

Supplemental Listing Document

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

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

**6,700,000 European Style Cash Settled Short Certificates relating to
the ordinary shares of Sunny Optical Technology (Group) Company Limited
with a Daily Leverage of -5x**

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S\$0.60 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 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 products¹ 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 18 December 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.

17 December 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

	<i>Page</i>
Risk Factors	6
Terms and Conditions of the Certificates	15
Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities	24
Summary of the Issue	38
Information relating to the European Style Cash Settled Short Certificates on Single Equities	40
Information relating to the Company	55
Information relating to the Designated Market Maker	56
Supplemental Information relating to the Guarantor	57
Supplemental General Information	58
Placing and Sale	60
Appendix I	
Appendix II	

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 sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight increase in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday increase in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day,

the latest New Observed Price. Investors may refer to pages 48 to 49 of this document for more information;

- (r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 34 to 36 of this document for more information;
- (s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

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

their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

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

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

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

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

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

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

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

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

- (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
- (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
- (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
- (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

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

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

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

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

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

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

- (cc) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer 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;

- (dd) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under “TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of

1986.” Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder’s particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

- (ee) risk factors relating to the BRRD

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

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

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

Since 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:	6,700,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Sunny Optical Technology (Group) Company Limited (the “ Underlying Stock ”)
ISIN:	LU2184315930
Company:	Sunny Optical Technology (Group) Company Limited (RIC: 2382.HK)
Underlying Price ³ and Source:	HK\$158 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 0.60
Management Fee (p.a.) ⁴ :	0.40%
Gap Premium (p.a.) ⁵ :	5.75%, 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:	11 December 2020
Closing Date:	17 December 2020

³ These figures are calculated as at, and based on information available to the Issuer on or about 17 December 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 17 December 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:	18 December 2020
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 7 December 2023
Expiry Date:	14 December 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:	13 December 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	<p>The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.</p>
Cash Settlement Amount:	<p>In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Short Certificates on Single Equities” section on pages 40 to 54 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$, where:</p> <p>“t” refers to “Observation Date” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and</p>

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 Rate³: 0.1709

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:	<p>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.</p> <p>Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.</p> <p>The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero.</p> <p>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.</p>
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:	<p>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.</p> <p>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.</p>
Warrant Agent:	The Central Depository (Pte) Limited (“ CDP ”)
Clearing System:	CDP
Fees and Charges:	<p>Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.</p> <p>Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.</p>
Further Information:	Please refer to the website at 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

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):

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

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:

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

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

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

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

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

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

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

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

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

Leverage -5

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.

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 HIBKDON= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

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 :

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

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 365
BasisRate

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

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

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

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

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

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

ILSL_{IR(k)}	<p>means, in respect of IR(k), the Intraday Leverage Inverse Strategy Level in accordance with the following provisions :</p> <p>(1) for k = 1 :</p> $ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - SB_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$ <p>(2) for k > 1 :</p> $ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$
ILR_{IR(k-1),IR(k)}	<p>means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :</p> $ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$
IRC_{IR(k-1),IR(k)}	<p>means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :</p> $IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right \right) \times TC$
IS_{IR(k)}	<p>means the Underlying Stock Price in respect of IR(k) computed as follows :</p> <p>(1) for k=0</p> $IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$ <p>(2) for k=1 to n</p> <p>means in respect of IR(k), the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period</p> <p>(3) with respect to IR(C)</p> $IS_{IR(C)} = S_{IRD}$ <p>In each case, subject to the adjustments and provisions of the Conditions.</p>
IR(k)	<p>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;</p> <p>For k=1 to n, means the kth Intraday Restrike Event on the relevant Intraday Restrike Date.</p>
IR(C)	<p>means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.</p>
n	<p>means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.</p>
Intraday Restrike Event	<p>means in respect of an Observation Date(t) :</p> <p>(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying</p>

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

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

Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event Observation Period	<p>means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.</p> <p>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.</p>
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:	Sunny Optical Technology (Group) Company Limited
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	6,700,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 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 18 December 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)

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

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

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

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

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

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

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 Sunny Optical Technology (Group) Company Limited
Expected Listing Date:	03/07/2018
Expiry Date:	18/07/2018
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	0.60 SGD
Notional Amount per Certificate:	0.60 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	5.75%
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:

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

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

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 5.75\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9840\% \approx 99.9829\%$$

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

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

$$\text{HFF (2)} = 99.9829\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 5.75\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9829\% \times 99.9967\% \times 99.9521\% \approx 99.9317\%$$

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7441% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9829%
5/7/2018	99.9658%
6/7/2018	99.9488%
9/7/2018	99.8975%
10/7/2018	99.8805%
11/7/2018	99.8634%
12/7/2018	99.8464%
13/7/2018	99.8293%
16/7/2018	99.7781%
17/7/2018	99.7611%
18/7/2018	99.7441%

Cash Settlement Amount

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

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7441\% \\ &= 119.69\% \end{aligned}$$

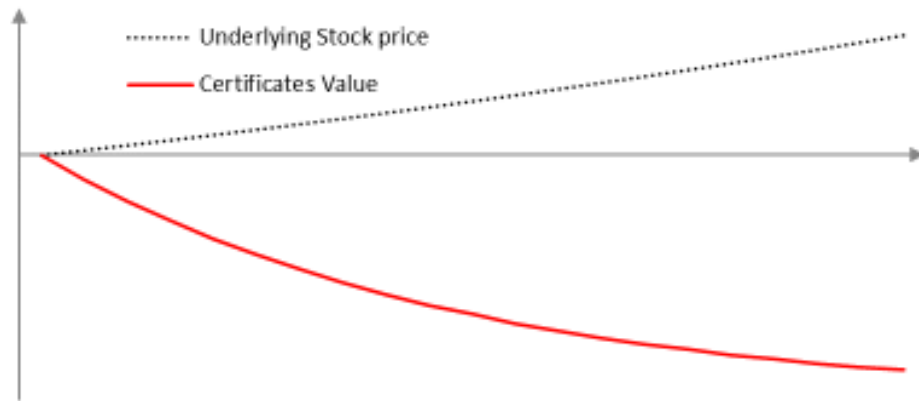
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.69\% \times 0.60 \text{ SGD} \\ &= \mathbf{0.718 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

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

1. Illustrative examples

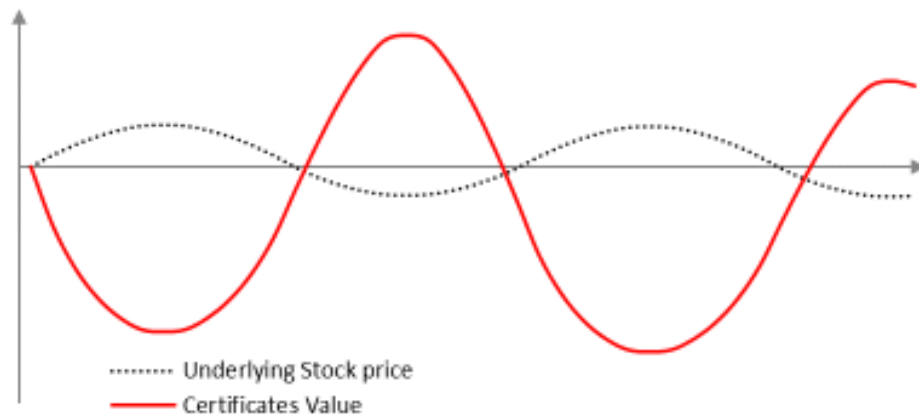
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

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

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

Scenario 2 – Downward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.6	0.66	0.73	0.80	0.88	0.97
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	0.6	0.54	0.59	0.53	0.59	0.53
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

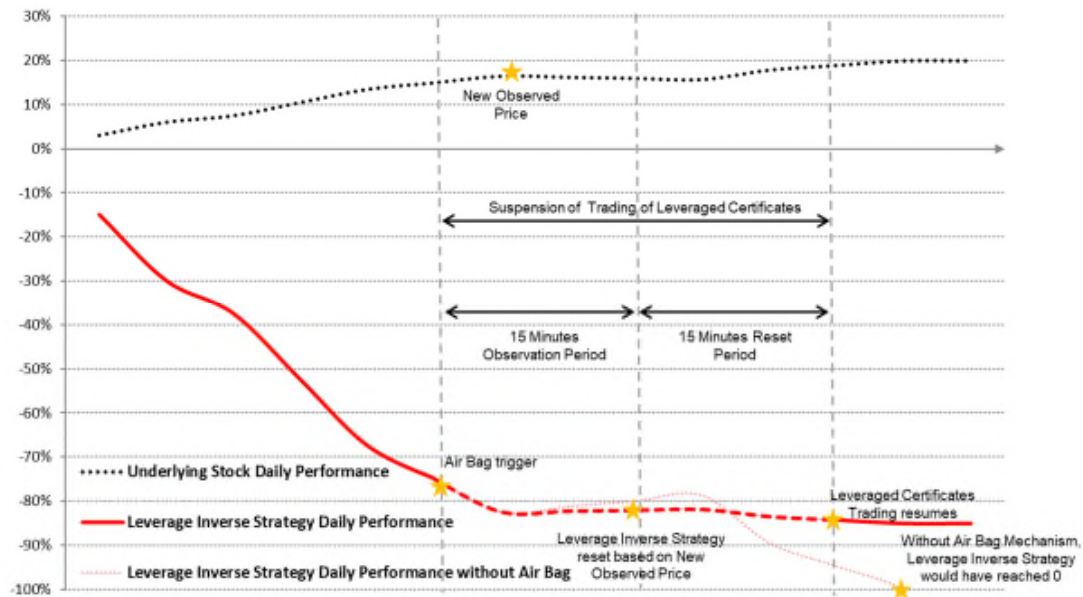
Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
45 minutes before Market Close		Next trading day at Market Open
30 to 45 minutes before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

With **Market Close** defined as:

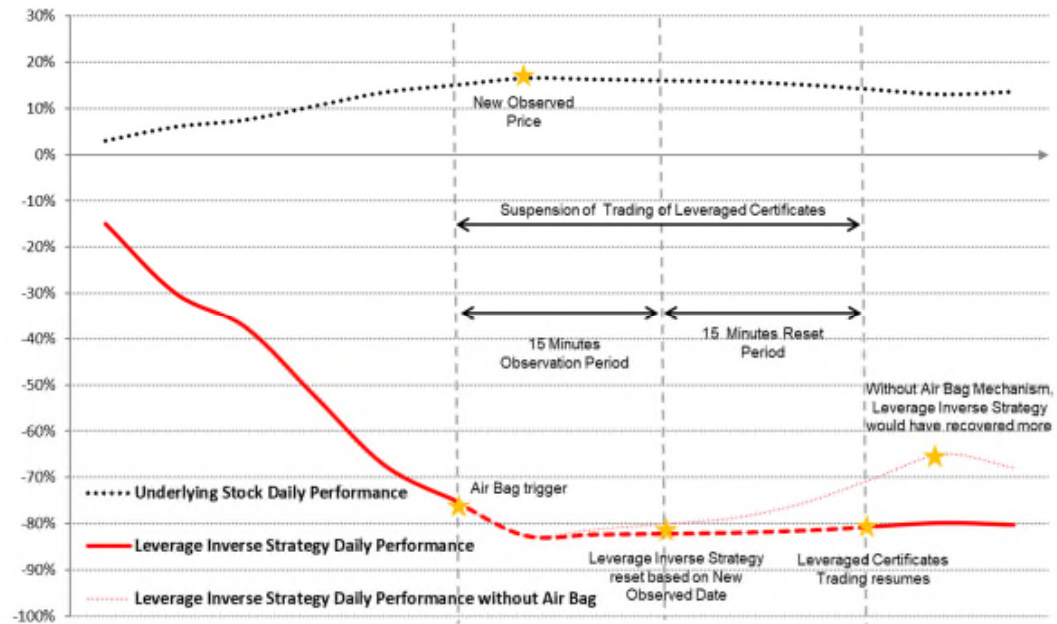
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism⁹

