subdivision	Pre-Share Subdivision		Post-Share Subdivision	
	RMB	RMB	RMB	US$	RMB	US$
	(except share data)					
Earnings per share attributable to ordinary shareholders						
Basic	33.95	4.24	56.82	8.02	7.10	1.00
Diluted	33.38	4.17	55.93	7.90	6.99	0.99
Non-GAAP diluted	38.40	4.80	52.98	7.48	6.62	0.93
Earnings per ADS attributable to ordinary shareholders						
Basic	33.95	33.95	56.82	8.02	56.82	8.02
Diluted	33.38	33.38	55.93	7.90	55.93	7.90
Non-GAAP diluted	38.40	38.40	52.98	7.48	52.98	7.48
Weighted average number of shares used in calculating earnings per ordinary share (million shares)						
Basic	2,580	20,640	2,627		21,017	
Diluted	2,623	20,988	2,668		21,346	

WEBCAST AND CONFERENCE CALL INFORMATION
Alibaba Group's management will hold a conference call to discuss the financial result at 7:30 a.m. U.S. Eastern Time (7:30 p.m. Hong Kong Time) on May 22, 2020.

Details of the conference call are as follows:
International: +65 6713 5330
U.S.: +1 347 549 4094
U.K.: +44 203 713 5084
Hong Kong: +852 3018 8307
China Landline: 800 8700 532
China Mobile: 400 624 0407
Conference ID: 5870545 (English)
Conference ID: 1575158 (simultaneous interpretation in Chinese)

A live webcast of the earnings conference call can be accessed at http://www.alibabagroup.com/en/ir/earnings. An archived webcast will be available through the same link following the call. A replay of the conference call will be available for one week (dial-in number: +61 2 8199 0299; same conference ID as shown above).

Our results announcement and accompanying slides are available at Alibaba Group's Investor Relations website at http://www.alibabagroup.com/en/ir/home on May 22, 2020.

ABOUT ALIBABA GROUP

Alibaba Group's mission is to make it easy to do business anywhere. The company aims to build the future infrastructure of commerce. It envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that lasts for 102 years.

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SAFE HARBOR STATEMENTS

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "potential," "continue," "ongoing," "targets," "guidance" and similar statements. In addition, statements that are not historical facts, including statements about Alibaba's strategies and business plans, Alibaba's beliefs, expectations and guidance regarding the growth of its business and its revenue, the business outlook and quotations from management in this announcement, as well as Alibaba's strategic and operational plans, are or contain forward-looking statements. Alibaba may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in announcements made on the website of The Stock Exchange of Hong Kong

Limited (the "Hong Kong Stock Exchange"), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: impact of the COVID-19 pandemic, Alibaba's expected revenue growth; Alibaba's goals and strategies; Alibaba's future business development; Alibaba's ability to maintain the trusted status of its digital economy; risks associated with sustained investments in Alibaba's business and strategic acquisitions and investments; Alibaba's ability to maintain or grow its revenue or business; Alibaba's ability to continue to compete effectively and maintain and improve the network effects of its digital economy; company culture; Alibaba's ability to continue to innovate; risks and challenges associated with operating a complex and large-scale company, risks associated with international and cross-border businesses and operations, including protectionist or national security policies; uncertainties arising from competition among countries and geopolitical tensions; changes in laws, regulations and regulatory environment that affect Alibaba's business operations; privacy and regulatory concerns; security breaches; risks associated with the performance of our business partners, including but not limited to Ant Financial; and fluctuations in general economic and business conditions in China and globally and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba's filings with the SEC and announcements on the website of The Hong Kong Stock Exchange. All information provided in this results announcement is as of the date of this results announcement and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: for our consolidated results, adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), marketplace-based core commerce adjusted EBITA, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow. For more information on these non-GAAP financial measures, please refer to the section entitled "Information about Segments" and the table captioned "Reconciliations of Non-GAAP Measures to the Nearest Comparable GAAP Measures" in this results announcement.