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



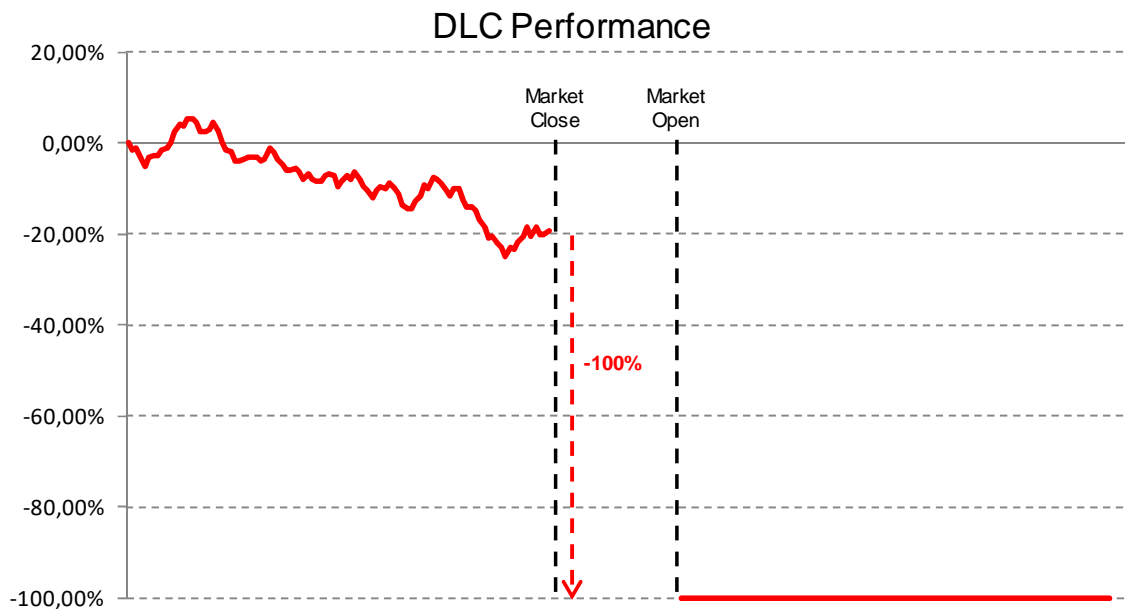
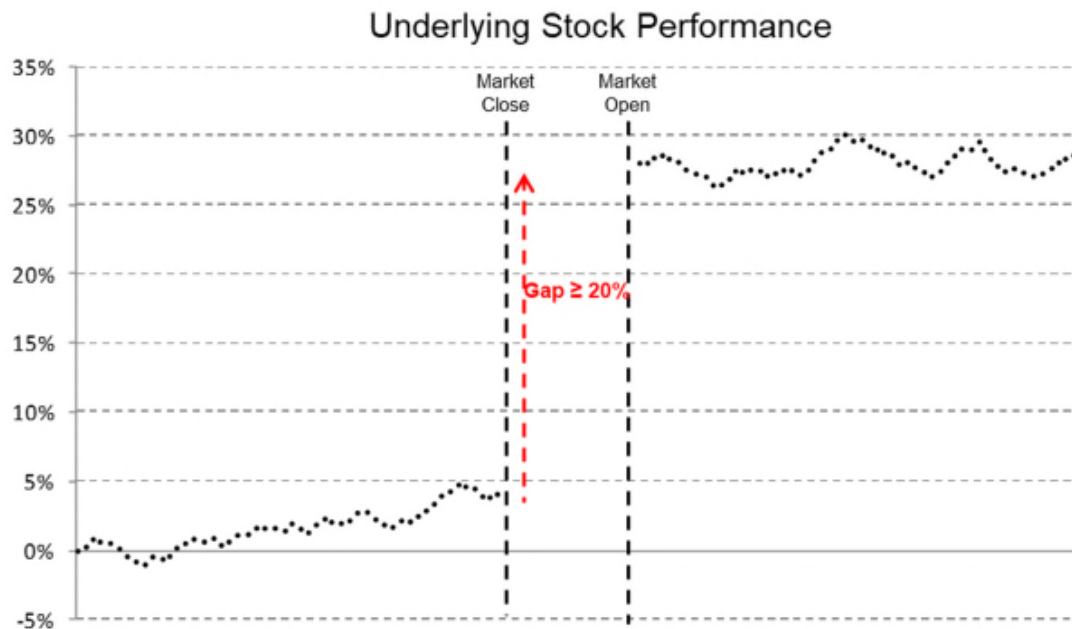
⁹ The illustrative examples are not exhaustive.

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.

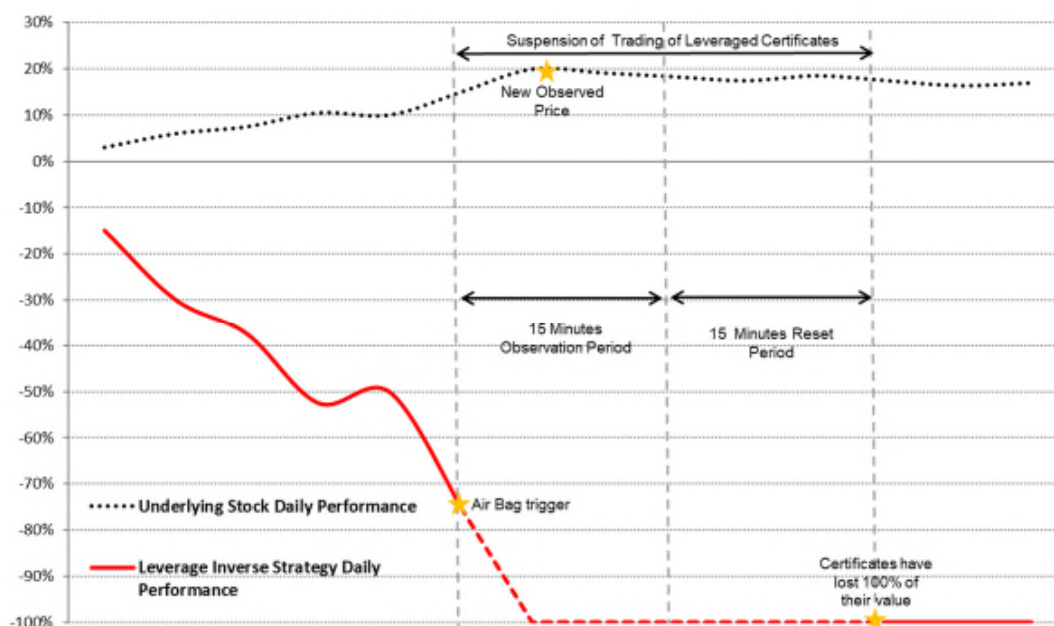
Scenario 1 – Overnight rise of the Underlying Stock

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 :

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

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

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

Where:

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

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

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

1. Stock split

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

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

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.54	-10%

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

2. Share Consolidation

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

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

$$S_t = \$202$$

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

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

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

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

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying
-----------	----------------------------	-------	---------------------

			Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.57	-5%

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

3. Rights Issues

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

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

$$S_t = \$84$$

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.45	-25%

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

4. Bonus Issues

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

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

$$S_t = \$85$$

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

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

$$R = \$0$$

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

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

As a consequence:

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

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)
0.60	0.54	-10%

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

5. Extraordinary Dividend

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

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

$$S_t = \$84$$

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

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

$$R = \$0$$

$$M = 0$$

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.45	-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.sunnyoptical.com/en/default.html>. The Issuer has not independently verified any of such information.

Sunny Optical Technology (Group) Company Limited (the “**Company**”) (SEHK stock code: 2382) is a leading company in integrated optical device manufacturers and an optical imaging system solution provider. The Company went public in 2007 and is listed on the Main Board of the Hong Kong Stock Exchange.

The Company has strong capabilities in R&D and manufacturing. With great reputation among its customers worldwide, the company has extended its market in forty countries and regions and has become the most important supplier to many Tier 1 customers domestically and internationally. The company has also gained significant global market share in compact module camera, lens sets for mobile devices and automotive lenses.

The Company has five production sites in Yangtze River Delta, Pearl River Delta, Bohai Bay and Central Plain Areas, respectively. There are also R&D center and local customer support offices in North America, Japan, South Korea, Singapore, and Taiwan.

The Company is one of a few enterprises inside China that have first-class design capability and mass production capacity for integrated products combining optics, mechanics electronics and software technology. Therefore, it has established its leadership in special coating technology in lens production, aspherical optics auto-focus and zooming, development in chalcogenide glass material, embedded software, 3D scanning and imaging, 3D ultra-precision vibration measuring, trace element analysis, ultra-high pixel camera modules design and manufacturing.

Supported by its high ranking in optoelectronic industry, the Company also promotes its “Famous Co-Star” strategy with commitment to achieve high tech, high value and high efficiency. Now it is focus on transformation and upgrading production, profit and operation models in order to advance its production base with advantages in value, system integration and brand name.

The information set out in Appendix I of this document relates to the unaudited condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 4 September 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 INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 5 November 2020 containing the Guarantor's consolidated financial results for the third quarter ended 30 September 2020.

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 30 September 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 be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

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

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong) 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 I

REPRODUCTION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 OF SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 4 September 2020 in relation to the same.