We believe that adjusted EBITDA, adjusted EBITA, marketplace-based core commerce adjusted EBITA, non-GAAP net income and non-GAAP diluted earnings per share/ADS help identify underlying trends in our business that could otherwise be distorted by the effect of certain income or expenses that we include in income from operations, net income and diluted earnings per share/ADS. We believe that these non-GAAP measures provide useful information about our core operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making. We present three different income measures, namely adjusted EBITDA, adjusted EBITA and non-GAAP net income, as well as one measure that provides supplemental information on our core commerce segment, namely marketplace-based core commerce adjusted EBITA, in order to provide more information and greater transparency to investors about our operating results.

We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic corporate transactions, including investing in our new business initiatives, making strategic investments and acquisitions and strengthening our balance sheet.

Adjusted EBITDA, adjusted EBITA, marketplace-based core commerce adjusted EBITA, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow should not be considered in isolation or construed as an alternative to income from operations, adjusted EBITA for core commerce, net income, diluted earnings per share/ADS, cash flows or any other measure of performance or as an indicator of our operating performance. These non-GAAP financial measures presented here do not have standardized meanings prescribed by U.S. GAAP and may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.

Adjusted EBITDA represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees, (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization, depreciation, operating lease cost relating to land use rights, impairment of intangible assets and goodwill, and (iii) settlement of a U.S. federal class action lawsuit, which we do not believe are reflective of our core operating performance during the periods presented.

Adjusted EBITA represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees, (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization and impairment of intangible assets and goodwill, and (iii) settlement of a U.S. federal class action lawsuit, which we do not believe are reflective of our core operating performance during the periods presented.

Marketplace-based core commerce adjusted EBITA represents adjusted EBITA for core commerce excluding the effects of (i) local consumer services, (ii) Lazada, (iii) New Retail and direct import and (iv) Cainiao Network. Marketplace-based core commerce adjusted EBITA reflects the performance of our most established businesses, namely, those of our China retail marketplaces and wholesale marketplaces which primarily adopt a marketplace-based approach. By excluding certain businesses that are in the earlier stages of their development and with business approaches that continue to evolve, marketplace-based core commerce adjusted EBITA enables investors to clearly evaluate the performance of our most established businesses on a like-for-like basis.

Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of investments, intangible assets and goodwill, gain or loss on deemed disposals/disposals/revaluation of investments, settlement of a U.S. federal class action lawsuit, gain in relation to the receipt of the 33% equity interest in Ant Financial, amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial and others, as adjusted for the tax effects on non-GAAP adjustments.

Non-GAAP diluted earnings per share represents non-GAAP net income attributable to ordinary shareholders divided by the weighted average number of shares outstanding during the periods on a diluted basis. **Non-GAAP diluted earnings per ADS** represents non-GAAP diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

Free cash flow represents net cash provided by operating activities as presented in our consolidated cash flow statement less purchases of property and equipment (excluding acquisition of land use rights and construction in progress relating to office campuses), licensed copyrights and other intangible assets, as well as adjustments to exclude from net cash provided by operating activities the consumer protection fund deposits from merchants on our China retail marketplaces. We deduct certain items of cash flows from investing activities in order to provide greater transparency into cash flow from our revenue-generating business operations. We exclude "acquisition of land use rights and construction in progress relating to office campuses" because the office campuses are used by us for corporate and administrative purposes and are not directly related to our revenue-generating business operations. We also exclude consumer protection fund deposits from merchants on our China retail marketplaces because these deposits are restricted for the purpose of compensating consumers for claims against merchants.

The section entitled “Information about Segments” and the table captioned “Reconciliations of Non-GAAP Measures to the Nearest Comparable GAAP Measures” in this results announcement have more details on the non-GAAP financial measures that are most directly comparable to GAAP financial measures and the related reconciliations between these financial measures.