Report on Review of Condensed Consolidated Financial Statements

簡明綜合財務報表審閱報告

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED
(incorporated in the Cayman Islands as an exempted company with limited liability)

致
舜宇光學科技(集團)有限公司董事會
(於開曼群島註冊成立的獲豁免有限公司)

Introduction

We have reviewed the condensed consolidated financial statements of Sunny Optical Technology (Group) Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 49 to 98 which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The Directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

序言

我們已審閱載於第49至98頁的舜宇光學科技(集團)有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的簡明綜合財務報表，其中包括截至二零二零年六月三十日的簡明綜合財務狀況表與截至該日止六個月期間的相關簡明綜合損益及其他全面收益表、權益變動表及現金流量報表以及若干說明附註。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告須符合其中有關條文以及香港會計師公會(「香港會計師公會」)頒佈的香港會計準則第34號「中期財務報告」(「香港會計準則第34號」)。貴公司董事負責根據香港會計準則第34號編製及呈列該等簡明綜合財務報表。我們的責任乃根據審閱對該等簡明綜合財務報表作出結論，並按照委聘的協定條款僅向作為實體的閣下報告結論，且並無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Report on Review of Condensed Consolidated Financial Statements

簡明綜合財務報表審閱報告

Scope of Review

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

Conclusion

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

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱委聘準則第2410號「由實體獨立核數師審閱中期財務資料」進行審閱。審閱該等簡明綜合財務報表包括主要向負責財務和會計事務的人員作出查詢，並應用分析性和其他審閱程序。審閱範圍遠少於根據香港核數準則進行審核的範圍，故不能令我們保證我們將知悉於審核中可能發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信簡明綜合財務報表在各重大方面未根據香港會計準則第34號編製。

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 August 2020

德勤 • 關黃陳方會計師行
執業會計師
香港
二零二零年八月十七日

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

	NOTES 附註	For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 RMB' 000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB' 000 人民幣千元 (unaudited) (未經審核)
Revenue 收入	3	18,863,768	15,574,918
Cost of sales 銷售成本		(15,187,497)	(12,710,935)
Gross profit 毛利		3,676,271	2,863,983
Other income 其他收益	4	193,738	187,044
Other gains and losses 其他收益及虧損	5	(79,112)	(31,644)
Impairment losses under expected credit loss ("ECL") model, net of reversal 按預期信貸虧損(「預期信貸虧損」)模式計算的減值虧損，扣除撥回		(7,328)	(15,534)
Selling and distribution expenses 銷售及分銷開支		(136,000)	(130,753)
Research and development expenditure 研發開支		(1,067,980)	(826,538)
Administrative expenses 行政開支		(333,430)	(257,386)
Share of results of associates 分佔聯營公司業績		(187)	(2,192)
Finance costs 融資成本		(122,544)	(126,396)
Profit before tax 除稅前溢利		2,123,428	1,660,584
Income tax expense 所得稅開支	6	(347,299)	(228,157)
Profit for the period 期內溢利	7	1,776,129	1,432,427
Other comprehensive income: 其他全面收益：			
<i>Item that may be reclassified subsequently to profit or loss:</i> 其後可重新分類至損益的項目：			
Exchange differences arising on translation of foreign operations 換算海外業務所產生的匯兌差額		3,431	520
Other comprehensive income for the period 期內其他全面收益		3,431	520
Total comprehensive income for the period 期內全面收益總額		1,779,560	1,432,947

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2020	2019
		二零二零年	二零一九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	NOTES	(unaudited)	(unaudited)
	附註	(未經審核)	(未經審核)
Profit for the period attributable to: 應佔期內溢利：			
Owners of the Company 本公司股東		1,749,024	1,431,175
Non-controlling interests 非控股權益		27,105	1,252
		1,776,129	1,432,427
Total comprehensive income attributable to: 應佔全面收益總額：			
Owners of the Company 本公司股東		1,751,066	1,431,509
Non-controlling interests 非控股權益		28,494	1,438
		1,779,560	1,432,947
Earnings per share – Basic (RMB cents) 每股盈利 – 基本 (人民幣分)	8	159.84	130.79
– Diluted (RMB cents) 攤薄 (人民幣分)	8	159.62	130.65

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

AT 30 JUNE 2020 於二零二零年六月三十日

		30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
	NOTES 附註		
NON-CURRENT ASSETS 非流動資產			
Property, plant and equipment 物業、機器及設備	10(a)	7,144,942	6,566,745
Right-of-use assets 使用權資產	10(b)	481,588	402,743
Investment properties 投資物業	10(c)	43,103	45,298
Intangible assets 無形資產	11	391,242	419,163
Interests in associates 於聯營公司的權益	12	496	683
Deferred tax assets 遞延稅項資產	13	150,272	131,178
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	14	417,174	315,395
Deposits paid for acquisition of land use right 就收購土地使用權已支付的按金		—	24,831
Equity instruments at fair value through other comprehensive income ("FVTOCI") 按公允值計入其他全面收益 (「按公允值計入其他全面收益」)的權益工具	15	112,283	112,183
Debt instruments at amortised cost 按攤銷成本計量的債務工具	16	57,597	27,962
Financial assets at fair value through profit or loss ("FVTPL") 按公允值計入損益(「按公允值計入損益」)的金融資產	17(a)(b)	256,656	185,147
Derivative financial assets 衍生金融資產	18	17,477	13,654
Time deposits 定期存款	22	500,000	—
Goodwill 商譽		2,119	2,119
		9,574,949	8,247,101
CURRENT ASSETS 流動資產			
Inventories 存貨	19	4,257,652	5,145,962
Trade and other receivables and prepayment 貿易及其他應收款項及預付款項	20	9,681,062	9,629,684
Derivative financial assets 衍生金融資產	18	23,602	13,415
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	17(c)(d)	5,702,443	5,662,808
Debt instruments at amortised cost 按攤銷成本計量的債務工具	16	28,246	55,749
Amount due from a related party 應收關連人士款項	31(c)	1,162	—
Pledged bank deposits 已抵押銀行存款	22	3,797	6,113
Short term fixed deposits 短期定期存款	22	10,000	15,000
Bank balances and cash 銀行結餘及現金	22	1,800,452	1,917,239
		21,508,416	22,445,970

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

AT 30 JUNE 2020 於二零二零年六月三十日

		30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
	NOTES 附註		
CURRENT LIABILITIES 流動負債			
Trade and other payables 貿易及其他應付款項	23	9,705,474	11,321,586
Amounts due to related parties 應付關連人士款項	31(c)	5,459	7,498
Derivative financial liabilities 衍生金融負債	18	14,433	1,430
Bank borrowings 銀行借貸	24	1,951,028	1,118,572
Lease liabilities 租賃負債		46,986	38,140
Tax payable 應付稅項		53,696	49,881
Contract liabilities 合約負債	25	91,779	83,202
Deferred income 遞延收入	26	12,803	10,106
		11,881,658	12,630,415
NET CURRENT ASSETS 流動資產淨值		9,626,758	9,815,555
TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債		19,201,707	18,062,656
NON-CURRENT LIABILITIES 非流動負債			
Deferred tax liabilities 遞延稅項負債	13	824,134	684,836
Long term payables 長期應付款項	23	312,267	299,209
Deferred income 遞延收入	26	51,374	73,894
Lease liabilities 租賃負債		96,103	122,466
Bonds payable 應付債券	27	4,222,275	4,156,074
		5,506,153	5,336,479
NET ASSETS 資產淨值		13,695,554	12,726,177
CAPITAL AND RESERVES 股本及儲備			
Share capital 股本	28	105,163	105,163
Reserves 儲備		13,390,730	12,447,724
Equity attributable to owners of the Company 本公司股東應佔權益		13,495,893	12,552,887
Non-controlling interests 非控股權益		199,661	173,290
TOTAL EQUITY 權益總額		13,695,554	12,726,177

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

	Attributable to owners of the Company 本公司股東應佔												Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Discretionary surplus reserve	Other reserves	Shares held under share award scheme	Share award scheme reserve	FVTOCI reserve	Translation reserve	Retained profits	Total		
	股本 RMB' 000 人民幣千元	股份溢價 RMB' 000 人民幣千元	特別儲備 RMB' 000 人民幣千元	法定盈餘儲備 RMB' 000 人民幣千元	酌情盈餘儲備 RMB' 000 人民幣千元	其他儲備 RMB' 000 人民幣千元 (Note a) (附註a)	持有的股份 RMB' 000 人民幣千元	股份獎勵計劃儲備 RMB' 000 人民幣千元	按公允值計入其他全面收益列賬的儲備 RMB' 000 人民幣千元 (Note b) (附註b)	換算儲備 RMB' 000 人民幣千元	保留盈利 RMB' 000 人民幣千元	總計 RMB' 000 人民幣千元	非控股權益 RMB' 000 人民幣千元	總計 RMB' 000 人民幣千元
At 1 January 2019 (restated) 於二零一九年一月一日 (經重列)	105,163	2,680	149,800	31,003	916	410,716	(132,097)	54,892	(18,847)	5,397	8,621,545	9,231,168	54,047	9,285,215
Profit for the period 期內溢利	-	-	-	-	-	-	-	-	-	-	1,431,175	1,431,175	1,252	1,432,427
Other comprehensive income for the period 期內其他全面收益	-	-	-	-	-	-	-	-	-	334	-	334	186	520
Total comprehensive income for the period 期內全面收益總額	-	-	-	-	-	-	-	-	-	334	1,431,175	1,431,509	1,438	1,432,947
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(105,389)	-	-	-	-	(105,389)	-	(105,389)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	55,785	-	-	-	55,785	-	55,785
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	54,368	(59,282)	-	-	4,914	-	-	-
Capital contribution from non-controlling interests 非控股權益的注資	-	-	-	-	-	-	-	-	-	-	-	-	25,382	25,382
Dividends paid 已付股息	-	(2,680)	-	-	-	-	-	-	-	-	(620,331)	(623,011)	-	(623,011)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	1,846	-	-	-	-	-	-	-	-	-	1,846	-	1,846
Acquisition of a subsidiary 收購一家附屬公司	-	-	-	-	-	-	-	-	-	-	-	-	83,004	83,004
Appropriations 轉撥	-	-	-	-	-	12,587	-	-	-	-	(12,587)	-	-	-
At 30 June 2019 (unaudited) 於二零一九年六月三十日 (未經審核)	105,163	1,846	149,800	31,003	916	423,303	(183,118)	51,395	(18,847)	5,731	9,424,716	9,991,908	163,871	10,155,779
At 31 December 2019 and 1 January 2020 (audited) 於二零一九年十二月三十一日及 二零二零年一月一日 (經審核)	105,163	1,846	149,800	31,003	916	427,412	(217,607)	82,237	(18,847)	3,430	11,987,534	12,552,887	173,290	12,726,177
Profit for the period 期內溢利	-	-	-	-	-	-	-	-	-	-	1,749,024	1,749,024	27,105	1,776,129
Other comprehensive income for the period 期內其他全面收益	-	-	-	-	-	-	-	-	-	2,042	-	2,042	1,389	3,431
Total comprehensive income for the period 期內全面收益總額	-	-	-	-	-	-	-	-	-	2,042	1,749,024	1,751,066	28,494	1,779,560
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(83,010)	-	-	-	-	(83,010)	-	(83,010)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	71,760	-	-	-	71,760	-	71,760
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	65,061	(91,286)	-	-	26,225	-	-	-
Acquisition of additional interest of a subsidiary from non-controlling interest 向非控股權益收購附屬公司的額外權益	-	-	(352)	-	-	-	-	-	-	-	-	(352)	(2,123)	(2,475)
Dividends paid 已付股息	-	(1,846)	-	-	-	-	-	-	-	-	(796,661)	(798,507)	-	(798,507)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	-	2,049	2,049	-	2,049
Appropriations 轉撥	-	-	-	-	-	14,607	-	-	-	-	(14,607)	-	-	-
At 30 June 2020 (unaudited) 於二零二零年六月三十日 (未經審核)	105,163	-	149,448	31,003	916	442,019	(235,556)	62,711	(18,847)	5,472	12,953,564	13,495,893	199,661	13,695,554

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

Note a: Other reserves represent enterprise expansion fund and reserve fund. These reserves are non-distributable and the transfer to these reserves are determined by the board of directors of the People's Republic of China (the "PRC") subsidiaries in accordance with the Articles of Association. Other reserves can be used to make up for previous year's losses or convert into additional capital of the Company's PRC subsidiaries.

Note b: On 1 January 2018, the Group irrevocably elected to designate certain investments in equity instruments as at fair value through other comprehensive income and the FVTOCI reserve is related to the gains or losses arising from the changes in fair value of the designated equity investments recognised in other comprehensive income.

附註a：其他儲備指企業擴展基金及儲備金。該等儲備不可用作分派，而轉撥至該等儲備的款項須由中華人民共和國（「中國」）附屬公司的董事會根據章程細則釐定。其他儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。

附註b：於二零一八年一月一日，本集團不可撤銷地選擇指定按公允值計入其他全面收益的權益工具的若干投資，而按公允值計入其他全面收益的儲備與於其他全面收益內確認的指定股權投資的公允值變動所產生的收益或虧損有關。

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

	For the six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
OPERATING ACTIVITIES 經營活動		
Profit before tax 除稅前溢利	2,123,428	1,660,584
Adjustments for: 調整：		
Depreciation of property, plant and equipment 物業、機器及設備折舊	724,720	528,845
Depreciation of investment properties 投資物業折舊	2,195	2,195
Depreciation of right-of-use assets 使用權資產折舊	26,409	27,034
Amortisation of intangible assets 無形資產攤銷	28,097	28,976
(Gain) loss on changes in fair value of derivative financial instruments, net 衍生金融工具公允值變動的(收益)虧損，淨額	(1,007)	27,545
Share of results of associates 分佔聯營公司的業績	187	2,192
Allowance for inventories 存貨撥備	84,589	10,816
Impairment losses under expected credit loss model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回	7,328	15,534
Gain on disposal of property, plant and equipment 出售物業、機器及設備收益	(15,053)	(64)
Expense recognised in respect of share award scheme 就股份獎勵計劃而確認的支出	71,760	55,785
Release of deferred income 遞延收入解除	(24,023)	(16,492)
Investment income from financial assets at FVTPL 來自按公允值計入損益的金融資產的投資收入	(89,855)	(97,428)
Interest expense 利息開支	122,544	126,396
Net foreign exchange loss 外匯虧損淨額	80,700	37,464
Changes in fair value of debt instruments, equity investment and fund investment at FVTPL 按公允值計入損益的債務工具、股權投資及基金投資公允值變動	(33,479)	(32,194)
Other adjustments 其他調整	(19,817)	(18,163)
Operating cash flows before movements in working capital 營運資金變動前的經營現金流量	3,088,723	2,359,025
Decrease (increase) in inventories 存貨減少(增加)	803,721	(1,306,652)
Increase in trade and other receivables and prepayment 貿易及其他應收款項及預付款項增加	(64,774)	(1,472,361)
(Increase) decrease in amounts due from related parties 應收關連人士款項(增加)減少	(1,162)	3,032
(Decrease) increase in trade and other payables 貿易及其他應付款項(減少)增加	(1,610,034)	1,684,953
Decrease in amounts due to related parties 應付關連人士款項減少	(2,039)	(2,606)
Increase in contract liabilities 合約負債增加	8,577	2,140
Increase in deferred income 遞延收入增加	4,200	4,461
Income taxes paid 已付所得稅款項	(223,280)	(113,551)
NET CASH FROM OPERATING ACTIVITIES 經營活動所得現金淨額	2,003,932	1,158,441

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

	For the six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
INVESTING ACTIVITIES 投資活動		
Placement of pledged bank deposits 存放已抵押銀行存款	(3,290)	(12,241)
Release of pledged bank deposits 解除已抵押銀行存款	5,606	214,708
Placement of short term fixed deposits 存放短期定期存款	(566,360)	(5,000)
Release of short term fixed deposits 解除短期定期存款	571,360	5,000
Placement of time deposits 存放定期存款	(500,000)	—
Purchase of financial assets at FVTPL 收購按公允值計入損益的金融資產	(29,456,974)	(23,008,630)
Redemption of financial assets at FVTPL 贖回按公允值計入損益的金融資產	29,425,010	23,357,150
Interests and investment income received 已收利息及投資收入	117,775	131,357
Acquisition of a land use right 收購土地使用權	(71,941)	(23,857)
Purchase of property, plant and equipment 收購物業、機器及設備	(1,118,989)	(845,476)
Proceeds from disposal of property, plant and equipment 出售物業、機器及設備所得款項	58,559	6,121
Purchase of intangible assets 收購無形資產	(176)	—
Deposit paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	(335,549)	(319,499)
Purchase of equity instruments at FVTOCI 收購按公允值計入其他全面收益的權益工具	(100)	(5,600)
Purchase of equity investments at FVTPL 收購按公允值計入損益的股權投資	—	(14,790)
Proceed from disposal of debt investments at FVTPL 出售按公允值計入損益的債務投資所得款項	27,538	19,454
Purchase of fund investments at FVTPL 收購按公允值計入損益的基金投資	(352,415)	—
Purchase of debt instruments at FVTPL 收購按公允值計入損益的債務工具	(77,617)	—
Proceed from disposal of fund investments at FVTPL 出售按公允值計入損益的基金投資所得款項	360,110	—
Purchase of debt instruments at amortised cost 收購按攤銷成本計量的債務工具	(29,262)	—
Proceed from disposal of debt instruments at amortised cost 出售按攤銷成本計量的債務工具所得款項	27,887	—
Acquisition of investment in an associate 收購於一家聯營公司的投資	—	(67,842)
Net cash outflow on acquisition of a subsidiary 收購一家附屬公司的現金流出淨額	—	(5,176)
NET CASH USED IN INVESTING ACTIVITIES 投資活動所用現金淨額	(1,918,828)	(574,321)

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

	For the six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
FINANCING ACTIVITIES 融資活動		
Interest paid 已付利息	(114,582)	(120,329)
Dividends paid 已付股息	(796,458)	(621,165)
New bank borrowings raised 新增銀行借貸	2,710,422	1,515,328
Repayment of bank borrowings 償還銀行借貸	(1,893,677)	(1,893,114)
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	(83,010)	(105,389)
Repayment of lease liabilities 償還租賃負債	(26,412)	(26,705)
Acquisition of additional interest of a subsidiary from non-controlling interests 向非控股權益收購一家附屬公司的額外權益	(2,475)	—
Capital contribution from non-controlling interests 非控股權益的注資	—	25,382
NET CASH USED IN FINANCING ACTIVITIES 融資活動所用現金淨額	(206,192)	(1,225,992)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
現金及現金等值項目減少淨額	(121,088)	(641,872)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		
於一月一日的現金及現金等值項目	1,917,239	2,254,299
Effect of foreign exchange rate changes 匯率變動的影響	4,301	500
CASH AND CASH EQUIVALENTS AT 30 JUNE		
於六月三十日的現金及現金等值項目	1,800,452	1,612,927
represented by bank balances and cash 以銀行結餘及現金呈列		

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Law Chapter 21 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands and its shares have been listed on the Stock Exchange of Hong Kong Limited with effect from 15 June 2007.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

1. 基本資料及編製基準

本公司於二零零六年九月二十一日在開曼群島根據開曼群島公司法第21章（一九六一年第三條法例，經綜合及修訂）註冊成立為獲豁免公司，其股份自二零零七年六月十五日起在香港聯合交易所有限公司上市。

本簡明綜合財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈的香港會計準則第34號（「香港會計準則第34號」）「中期財務報告」及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16的適用披露規定而編製。

簡明綜合財務報表以人民幣（「人民幣」）呈列，人民幣亦為本公司的功能貨幣。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

2. 主要會計政策

本簡明綜合財務報表乃按歷史成本基準編製，惟按公允值計量的若干金融工具除外（倘適用）。

除因應用經修訂香港財務報告準則（「香港財務報告準則」）而新增的會計政策外，截至二零二零年六月三十日止六個月的簡明綜合財務報表採用的會計政策及計算方法與編製本集團截至二零一九年十二月三十一日止年度的年度財務報表所採納者一致。

應用經修訂香港財務報告準則

於本中期期間，本集團已首次應用由香港會計師公會頒佈的香港財務報告準則之概念框架指引之修訂本及下列經修訂香港財務報告準則，其於二零二零年一月一日或之後開始年度期間強制生效，以編製本集團的簡明綜合財務報表：

香港會計準則第1號及香港會計準則第8號（修訂本）	重大的定義
香港財務報告準則第3號（修訂本）	業務的定義
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號（修訂本）	利率基準改革

除下文所述者外，於本期間應用香港財務報告準則之概念框架指引之修訂本及經修訂香港財務報告準則對本集團於本期間及過往期間的財務狀況及表現及／或該等簡明綜合財務報表所載披露並無重大影響。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other confirmation, in the context of the financial statements taken as a whole.

The application of the amendments in the current interim period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

2. 主要會計政策 (續)

應用經修訂香港財務報告準則 (續)

應用香港會計準則第1號及香港會計準則第8號(修訂本)「重大的定義」之影響

修訂本為重大提供新的定義，列明「倘遺漏、錯誤陳述或隱瞞資訊，而可合理預期資料對一般用途財務報表的主要使用者基於該等財務報表（提供有關特定報告實體之財務資料）所作出的決策造成影響，則資料乃屬重大。」修訂本亦澄清，相關資料單獨或與其他資料一起在財務報表作為整體的情況下，重大程度取決於相關資料的性質或重要性。

本中期期間應用修訂本對簡明綜合財務報表概無影響。應用修訂本之呈報及披露的變動（如有）將於截至二零二零年十二月三十一日止年度之綜合財務報表中反映。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

3A. 客戶合約收入

Disaggregation of revenue from contracts with customers

客戶合約收入的細分

	For the six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
Sales of optical and optical-related products 光學及光學相關產品的銷售		
Mobile phone related products 移動電話相關產品	16,627,287	13,420,582
Other lens sets 其他鏡頭	1,065,814	1,004,472
Digital camera related products 數碼相機相關產品	228,702	305,987
Other spherical lens and plane products 其他球面鏡片及平面產品	69,577	116,225
Optical instruments 光學儀器	81,458	81,689
Digital video lens 數碼攝像鏡頭	18,756	40,486
Other products 其他產品	772,174	605,477
Total 總額	18,863,768	15,574,918
	For the six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
Geographical markets 地區市場		
China 中國	16,291,135	12,454,138
Asia (except China) 亞洲(中國除外)	1,923,805	2,329,467
Europe 歐洲	356,290	413,098
North America 北美洲	282,502	310,282
Others 其他	10,036	67,933
Total 總額	18,863,768	15,574,918
Timing of revenue recognition 確認收入的時間		
A point in time 時點確認	18,863,768	15,574,918

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

3B. SEGMENT INFORMATION

Information reported to the Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance, focuses on types of goods delivered because the management has chosen to organise the Group among different major products. No operating segments identified by chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components;
2. Optoelectronic Products; and
3. Optical Instruments.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2020

	Optical Components 光學零件 RMB' 000 人民幣千元 (unaudited) (未經審核)	Optoelectronic Products 光電產品 RMB' 000 人民幣千元 (unaudited) (未經審核)	Optical Instruments 光學儀器 RMB' 000 人民幣千元 (unaudited) (未經審核)	Segments' total 分部總額 RMB' 000 人民幣千元 (unaudited) (未經審核)	Eliminations 抵銷 RMB' 000 人民幣千元 (unaudited) (未經審核)	Total 總額 RMB' 000 人民幣千元 (unaudited) (未經審核)
Revenue 收入						
External sales 外部銷售	3,863,506	14,873,816	126,446	18,863,768	-	18,863,768
Inter-segment sales 分部間銷售	842,155	9,234	46,539	897,928	(897,928)	-
Total 總額	4,705,661	14,883,050	172,985	19,761,696	(897,928)	18,863,768
Segment profit 分部溢利	1,286,394	960,047	20,705	2,267,146	-	2,267,146
Share of results of associates 分佔聯營公司的業績						(187)
Unallocated income 未分配收入						10,122
Unallocated expenses 未分配開支						(153,653)
Profit before tax 除稅前溢利						2,123,428