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENTS

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
	(in millions, except per share data)			(in millions, except per share data)		
Revenue	93,498	114,314	16,144	376,844	509,711	71,985
Cost of revenue	(55,610)	(72,502)	(10,239)	(206,929)	(282,367)	(39,878)
Product development expenses	(8,659)	(10,587)	(1,495)	(37,435)	(43,080)	(6,085)
Sales and marketing expenses	(9,649)	(12,179)	(1,720)	(39,780)	(50,673)	(7,156)
General and administrative expenses	(7,612)	(7,871)	(1,112)	(24,889)	(28,197)	(3,982)
Amortization and impairment of intangible assets	(3,203)	(4,044)	(571)	(10,727)	(13,388)	(1,891)
Impairment of goodwill	—	—	—	—	(576)	(81)
Income from operations	8,765	7,131	1,007	57,084	91,430	12,912
Interest and investment income, net	18,665	(7,715)	(1,089)	44,106	72,956	10,303
Interest expense	(1,303)	(1,165)	(165)	(5,190)	(5,180)	(731)
Other income, net	1,449	1,180	167	221	7,439	1,051
Income (loss) before income tax and share of results of equity investees	27,576	(569)	(80)	96,221	166,645	23,535
Income tax expenses	(5,025)	(2,628)	(371)	(16,553)	(20,562)	(2,904)
Share of results of equity investees	828	3,545	500	566	(5,733)	(810)
Net income	23,379	348	49	80,234	140,350	19,821
Net loss attributable to noncontrolling interests	2,534	2,872	406	7,652	9,083	1,283
Net income attributable to Alibaba Group Holding Limited	25,913	3,220	455	87,886	149,433	21,104
Accretion of mezzanine equity	(83)	(58)	(8)	(286)	(170)	(24)
Net income attributable to ordinary shareholders	25,830	3,162	447	87,600	149,263	21,080
Earnings per share attributable to ordinary shareholders[1]						
Basic	1.25	0.15	0.02	4.24	7.10	1.00
Diluted	1.23	0.14	0.02	4.17	6.99	0.99
Earnings per ADS attributable to ordinary shareholders[1]						
Basic	10.02	1.18	0.17	33.95	56.82	8.02
Diluted	9.84	1.16	0.16	33.38	55.93	7.90
Weighted average number of share used in calculating earnings per ordinary share (million shares)[1]						
Basic	20,635	21,435		20,640	21,017	
Diluted	21,002	21,822		20,988	21,346	

(1) Each ADS represents eight ordinary shares. See the section entitled "Share Subdivision and ADS Ratio Change" for more information.

ALIBABA GROUP HOLDING LIMITED
REVENUE

The following table sets forth our revenue by segments for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
	(in millions)			(in millions)		
Core commerce[(1)]	78,894	93,865	13,256	323,400	436,104	61,590
Cloud computing[(2)]	7,726	12,217	1,725	24,702	40,016	5,651
Digital media and entertainment[(3)]	5,671	5,944	840	24,077	26,948	3,806
Innovation initiatives and others[(4)]	1,207	2,288	323	4,665	6,643	938
Total	93,498	114,314	16,144	376,844	509,711	71,985

(1) Revenue from core commerce is primarily generated from our China retail marketplaces, Freshippo, 1688.com, Lazada.com, AliExpress, Alibaba.com, Cainiao logistics services and local consumer services.

(2) Revenue from cloud computing is primarily generated from the provision of services, such as elastic computing, database, storage, network virtualization services, large scale computing, security, management and application services, big data analytics, a machine learning platform and IoT services.

(3) Revenue from digital media and entertainment is primarily generated from Youku and UCWeb.

(4) Revenue from innovation initiatives and others is primarily generated from businesses such as online games, Amap, Tmall Genie and other innovation initiatives. Other revenue also includes SME annual fee received from Ant Financial and its affiliates.

ALIBABA GROUP HOLDING LIMITED
INFORMATION ABOUT SEGMENTS

The following table sets forth our income (loss) from operations by segments for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
	(in millions)			(in millions)		
Core commerce	21,632	20,166	2,848	109,312	138,631	19,578
Cloud computing	(1,036)	(1,757)	(248)	(5,508)	(7,016)	(991)
Digital media and entertainment	(3,854)	(4,491)	(634)	(20,046)	(14,937)	(2,109)
Innovation initiatives and others	(3,270)	(4,022)	(568)	(11,795)	(12,951)	(1,829)
Unallocated	(4,707)	(2,765)	(391)	(14,879)	(12,297)	(1,737)
Total	8,765	7,131	1,007	57,084	91,430	12,912