3B. 分部資料

就資源分配及分部表現評估向董事會（即主要營運決策者）所呈報的資料，側重於交付的產品之類型，理由是管理層已選擇按不同主要產品組織本集團。於達致本集團的可報告分部時，主要營運決策者所得到的營運分部概無經合計。

具體而言，根據香港財務報告準則第8號營運分部，本集團的營運分部如下：

1. 光學零件；
2. 光電產品；及
3. 光學儀器。

本集團按營運及可報告分部劃分的收入及業績分析如下：

截至二零二零年六月三十日止六個月

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

3B.SEGMENT INFORMATION (Continued) 3B. 分部資料 (續)

As at 30 June 2020

於二零二零年六月三十日

	Optical Components 光學零件 RMB' 000 人民幣千元 (unaudited) (未經審核)	Optoelectronic Products 光電產品 RMB' 000 人民幣千元 (unaudited) (未經審核)	Optical Instruments 光學儀器 RMB' 000 人民幣千元 (unaudited) (未經審核)	Segments' total 分部總額 RMB' 000 人民幣千元 (unaudited) (未經審核)	Unallocated 未分配 RMB' 000 人民幣千元 (unaudited) (未經審核)	Total 總額 RMB' 000 人民幣千元 (unaudited) (未經審核)
Total assets 總資產	3,727,945	9,575,556	139,613	13,443,114	17,640,251	31,083,365
Total liabilities 總負債	1,741,550	6,190,464	92,138	8,024,152	9,363,659	17,387,811

For the six months ended 30 June 2019

截至二零一九年六月三十日止六個月

	Optical Components 光學零件 RMB' 000 人民幣千元 (unaudited) (未經審核)	Optoelectronic Products 光電產品 RMB' 000 人民幣千元 (unaudited) (未經審核)	Optical Instruments 光學儀器 RMB' 000 人民幣千元 (unaudited) (未經審核)	Segments' total 分部總額 RMB' 000 人民幣千元 (unaudited) (未經審核)	Eliminations 抵銷 RMB' 000 人民幣千元 (unaudited) (未經審核)	Total 總額 RMB' 000 人民幣千元 (unaudited) (未經審核)
Revenue 收入						
External sales 外部銷售	3,773,696	11,679,501	121,721	15,574,918	–	15,574,918
Inter-segment sales 分部間銷售	988,224	4,042	39,012	1,031,278	(1,031,278)	–
Total 總額	4,761,920	11,683,543	160,733	16,606,196	(1,031,278)	15,574,918
Segment profit 分部溢利	1,515,830	290,256	6,104	1,812,190	–	1,812,190
Share of results of associates 分佔聯營公司的業績						(2,192)
Unallocated income 未分配收入						18,157
Unallocated expenses 未分配開支						(167,571)
Profit before tax 除稅前溢利						1,660,584

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

3B.SEGMENT INFORMATION (Continued)

3B.分部資料(續)

As at 31 December 2019

於二零一九年十二月三十一日

	Optical Components 光學零件 RMB' 000 人民幣千元 (audited) (經審核)	Optoelectronic Products 光電產品 RMB' 000 人民幣千元 (audited) (經審核)	Optical Instruments 光學儀器 RMB' 000 人民幣千元 (audited) (經審核)	Segments' total 分部總額 RMB' 000 人民幣千元 (audited) (經審核)	Unallocated 未分配 RMB' 000 人民幣千元 (audited) (經審核)	Total 總額 RMB' 000 人民幣千元 (audited) (經審核)
Total assets 總資產	3,946,525	10,205,068	110,983	14,262,576	16,430,495	30,693,071
Total liabilities 總負債	2,029,701	7,511,060	85,791	9,626,552	8,340,342	17,966,894

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, other income, share of results of associates, and finance costs. There were asymmetrical allocations to operating segments because the Group allocates investment income and interest income, depreciation and amortisation and gain on disposal of property, plant and equipment and depreciation of right-of-use assets to each segment without allocating the related bank balances, depreciable assets and the relevant financial instruments to those segments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

For the purposes of monitoring segment performances and allocating resources between segments:

- Trade receivables, bill receivables and inventories are allocated to the respective operating segments. All other assets are unallocated assets, which are not regularly reported to the Board of Directors.
- Trade payables and note payables are allocated to the respective operating segments. All other liabilities are unallocated liabilities, which are not regularly reported to the Board of Directors.

分部溢利指由各分部所賺取的溢利，但並無攤分中央行政成本（包括董事薪金、其他收益、分佔聯營公司的業績及融資成本）。營運分部間存在不對稱分配，這是由於本集團在分配投資收入及利息收入、折舊及攤銷、出售物業、機器及設備的收益及使用權資產折舊至各分部時，並未向各分部分配相關銀行結餘、可折舊資產及相關金融工具。此乃向主要營運決策者報告時用作資源分配及表現評估的基準。

分部間銷售按現行市價入賬。

就監察分部表現及在分部間分配資源而言：

- 貿易應收款項、應收票據及存貨均分配至相對的營運分部。其他資產均指不定期向董事會報告的未分配資產。
- 貿易應付款項及應付票據均分配至相應的營運分部。其他負債均指不定期向董事會報告的未分配負債。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

4. OTHER INCOME

4. 其他收益

	For the six months ended 30 June	
	截至六月三十日止六個月	
	2020	2019
	二零二零年	二零一九年
	RMB' 000	RMB' 000
	人民幣千元	人民幣千元
	(unaudited)	(unaudited)
	(未經審核)	(未經審核)
Government grants 政府補助金	51,403	35,244
Interest income from time deposits and short term fixed deposits and bank balances 定期存款及短期定期存款及銀行結餘利息收入	17,282	17,826
Interest income from pledged deposits 已抵押存款利息收入	36	412
Investment income from unlisted financial products at FVTPL 按公允值計入損益的非上市金融產品投資收入	89,855	97,428
Investment income from debt instruments 債務工具投資收入	4,640	6,479
Interest income from small loan services 小額貸款服務利息收入	2,771	2,657
Income from sales of moulds 銷售模具收入	8,656	8,042
Income from sales of scrap materials 銷售廢料收入	9,938	5,102
Others 其他	9,157	13,854
	193,738	187,044

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

5. OTHER GAINS AND LOSSES

5. 其他收益及虧損

	For the six months ended 30 June	
	截至六月三十日止六個月	
	2020	2019
	二零二零年	二零一九年
	RMB' 000	RMB' 000
	人民幣千元	人民幣千元
	(unaudited)	(unaudited)
	(未經審核)	(未經審核)
Net foreign exchange loss 外匯虧損淨額	(114,076)	(29,802)
Gain on disposal of property, plant and equipment 出售物業、機器及設備的收益	15,053	64
Gain (loss) on changes in fair value of derivative financial instruments, net 衍生金融工具公允值變動產生的收益(虧損)淨額	1,007	(27,545)
Gain on changes in fair value of debt instruments, equity investment and fund investments at FVTPL 按公允值計入損益的債務工具、股權投資及基金投資公允值變動的收益	33,479	32,194
Others 其他	(14,575)	(6,555)
	(79,112)	(31,644)

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

6. INCOME TAX EXPENSE

6. 所得稅開支

	For the six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
Current tax: 即期稅項：		
– The PRC Enterprise Income Tax – 中國企業所得稅	226,424	111,451
– Other Jurisdiction – 其他管轄區	671	2,818
	227,095	114,269
Deferred tax (Note 13): 遞延稅項(附註13)：		
– Current period – 本期間	120,204	113,888
	347,299	228,157

No provision for Hong Kong profits tax has been made in the condensed consolidated statement of profit or loss and other comprehensive income as the Group had no assessable profits arising in Hong Kong for both periods.

由於本集團於兩個期間並無於香港產生應課稅溢利，故簡明綜合損益及其他全面收益表當中不存在香港利得稅撥備。

7. PROFIT FOR THE PERIOD

7. 期內溢利

	For the six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
Profit for the period has been arrived at after charging the following items: 期內溢利已扣除下列各項：		
Depreciation of property, plant and equipment 物業、機器及設備折舊	724,720	528,845
Depreciation of investment properties 投資物業折舊	2,195	2,195
Depreciation of right-of-use assets 使用權資產折舊	26,409	27,034
Amortisation of intangible assets 無形資產攤銷	28,097	28,976
Allowance for inventories 存貨撥備	84,589	10,816

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

8. EARNINGS PER SHARE

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

8. 每股盈利

本公司股東應佔每股基本及攤薄盈利乃根據以下數據計算：

	For the six months ended 30 June	
	截至六月三十日止六個月	
	2020	2019
	二零二零年	二零一九年
	RMB' 000	RMB' 000
	人民幣千元	人民幣千元
	(unaudited)	(unaudited)
	(未經審核)	(未經審核)
Earnings 盈利		
Earnings for the purposes of basic and diluted earnings per share 計算每股基本及攤薄盈利的盈利	1,749,024	1,431,175
Number of shares	'000	'000
股份數目	千股	千股
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note) 計算每股基本盈利的普通股加權平均數 (附註)	1,094,227	1,094,241
Effect of dilutive potential ordinary shares 潛在攤薄普通股的影響 – restricted shares – 限制性股份	1,548	1,202
Weighted average number of ordinary shares for the purpose of diluted earnings per share 計算每股攤薄盈利的普通股加權平均數	1,095,775	1,095,443

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

附註：普通股加權平均數的計算已考慮股份獎勵計劃下本集團持有的股份。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

9. DIVIDENDS

9. 股息

	For the six months ended 30 June	
	截至六月三十日止六個月	
	2020	2019
	二零二零年	二零一九年
	RMB' 000	RMB' 000
	人民幣千元	人民幣千元
	(unaudited)	(unaudited)
	(未經審核)	(未經審核)
Dividends recognised as distribution during the period:		
期內確認為分派的股息：		
Final dividend paid in 2020 for 2019 of Hong Kong Dollar ("HK\$")		
81.00 cents per share, approximately RMB72.80 cents per share		
(2019: HK\$66.20 cents per share for 2018, approximately		
RMB56.80 cents per share)		
二零二零年已付二零一九年末期股息每股81.00港仙，約為每股人民幣		
72.80分（二零一九年：二零一八年末期股息每股66.20港仙，		
約為每股人民幣56.80分）	798,507	623,011

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (corresponding period of 2019: Nil).

本公司董事建議不派發截至二零二零年六月三十日止六個月的中期股息（二零一九年同期：無）。

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

10. 物業、機器及設備、使用權資產及投資物業的變動

(a) Property, plant and equipment

(a) 物業、機器及設備

During the current interim period, the Group acquired manufacturing equipment and incurred construction costs for manufacturing plants of approximately RMB1,347,324,000 (corresponding period of 2019: RMB1,160,262,000) in order to upgrade its manufacturing capabilities and capacity expansion.

於本中期期間，本集團為提升其生產能力及擴張產能，購買生產設備而產生生產機器建設成本約為人民幣1,347,324,000元（二零一九年同期：人民幣1,160,262,000元）。

In addition, the Group disposed certain of its plants and equipment with a carrying amount of approximately RMB43,506,000 (corresponding period of 2019: RMB6,057,000) which resulted in a disposal gain of approximately RMB15,053,000 (corresponding period of 2019: a gain of RMB64,000).

此外，本集團出售賬面值約為人民幣43,506,000元（二零一九年同期：人民幣6,057,000元）的若干機器及設備，產生出售收益約為人民幣15,053,000元（二零一九年同期：收益為人民幣64,000元）。

As at 30 June 2020, no buildings of the Group were pledged to secure bank borrowings granted.