The following table sets forth our adjusted EBITA by segments for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
	(in millions)			(in millions)		
Core commerce	27,484	28,126	3,972	136,167	165,800	23,415
Cloud computing	(164)	(179)	(25)	(1,158)	(1,414)	(199)
Digital media and entertainment	(2,828)	(3,378)	(477)	(15,796)	(11,116)	(1,570)
Innovation initiatives and others	(1,932)	(3,063)	(433)	(5,971)	(8,815)	(1,245)
Unallocated	(1,803)	(1,679)	(237)	(6,261)	(7,319)	(1,034)
Total	20,757	19,827	2,800	106,981	137,136	19,367

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of March 31,	As of March 31,	
	2019	2020	
	RMB	RMB	US$
		(in millions)	
Assets			
Current assets:			
Cash and cash equivalents	189,976	330,503	46,676
Short-term investments	3,262	28,478	4,022
Restricted cash and escrow receivables	8,518	15,479	2,186
Investment securities	9,927	4,234	598
Prepayments, receivables and other assets	58,590	84,229	11,895
Total current assets	270,273	462,923	65,377
Investment securities	157,090	161,329	22,784
Prepayments, receivables and other assets(1)	28,018	57,985	8,189
Investment in equity investees	84,454	189,632	26,782
Property and equipment, net	92,030	103,387	14,601
Intangible assets, net	68,276	60,947	8,607
Goodwill	264,935	276,782	39,089
Total assets	965,076	1,312,985	185,429
Liabilities, Mezzanine Equity and Shareholders' Equity			
Current liabilities:			
Current bank borrowings	7,356	5,154	728
Current unsecured senior notes	15,110	—	—
Income tax payable	17,685	20,190	2,851
Escrow money payable	8,250	3,014	426
Accrued expenses, accounts payable and other liabilities(1)	117,711	161,536	22,813
Merchant deposits	10,762	13,640	1,926
Deferred revenue and customer advances	30,795	38,338	5,415
Total current liabilities	207,669	241,872	34,159

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEETS (CONTINUED)

	As of March 31, 2019	As of March 31, 2020	
	RMB	RMB	US$
		(in millions)	
Deferred revenue	1,467	2,025	286
Deferred tax liabilities	22,517	43,898	6,200
Non-current bank borrowings	35,427	39,660	5,601
Non-current unsecured senior notes	76,407	80,616	11,385
Other liabilities(1)	6,187	25,263	3,567
Total liabilities	349,674	433,334	61,198
Commitments and contingencies	—	—	—
Mezzanine equity	6,819	9,103	1,286
Shareholders' equity:			
Ordinary shares	1	1	—
Additional paid-in capital	231,783	343,707	48,541
Treasury shares at cost	—	—	—
Restructuring reserve	(97)	—	—
Subscription receivables	(49)	(51)	(7)
Statutory reserves	5,068	6,100	861
Accumulated other comprehensive loss	(2,335)	(643)	(91)
Retained earnings	257,886	406,287	57,379
Total shareholders' equity	492,257	755,401	106,683
Noncontrolling interests	116,326	115,147	16,262
Total equity	608,583	870,548	122,945
Total liabilities, mezzanine equity and equity	965,076	1,312,985	185,429

(1) We adopted ASU 2016-02, "Leases (Topic 842)" beginning in the first quarter of fiscal year 2020 using the modified retrospective method and no adjustments are made to the comparative periods. Adoption of the standard resulted in the recognition of operating lease right-of-use assets of approximately RMB24.9 billion and operating lease liabilities of approximately RMB19.4 billion on the consolidated balance sheet as of April 1, 2019.

Operating lease right-of-use assets are included in non-current prepayments, receivables and other assets, and operating lease liabilities are included in current accrued expenses, accounts payable and other liabilities and other non-current liabilities on the consolidated balance sheets.