於二零二零年六月三十日，本集團並未就擔保獲授的銀行借貸而抵押樓宇。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES (Continued)

(b) Right-of-use assets

During the current interim period, the Group entered into some new lease agreements for the use of staff dormitory for a range of 3-10 years. On lease commencement, the Group recognised RMB11,167,000 of right-of-use assets (corresponding period of 2019: RMB60,459,000) and RMB11,093,000 of lease liabilities (corresponding period of 2019: RMB60,302,000).

During the current interim period, the Group acquired a piece of leasehold land located in the PRC amounting to RMB96,772,000, which was also recognised as right-of-use assets on the commencement date (corresponding period of 2019: RMB23,857,000).

As at 30 June 2020, no leasehold lands of the Group were pledged to secure bank borrowings granted.

(c) Investment properties

During the current interim period, a depreciation charge of RMB2,195,000 (corresponding period of 2019: RMB2,195,000) was recognised in profit or loss and the carrying amount of investment properties was amounted to RMB43,103,000 as at 30 June 2020.

11. INTANGIBLE ASSETS

As at 30 June 2020, the Group held (i) licensing patent acquired from Konica Minolta, Inc. ("KMI"), an independent third party of the Group, which allows the Group to develop, produce and sell licensed products; (ii) other intangible assets acquired from the acquisition of Sunny Mobility Technologies (Ningbo) Co., Ltd. (formerly "Wuxi Wissen Intelligent Sensing Technology Co., Ltd."); (iii) licensing patent amounting to RMB176,000 acquired from an independent third party during the current interim period.

10. 物業、機器及設備、使用權資產及投資物業的變動 (續)

(b) 使用權資產

於本中期期間，本集團就介乎3至10年的員工宿舍使用訂立若干新租賃協議。於租賃開始時，本集團確認使用權資產為人民幣11,167,000元（二零一九年同期：人民幣60,459,000元）及租賃負債為人民幣11,093,000元（二零一九年同期：人民幣60,302,000元）。

於本中期期間，本集團收購一塊位於中國的租賃土地（於開始日期亦確認為使用權資產），相關金額為人民幣96,772,000元（二零一九年同期：人民幣23,857,000元）。

於二零二零年六月三十日，本集團並未就擔保獲授的銀行借貸而抵押租賃土地。

(c) 投資物業

於本中期期間，在損益賬中確認折舊支出為人民幣2,195,000元（二零一九年同期：人民幣2,195,000元），該等投資物業於二零二零年六月三十日的賬面值為人民幣43,103,000元。

11. 無形資產

於二零二零年六月三十日，本集團持有(i)自柯尼卡美能達公司（「KMI」，本集團之獨立第三方）購買的許可專利，該公司允許本集團開發、生產及銷售獲許可產品；(ii)收購寧波舜宇智行傳感技術有限公司（舊名為「無錫為森智能傳感技術有限公司」）其他無形資產；(iii)於本中期期間，自獨立第三方購買金額為人民幣176,000元的許可專利。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

12. INTERESTS IN ASSOCIATES

12. 於聯營公司的權益

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Cost of investment in unlisted associates 非上市聯營公司投資成本	92,319	92,319
Share of post-acquisition profit or loss and other comprehensive income or expense, net of dividends received 分佔收購後損益及其他全面收益或開支，扣減已收股息	(18,960)	(18,773)
Impairment loss recognised 已確認減值虧損	(72,863)	(72,863)
	496	683

As at 30 June 2020, the Group held approximately (i) 30.85% (31 December 2019: 30.85%) of ownership interests in Visiondigi (Shanghai) Technology Co., Ltd.; (ii) 26.00% (31 December 2019: 26.00%) of ownership interests in Jiangsu Sunny Medical Equipments Co., Ltd.; and (iii) 18.30% (31 December 2019: 18.30%) of ownership interests in a Japanese company which is mainly engaged in the research and development of advanced nanotechnology. These three entities were accounted for as associates.

於二零二零年六月三十日，本集團持有約(i)30.85%(二零一九年十二月三十一日：30.85%)上海威乾視頻技術有限公司所有權權益；(ii)26.00%(二零一九年十二月三十一日：26.00%)江蘇舜宇醫療器械有限公司所有權權益；及(iii)18.30%(二零一九年十二月三十一日：18.30%)一家主要從事先進納米技術研發的日本公司所有權權益。這三家實體已入賬列作聯營公司。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

13. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Deferred tax assets 遞延稅項資產	(150,272)	(131,178)
Deferred tax liabilities 遞延稅項負債	824,134	684,836
	673,862	553,658

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior periods:

13. 遞延稅項

就呈列簡明綜合財務狀況表而言，已抵銷若干遞延稅項資產及負債。就財務報告目的而對遞延稅項結餘的分析如下：

於本期間及過往期間確認的主要遞延稅項負債（資產）及其變動如下：

	Withholding tax on distributed profit from the PRC 來自中國已分配 利潤的預繳稅 RMB' 000 人民幣千元	Allowance for inventories and ECL provision 存貨撥備及預期 信貸虧損撥備 RMB' 000 人民幣千元	Deferred subsidy income 遞延補貼收入 RMB' 000 人民幣千元	Accelerated depreciation 加速折舊 RMB' 000 人民幣千元	Accrued bonus 應計獎金 RMB' 000 人民幣千元	Others 其他 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
At 1 January 2019 (audited) 於二零一九年一月一日（經審核）	80,859	(32,456)	(9,288)	314,493	(7,248)	14,369	360,729
Charge (credit) to profit or loss 於損益中扣除（計入）	39,673	(24,929)	(577)	227,129	(48,864)	(13,167)	179,265
Acquired on acquisition of a subsidiary 收購一家附屬公司所得	-	-	-	-	-	13,664	13,664
At 31 December 2019 (audited) 於二零一九年十二月三十一日（經審核）	120,532	(57,385)	(9,865)	541,622	(56,112)	14,866	553,658
(Credit) charge to profit or loss (Note 6) 於損益中（計入）扣除（附註6）	(6,332)	(13,390)	2,938	142,370	(10,045)	4,663	120,204
Credit to other comprehensive income 計入其他全面收益	-	-	-	-	-	-	-
At 30 June 2020 (unaudited) 於二零二零年六月三十日（未經審核）	114,200	(70,775)	(6,927)	683,992	(66,157)	19,529	673,862

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

14. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits are paid for construction of factory buildings and acquisition of plants and equipment located in the PRC and other regions for the expansion of the Group's production plant.

During the current interim period, the Group paid an amount of approximately RMB335,549,000 (corresponding period of 2019: RMB319,499,000) as the deposits for acquisition of property, plant and equipment and transferred an amount of approximately RMB233,770,000 (corresponding period of 2019: RMB172,344,000) to property, plant and equipment.

15. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

During the current interim period, the Group made a new equity investment measured as equity instruments at fair value through other comprehensive income amounting to RMB100,000 (corresponding period of 2019: RMB5,600,000). In the opinion of the Directors of the Company, the fair value change of these equity instruments at fair value through other comprehensive income was insignificant for the current interim period.

14. 就收購物業、機器及設備已支付的按金

本集團就興建廠房樓宇以及收購位於中國及其他地區的機器及設備以供其生產機器增加而支付按金。

於本中期期間，本集團就收購物業、機器及設備已支付的按金金額約為人民幣335,549,000元（二零一九年同期：人民幣319,499,000元），並將金額約為人民幣233,770,000元的按金轉撥至物業、機器及設備（二零一九年同期：人民幣172,344,000元）。

15. 按公允值計量計入其他全面收益的權益工具

於本中期期間，本集團作出一項新的股權投資，以按公允值計入其他全面收益的權益工具計量為人民幣100,000元（二零一九年同期：人民幣5,600,000元）。本公司董事認為，於本中期期間，按公允值計入其他全面收益的該等權益工具的公允值變動並不重大。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

16. DEBT INSTRUMENTS AT AMORTISED COST

During the current interim period, one debt instrument amounting to RMB27,887,000 reached maturity and was redeemed accordingly.

The Group purchased another debt instrument amounting to RMB29,262,000 carrying coupon rate of 6.40% with the same business model to collect contractual cash flows that are solely payments of principle amount outstanding semi-annually according to the contract terms, the debt instrument was classified and subsequently measured at amortised cost.

As at 30 June 2020, the carrying amount of the debt instruments is RMB85,843,000 (31 December 2019: RMB83,711,000) among which RMB28,246,000 (31 December 2019: RMB55,749,000) will mature within one year and the remaining amount of RMB57,597,000 (31 December 2019: RMB27,962,000) will mature after one year.

16. 按攤銷成本計量的債務工具

於本中期期間，一筆金額為人民幣27,887,000元的債務工具已到期並已贖回。

本集團購入的另一項債務工具金額為人民幣29,262,000元，票面利率為6.40%，其業務模式同樣旨在收取合約現金流量，僅為按合約條款支付每半年未償還本金之利息，該債務工具被分類且其後按攤銷成本計量。

於二零二零年六月三十日，債務工具賬面值為人民幣85,843,000元（二零一九年十二月三十一日：人民幣83,711,000元），其中人民幣28,246,000元（二零一九年十二月三十一日：人民幣55,749,000元）將於一年內到期，剩餘金額人民幣57,597,000元（二零一九年十二月三十一日：27,962,000元）將於一年後到期。

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

17. 按公允值計入損益的金融資產

	30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Non-current 非流動		
– Debt investments (a) – 債務投資(a)	134,344	84,568
– Equity investments (b) – 股權投資(b)	122,312	100,579
Total 總額	256,656	185,147
Current 流動		
– Fund investments (c) – 基金投資(c)	381,309	373,638
– Unlisted financial products (d) – 非上市金融產品(d)	5,321,134	5,289,170
Total 總額	5,702,443	5,662,808

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) Debt investments

The Group purchased several debt investments since 2018. These investments have certain features that cannot pass the testing of solely payments of principal and interest on the principal amount outstanding and thus were accounted for financial assets at FVTPL on the initial recognition.

During the current interim period, the Group disposed one debt investment at the proceed of RMB27,538,000 (corresponding period of 2019: RMB19,454,000) and the Group purchased another debt instruments at FVTPL amounting to RMB77,617,000 with coupon rates ranging from 4.45% to 5.00%.

The gain on the fair value change of the remaining debt investments amounting to RMB116,000 (corresponding period of 2019: RMB1,994,000) was recognised in the profit or loss in the current interim period.

(b) Equity investments

The Group's equity investments of 餘姚市陽明智行投資中心(有限合伙) ("V Fund") and another partnership enterprise in total amount of RMB72,500,000 (31 December 2019: RMB RMB72,500,000) were classified as financial assets at FVTPL. As at 30 June 2020, the fair value of all equity investments amounted to RMB122,312,000 (31 December 2019: RMB100,579,000) with a fair value gain of RMB21,733,000 (corresponding period of 2019: RMB2,736,000) recognised in the profit or loss during the current interim period.

17. 按公允值計入損益的金融資產 (續)

(a) 債務投資

自二零一八年起，本集團購入多項債務投資。該等投資具有無法通過用於僅用作支付本金及未償還本金之利息的款項的測試的若干特點，故於初步確認時列作按公允值計入損益的金融資產。

於本中期期間，本集團出售一項債務投資，所得款項為人民幣27,538,000元（二零一九年同期：人民幣19,454,000元），且本集團購入另一項按公允值計入損益的債務工具金額為人民幣77,617,000元，票面利率介乎4.45%至5.00%不等。

餘下債務投資的公允值變動收益為人民幣116,000元（二零一九年同期：人民幣1,994,000元）於本中期期間在損益內確認。

(b) 股權投資

本集團於餘姚市陽明智行投資中心(有限合伙)（「V基金」）及另一家合夥企業總金額為人民幣72,500,000元（二零一九年十二月三十一日：人民幣72,500,000元）的股權投資分類為按公允值計入損益的金融資產。於二零二零年六月三十日，所有股權投資的公允值為人民幣122,312,000元（二零一九年十二月三十一日：人民幣100,579,000元），本中期期間於損益中確認公允值收益為人民幣21,733,000元（二零一九年同期：人民幣2,736,000元）。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(c) Fund investments

The Group entered into several contracts to purchase fund units (the “Fund”) with a financial institution since 2018, which were accounted for as financial assets as FVTPL on initial recognition.

During the current interim period, the Group disposed several fund investments at the proceed of RMB360,110,000 (corresponding period of 2019: nil) and the Group purchased another new fund investments with the same nature at FVTPL amounting to RMB352,415,000 (corresponding period of 2019: nil).

As at 30 June 2020, the fair value of the remaining Fund was United States Dollar (“US\$” or “USD”) 53,861,000 (31 December 2019: USD53,559,000) per the investment statement of the financial institution, equivalent to RMB381,309,000 (31 December 2019: RMB373,638,000). The fair value gain in the amount of RMB28,894,000 (corresponding period of 2019: RMB27,464,000) was recognised in the profit or loss in the current interim period.

(d) Unlisted financial products

The Group entered into several contracts of unlisted financial products with banks which are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for as financial assets at FVTPL on initial recognition in which that the return on the unlisted financial products was determined by reference to the performance of the underlying investment assets and as at 30 June 2020, the expected return rate stated in the contracts ranges from 2.60% to 3.95% (31 December 2019: 2.10% to 4.75%) per annum.

In the opinion of the Directors of the Company, the fair value change of the unlisted financial products is insignificant in the current interim period.

17. 按公允值計入損益的金融資產 (續)

(c) 基金投資

自二零一八年，本集團與金融機構訂立數項協議以購買基金單位（「基金」），於初步確認時列作按公允值計入損益的金融資產。

於本中期期間，本集團出售數筆基金投資的所得款項為人民幣360,110,000元（二零一九年同期：無），且本集團購入另一筆相同性質並按公允值計入損益的新基金投資金額為人民幣352,415,000元（二零一九年同期：無）。

於二零二零年六月三十日，根據金融機構的各投資報表，剩餘基金的公允值為53,861,000美元（「美元」）（二零一九年十二月三十一日：53,559,000美元），相等於人民幣381,309,000元（二零一九年十二月三十一日：人民幣373,638,000元）。本中期期間於損益中確認公允值收益為人民幣28,894,000元（二零一九年同期：人民幣27,464,000元）。

(d) 非上市金融產品

本集團與銀行簽訂若干非上市金融產品合約，其由中國相關銀行管理，以主要投資於債券、信託及現金基金等若干金融資產。非上市金融產品在初步確認時已列作按公允值計入損益的金融資產，該部分非上市金融產品的收益根據相關投資資產的表現釐定，於二零二零年六月三十日，合約中的預期年收益率介乎2.60%至3.95%之間（二零一九年十二月三十一日：2.10%至4.75%）。

本公司董事認為，非上市金融產品的公允值變動於本中期期間並不重大。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives not under hedge accounting as follows:

18. 衍生金融資產及負債

於報告期末，本集團持有若干未按對沖會計法處理的衍生工具如下：

	Assets 資產		Liabilities 負債	
	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Foreign currency forward contract 遠期外匯合約	27,714	22,462	–	–
Foreign currency options contracts 外匯期權合約	13,365	4,607	14,433	1,430
Total 總額	41,079	27,069	14,433	1,430
Less: current portion 減：即期部分				
Foreign currency forward contract 遠期外匯合約	10,237	8,808	–	–
Foreign currency options contracts 外匯期權合約	13,365	4,607	14,433	1,430
	23,602	13,415	14,433	1,430
Non-current portion 非即期部分	17,477	13,654	–	–

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

As at 30 June 2020, the Group had entered into the following foreign currency forward contract and foreign currency options contracts:

Foreign currency forward contract

The Group entered into the following USD/RMB foreign currency forward contract with a bank in the PRC in order to manage the Group's foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Weighted average forward exchange rate 加權平均遠期匯率
Contract Series W	USD67,500,000	RMB458,613,000	Semi-annually till 18 January 2023	USD:RMB from 6.62 to 6.99
合約系列W	67,500,000美元	人民幣458,613,000元	半年期至 二零二三年一月十八日	美元兌人民幣 由6.62至6.99

Foreign currency options contracts

The Group entered into several USD/RMB foreign currency options contracts with banks in the PRC in order to manage the Group's currency risk.

The Group is required to transact with the banks for designated notional amount on each of the valuation dates specified within the respective contracts ("Valuation Date").

At each Valuation Date, the Reference Rate which represents the spot rate as specified within the respective contracts shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the bank an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

18. 衍生金融資產及負債 (續)

於二零二零年六月三十日，本集團已訂立以下遠期外匯合約及外匯期權合約：

遠期外匯合約

本集團已與中國的一家銀行訂立下列美元兌人民幣的遠期外匯合約，以管理本集團的外匯風險。

外匯期權合約

本集團已與中國的銀行訂立若干美元兌人民幣的外匯期權合約，以管理本集團的貨幣風險。

本集團須於各合約所指定的估值日期（「估值日期」）就指定名義金額與該等銀行進行交易。

於各估值日期，參考匯率（指各合約所指定的現貨匯率）須與各合約所指定的行使匯率（上限及下限）／門檻匯率作比較，且在達致各合約所指定若干條件的情況下，本集團可向相關銀行收取／支付該等合約所指定的金額。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign currency options contracts (Continued)

Extracts of details of foreign currency options contracts from the respective contracts outstanding as at 30 June 2020 are as follow:

	Notional amount 名義金額 USD' 000 美元千元	Strike/barrier rates 行使／門檻匯率	Ending settlement date 結束結算日期
Contract A 合約A	30,000	USD:RMB at 1:6.4000 美元兌人民幣1:6.4000	26 April 2021 二零二一年四月二十六日
Contract B 合約B	40,000	USD:RMB at 1:7.1883 美元兌人民幣1:7.1883	15 June 2021 二零二一年六月十五日
Contract C 合約C	40,000	USD:RMB at 1:7.1882 美元兌人民幣1:7.1882	15 June 2021 二零二一年六月十五日
Contract D 合約D	75,000	USD:RMB at 1:7.1901 美元兌人民幣1:7.1901	15 June 2021 二零二一年六月十五日
Contract E 合約E	75,000	USD:RMB at 1:7.1900 美元兌人民幣1:7.1900	15 June 2021 二零二一年六月十五日

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with a bank. These derivative instruments are not offset in the condensed consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amount.

18. 衍生金融資產及負債 (續)

外匯期權合約 (續)

於二零二零年六月三十日，各項未平倉合約的外匯期權合約的詳情摘要如下：

本集團已訂立若干衍生工具交易，與銀行簽訂的國際掉期及衍生工具協會總協議（「國際掉期及衍生工具協會總協議」）涉及該等交易。由於國際掉期及衍生工具協會總協議規定，僅可於出現拖欠款項、無力償債及破產的情況下行使抵銷權，故本集團目前並無可抵銷已確認款項的依法可強制執行權利，因此，該等衍生工具並未於簡明綜合財務狀況表內抵銷。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

19. INVENTORIES

19. 存貨

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Raw materials 原材料	591,634	796,909
Work in progress 半製成品	440,898	154,988
Finished goods 製成品	3,225,120	4,194,065
	4,257,652	5,145,962

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

20. 貿易及其他應收款項及預付款項

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Trade receivables 貿易應收款項	8,562,280	8,470,788
Less: allowance for credit losses 減：信貸虧損撥備	(116,861)	(112,485)
	8,445,419	8,358,303
Bill receivables 應收票據	740,043	758,311
Loan receivables 應收貸款	105,669	116,184
Other receivables and prepayment: 其他應收款項及預付款項：		
Value added tax and other tax receivables 應收增值稅及其他應收稅項	10,092	72,670
Advance to suppliers 墊付供應商款項	96,294	96,771
Interest receivables 應收利息	24,681	30,693
Prepaid expenses 預付開支	153,533	95,261
Utilities deposits and prepayment 公用事業按金及預付款項	37,688	30,714
Prepaid wages and advances to employees 預付僱員薪資及墊付僱員款項	47,627	34,349
Others 其他	20,016	36,428
	389,931	396,886
Total trade and other receivables and prepayment 貿易及其他應收款項及預付款項總額	9,681,062	9,629,684

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

The Group allows an average credit period of 90 days to its trade customers and 90 to 180 days for bill receivables. The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Within 90 days 90天以內	8,247,963	8,146,567
91 to 180 days 91至180天	196,903	208,686
Over 180 days 180天以上	553	3,050
	8,445,419	8,358,303

Aging of bill receivables at the end of reporting period is as follows:

	30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Within 90 days 90天以內	585,151	713,304
91 to 180 days 91至180天	154,892	45,007
Total 總額	740,043	758,311

20. 貿易及其他應收款項及預付款項 (續)

本集團給予貿易客戶平均90天的信貸期，及給予應收票據90至180天的信貸期。以下為於報告期末基於發票日（與各自的收益確認日期相若）呈列的貿易應收款項（扣除信貸虧損撥備）的賬齡分析。

於報告期末的應收票據賬齡分析如下：

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

Movement in the allowance for credit losses:

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Balance at the beginning of the reporting period 報告期初結餘	112,485	101,586
Impairment losses recognised on receivables 已確認的應收款項減值虧損	20,346	15,148
Amounts written off as uncollectible 不可收回債項撇銷的金額	(2,952)	—
Impairment losses reversed 減值虧損撥回	(13,018)	(4,249)
Balance at end of the reporting period 報告期末結餘	116,861	112,485

20. 貿易及其他應收款項及預付款項 (續)

信貸虧損撥備變動：

21. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES SUBJECT TO EXPECTED CREDIT LOSS MODEL

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with credit-impaired are assessed individually by the Group. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix as at 30 June 2020.

21. 按預期信貸虧損模式計算之貿易應收款項的減值評估

作為本集團信貸風險管理的一部分，除出現信貸減值的應收款項外，本集團採用應收款項的賬齡評估客戶減值，該等客戶具有共同風險特徵，即能代表客戶根據合約條款支付所有到期款項的能力。本集團對出現信貸減值的應收款項進行個別評估。下表提供有關於二零二零年六月三十日就基於撥備矩陣以組合方式評估的貿易應收款項之信貸風險及預期信貸虧損資料。

	Average loss rate 平均虧損率	Gross carrying amount 賬面總值 RMB' 000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB' 000 人民幣千元
1 to 90 days 1至90天	0.08%	8,254,392	6,430
91 to 120 days 91至120天	2.89%	183,632	5,313
121 to 180 days 121至180天	1.72%	18,909	325
More than 180 days 180天以上	93.87%	9,031	8,477
		8,465,964	20,545

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

21. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES SUBJECT TO EXPECTED CREDIT LOSS MODEL (Continued)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2020 were the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 30 June 2020, the impairment allowance was provided in the amount of RMB116,861,000 among which RMB20,545,000 was made based on the provision matrix with life time ECL (not credit-impaired) and RMB96,316,000 was assessed individually on the debtors credit-impaired.