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net cash provided by operating activities	18,553	2,164	306	150,975	180,607	25,507
Net cash used in investing activities	(16,751)	(32,995)	(4,660)	(151,060)	(108,072)	(15,263)
Net cash provided by (used in) financing activities	719	2,967	419	(7,392)	70,853	10,006
Effect of exchange rate changes on cash and cash equivalents, restricted cash and escrow receivables	(1,142)	2,322	328	3,245	4,100	579
Increase (Decrease) in cash and cash equivalents, restricted cash and escrow receivables	1,379	(25,542)	(3,607)	(4,232)	147,488	20,829
Cash and cash equivalents, restricted cash and escrow receivables at beginning of period	197,115	371,524	52,469	202,726	198,494	28,033
Cash and cash equivalents, restricted cash and escrow receivables at end of period	198,494	345,982	48,862	198,494	345,982	48,862

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES

The table below sets forth a reconciliation of our net income to adjusted EBITA and adjusted EBITDA for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net income	**23,379**	**348**	**49**	**80,234**	**140,350**	**19,821**
Less: Interest and investment income, net	(18,665)	7,715	1,089	(44,106)	(72,956)	(10,303)
Add: Interest expense	1,303	1,165	165	5,190	5,180	731
Less: Other income, net	(1,449)	(1,180)	(167)	(221)	(7,439)	(1,051)
Add: Income tax expenses	5,025	2,628	371	16,553	20,562	2,904
Add: Share of results of equity investees	(828)	(3,545)	(500)	(566)	5,733	810
Income from operations	**8,765**	**7,131**	**1,007**	**57,084**	**91,430**	**12,912**
Add: Share-based compensation expense	7,110	8,652	1,222	37,491	31,742	4,483
Add: Amortization and impairment of intangible assets	3,203	4,044	571	10,727	13,388	1,891
Add: Impairment of goodwill	—	—	—	—	576	81
Add: Settlement of U.S. federal class action lawsuit	1,679	—	—	1,679	—	—
Adjusted EBITA	**20,757**	**19,827**	**2,800**	**106,981**	**137,136**	**19,367**
Add: Depreciation and amortization of property and equipment, and operating lease cost relating to land use rights	4,409	5,613	793	14,962	20,523	2,899
Adjusted EBITDA	**25,166**	**25,440**	**3,593**	**121,943**	**157,659**	**22,266**

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES (CONTINUED)

The table below sets forth a reconciliation of adjusted EBITA for core commerce to marketplace-based core commerce adjusted EBITA for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Adjusted EBITA for core commerce	**27,484**	**28,126**	**3,972**	**136,167**	**165,800**	**23,415**
Less: Effects of local consumer services, Lazada, New Retail and direct import and Cainiao Network	7,204	5,864	828	25,422	26,971	3,809
Marketplace-based core commerce adjusted EBITA	**34,688**	**33,990**	**4,800**	**161,589**	**192,771**	**27,224**

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES (CONTINUED)

The table below sets forth a reconciliation of our net income to non-GAAP net income for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net income	**23,379**	**348**	**49**	**80,234**	**140,350**	**19,821**
Add: Share-based compensation expense	7,110	8,652	1,222	37,491	31,742	4,483
Add: Amortization and impairment of intangible assets	3,203	4,044	571	10,727	13,388	1,891
Add: Impairment of goodwill and investments	3,450	709	100	11,360	25,656	3,623
Less: Gain (Loss) on deemed disposals/disposals/ revaluation of investments and others	(19,961)	10,334	1,460	(47,525)	(4,764)	(673)
Add: Settlement of U.S. federal class action lawsuit	1,679	—	—	1,679	—	—
Less: Gain in relation to the receipt of the 33% equity interest in Ant Financial	—	—	—	—	(71,561)	(10,106)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	—	—	264	97	14
Adjusted for tax effects on non-GAAP adjustments[(1)]	1,130	(1,800)	(254)	(823)	(2,429)	(343)
Non-GAAP net income	**20,056**	**22,287**	**3,148**	**93,407**	**132,479**	**18,710**

(1) Tax effects on non-GAAP adjustments primarily comprised of tax effects relating to the share-based compensation expense, certain gains and losses from investments and amortization and impairment of intangible assets.

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES (CONTINUED)

The table below sets forth a reconciliation of our diluted earnings per share/ADS to non-GAAP diluted earnings per share/ADS for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
	(in millions, except per share data)			(in millions, except per share data)		
Net income attributable to ordinary shareholders – basic	**25,830**	**3,162**	**447**	**87,600**	**149,263**	**21,080**
Dilution effect on earnings arising from option plans operated by equity investees and subsidiaries	(11)	(1)	—	(42)	(48)	(7)
Net income attributable to ordinary shareholders – diluted	25,819	3,161	447	87,558	149,215	21,073
Add: Non-GAAP adjustments to net income(1)	(3,323)	21,939	3,099	13,173	(7,871)	(1,111)
Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS	**22,496**	**25,100**	**3,546**	**100,731**	**141,344**	**19,962**
Weighted average number of shares on a diluted basis (million shares)(5)	**21,002**	**21,822**		**20,988**	**21,346**	
Diluted earnings per share(2)(5)	**1.23**	**0.14**	**0.02**	**4.17**	**6.99**	**0.99**
Add: Non-GAAP adjustments to net income per share(3)(5)	(0.16)	1.01	0.14	0.63	(0.37)	(0.06)
Non-GAAP diluted earnings per share(4)(5)	**1.07**	**1.15**	**0.16**	**4.80**	**6.62**	**0.93**
Diluted earnings per ADS(2)(5)	**9.84**	**1.16**	**0.16**	**33.38**	**55.93**	**7.90**
Add: Non-GAAP adjustments to net income per ADS(3)(5)	(1.27)	8.04	1.14	5.02	(2.95)	(0.42)
Non-GAAP diluted earnings per ADS(4)(5)	**8.57**	**9.20**	**1.30**	**38.40**	**52.98**	**7.48**

(1) See the table above for the reconciliation of net income to non-GAAP net income for more information of these non-GAAP adjustments.

(2) Diluted earnings per share is derived from net income attributable to ordinary shareholders for computing diluted earnings per share divided by weighted average number of shares on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

(3) Non-GAAP adjustments to net income per share is derived from non-GAAP adjustments to net income divided by weighted average number of shares on a diluted basis. Non-GAAP adjustments to net income per ADS is derived from the non-GAAP adjustments to net income per share after adjustment to the ordinary share-to-ADS ratio.

(4) Non-GAAP diluted earnings per share is derived from non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share divided by weighted average number of shares on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

(5) Each ADS represents eight ordinary shares. See the section entitled "Share Subdivision and ADS Ratio Change" for more information.

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES (CONTINUED)

The table below sets forth a reconciliation of net cash provided by operating activities to free cash flow for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2019	2020		2019	2020	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net cash provided by operating activities	**18,553**	**2,164**	**306**	**150,975**	**180,607**	**25,507**
Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(5,688)	(3,881)	(548)	(32,336)	(24,662)	(3,483)
Less: Acquisition of licensed copyrights and other intangible assets	(2,151)	(2,716)	(384)	(14,161)	(12,836)	(1,813)
Less: Changes in the consumer protection fund deposits	—	219	31	—	(12,195)	(1,722)
Free cash flow	**10,714**	**(4,214)**	**(595)**	**104,478**	**130,914**	**18,489**

ALIBABA GROUP HOLDING LIMITED
SELECTED OPERATING DATA

Annual active consumers

The table below sets forth the number of active consumers on our China retail marketplaces for the periods indicated:

	Twelve months ended							
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020
	(in millions)							
Annual active consumers	576	601	636	654	674	693	711	726

Mobile

The table below sets forth the mobile MAUs on our China retail marketplaces for the periods indicated:

	The month ended							
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020
	(in millions)							
Mobile MAUs	634	666	699	721	755	785	824	846

GMV

The table below sets forth the GMV, in respect of our China retail marketplaces for the periods indicated:

	Year ended		
	Mar 31, 2018	Mar 31, 2019	Mar 31, 2020
	(in billions of RMB)		
GMV			
Taobao Marketplace GMV	2,689	3,115	3,387
Tmall GMV	2,131	2,612	3,202
Total GMV	4,820	5,727	6,589

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