22. TIME DEPOSITS/PLEDGED BANK DEPOSITS/SHORT TERM FIXED DEPOSITS/BANK BALANCES AND CASH

During the current interim period, the Group purchased time deposits amounting to RMB500,000,000 with several banks in the PRC. These time deposits carry fixed interest rates ranging from 3.85% to 4.18% (31 December 2019: nil) per annum. The maturity period of these time deposits is three years and are therefore classified as non-current assets.

The Group pledged certain of its bank deposits to banks as security for note payables.

Short term fixed deposits carry fixed interest rate of 3.15% (31 December 2019: 2.10% to 3.15%) per annum. Short term fixed deposits have original maturity dates ranging from three months to one year and are therefore classified as current assets.

Bank balances, which represent saving accounts and deposits, carry interest at market saving rate of 0.35% (31 December 2019: 0.35%) per annum.

21. 按預期信貸虧損模式計算之貿易應收款項的減值評估(續)

釐定截至二零二零年六月三十日止六個月的簡明綜合財務報表所用輸入數據及假設以及估計技術的基準與編製本集團截至二零一九年十二月三十一日止年度的年度財務報表所採用者相同。

估計虧損率乃基於債務人的預期還款期內的歷史觀察違約率進行估計，並就無需付出不必要的成本或努力而可得之前瞻性資料進行調整。分類由管理層定期檢討，以確保有關特定債務人的相關資料是最新的。

於二零二零年六月三十日，計提減值撥備為人民幣116,861,000元，其中人民幣20,545,000元乃基於全期預期信貸虧損（無信貸減值）內的撥備矩陣作出，而人民幣96,316,000元的信貸減值應收款項則作獨立評估。

22. 定期存款／已抵押銀行存款／短期定期存款／銀行結餘及現金

於本中期期間，本集團於數家中國的銀行購入定期存款金額為人民幣500,000,000元。該等定期存款固定年利率介乎3.85%至4.18%（二零一九年十二月三十一日：無）。該等定期存款到期期限為三年，因而被分類為非流動資產。

本集團已抵押其若干銀行存款作應付票據的抵押品。

短期定期存款按3.15%（二零一九年十二月三十一日：2.10%至3.15%）的固定年利率計息。短期定期存款原到期日介乎三個月至一年，因而被分類為流動資產。

銀行結餘指儲蓄賬戶及存款，按0.35%（二零一九年十二月三十一日：0.35%）的市場儲蓄存款年利率計息。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

23. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and note payables presented based on the invoice date at the end of the reporting period.

23. 貿易及其他應付款項

以下為於報告期末以發票日為基準呈列的貿易應付款項及應付票據的賬齡分析。

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Current liabilities 流動負債		
Trade payables 貿易應付款項		
Within 90 days 90天以內	5,916,225	7,062,167
91 to 180 days 91至180天	708,879	963,569
Over 180 days 180天以上	25,475	3,509
Accrued purchases 應計採購額	449,570	475,271
Total trade payables 貿易應付款項總額	7,100,149	8,504,516
Note payables 應付票據		
Within 90 days 90天以內	830,502	1,021,415
91 to 180 days 91至180天	87,575	100,621
Over 180 days 180天以上	5,926	—
	924,003	1,122,036
Other payables 其他應付款項		
Payables for purchase of property, plant and equipment 購置物業、機器及設備應付款項	273,026	278,461
Staff salaries and welfare payables 應付員工薪金及福利	770,048	807,252
Labor outsourcing payables 勞務外包應付款項	125,017	201,405
Payable for acquisition of patents 收購專利應付款項	42,545	42,068
Value added tax payables and other tax payables 應付增值稅及其他應付稅項	199,126	151,177
Commission payables 應付佣金	29,544	33,386
Interest payable 應付利息	71,038	69,744
Utilities payable 應付公共事業費用	41,388	31,500
Deposits received 已收按金	33,569	17,754
Others 其他	96,021	62,287
	1,681,322	1,695,034
	9,705,474	11,321,586
Non-current liability 非流動負債		
Long term payables 長期應付款項		
Payable for acquisition of patent 收購專利應付款項	312,267	299,209

The credit period on purchases of goods is up to 180 days (2019: 180 days) and the credit period for note payables is 90 days to 180 days averagely (2019: 90 days to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

貨品採購的信貸期最多為180天(二零一九年：180天)及應付票據的信貸期平均為90天至180天(二零一九年：90天至180天)。本集團已實施財務風險管理政策，以確保所有應付款項於信貸期內支付。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

24. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings with amount of approximately RMB2,710,422,000 (corresponding period of 2019: RMB1,515,328,000). The proceeds were used to meet the working capital requirement. Repayment of bank borrowings amounting to approximately RMB1,893,677,000 (corresponding period of 2019: RMB1,893,114,000) were made in line with the relevant repayment terms.

As at 30 June 2020, the borrowings with a total amount of approximately RMB1,026,528,000 (31 December 2019: RMB412,482,000) were denominated in United States Dollar. The Group's borrowings carried fixed-rate of 3.15% and variable-rate of 0.89% to 3.29% (31 December 2019: 2.77% and 3.26% to 3.29%) per annum.

As at 30 June 2020, no borrowings are secured by buildings and land of the Group.

24. 銀行借貸

於本中期期間，本集團獲得新增銀行借貸約人民幣2,710,422,000元（二零一九年同期：人民幣1,515,328,000元）。該筆款項用作營運資金。本集團已償還銀行借貸約人民幣1,893,677,000元（二零一九年同期：人民幣1,893,114,000元），符合有關還款條款。

於二零二零年六月三十日，總額約人民幣1,026,528,000元（二零一九年十二月三十一日：人民幣412,482,000元）的借貸以美元計值。本集團借貸按3.15%的固定年利率及0.89%至3.29%的可變年利率（二零一九年十二月三十一日：2.77%及3.26%至3.29%）計息。

於二零二零年六月三十日，本集團並未就借貸而抵押樓宇及土地。

25. CONTRACT LIABILITIES

25. 合約負債

	30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Advance from customers 客戶墊付款項	91,779	83,202

The contract liability is the consideration received from the customers which represents the Group's remaining obligation to transfer goods to customers. All the contract liabilities at the beginning of the period have been realised to revenue in the reporting period and no revenue recognised in the reporting period from the performance obligations were satisfied in previous periods.

合約負債指本集團已從客戶收取有關尚未履行向客戶轉移貨品義務的代價。期初的所有合約負債對應的履約義務均於報告期內完成，收入得以確認，且本報告期確認的收入中不包含任何往期已經實現的履約義務。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

26. DEFERRED INCOME

26. 遞延收入

	Six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB' 000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB' 000 人民幣千元 (unaudited) (未經審核)
Amounts credited to profit or loss during the period: 期內計入損益金額：		
Subsidies related to technology enhancement of production lines 生產線技術改進補貼	20,615	13,159
Subsidies related to research and development of technology projects 技術項目研發補貼	3,408	3,333
Incentive subsidies 獎勵補貼	27,380	18,752
	51,403	35,244

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Deferred income related to government grants: 政府補助金遞延收入：		
Subsidies related to technology enhancement of production lines 生產線技術改進補貼	39,113	59,728
Subsidies related to research and development of technology projects 技術項目研發補貼	25,064	24,272
Total 總計	64,177	84,000
Less: current portion 減：即期部分	(12,803)	(10,106)
Non-current portion 非即期部分	51,374	73,894

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

27. BONDS PAYABLE

On 16 January 2018, the Company issued unsecured bonds in the amount of US\$600 million (equivalent to RMB3,832,145,000) at the rate of 3.75% which will be due by year 2023 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been completed on 23 January 2018 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 24 January 2018.

The Company has used part of the net proceeds from the bonds for fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

During the current interim period, interest expense of approximately RMB83,849,000 was recognised in condensed consolidation statement of profit or loss and other comprehensive income.

28. SHARE CAPITAL

Issued share capital as at 30 June 2020 amounted to HK\$109,684,970 (equivalent to approximately RMB105,163,000) with number of ordinary shares amounted to 1,096,849,700 of HK\$0.1 each. There were no movements in the issued share capital of the Company in the current interim period.

27. 應付債券

於二零一八年一月十六日，本公司根據美國《證券法》S規例向美國境外專業投資者發行於二零二三年到期之600,000,000美元（相等於人民幣3,832,145,000元）3.75厘的無抵押債券。該發行已於二零一八年一月二十三日完成，且債券於二零一八年一月二十四日起於香港聯交所上市。

本公司已將部分債券所得款項淨額作為滿足營運資金需求、現有債務再融資及其他一般公司用途。

於本中期期間，約人民幣83,849,000元的利息開支於簡明綜合損益及其他全面收益表中確認。

28. 股本

於二零二零年六月三十日的已發行股本為109,684,970港元（相等於約人民幣105,163,000元），分為1,096,849,700股每股面值0.1港元的普通股。於本中期期間，本公司已發行股本並無變動。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

29.SHARE AWARD SCHEME

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

Movements in the number of restricted shares granted and related fair value are as follows:

	Weighted average fair value (per share) 加權平均公允值 (每股) HK\$ 港元	No. of Restricted Shares 限制性股份數目 (' 000) (千股)
At 1 January 2019 (audited) 於二零一九年一月一日 (經審核)	97.508	2,513
Forfeited 已失效	102.460	(116)
Vested 已歸屬	61.123	(1,862)
Granted 已授出	101.976	2,390
At 31 December 2019 and 1 January 2020 (audited) 於二零一九年十二月三十一日及二零二零年一月一日 (經審核)	124.122	2,925
Forfeited 已失效	110.001	(67)
Vested 已歸屬	114.843	(950)
Granted (Note) 已授出 (附註)	122.500	846
As at 30 June 2020 (unaudited) 於二零二零年六月三十日 (未經審核)	127.166	2,754

The equity-settled share-based payments expense charged to profit or loss was approximately RMB71,760,000 for the current interim period (corresponding period of 2019: RMB55,785,000).

29. 股份獎勵計劃

本公司所獎勵的限制性股份公允值乃根據本公司股份於授出日期的市值釐定。

已授出限制性股份的數目及其相關公允值的變動如下：

於本中期期間，於損益扣除的以權益結算股份支付的款項開支約為人民幣71,760,000元（二零一九年同期：人民幣55,785,000元）。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

29.SHARE AWARD SCHEME (Continued)

Note: The restricted shares granted during the current interim period vest on every anniversary date of the grant date of each batch of the restricted shares in tranches on the following scale:

Restricted Shares	Fair value (per share) HK\$	Scales
846,000 shares	122.500	One-half

The fair value of the restricted shares granted is measured on the basis of an observable market price.

On 16 March 2020, the Board of Directors resolved to amend the existing Scheme Rules and adopted the further amended and restated Scheme Rules with effect from 22 March 2020 to extend the share award scheme period for ten years. Under the further amended and restated Scheme Rules, the Scheme shall (unless previously terminated by a resolution of the Board of Directors) terminate on the revised expiry date, being 21 March 2030.

29. 股份獎勵計劃 (續)

附註：於本中期間已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

限制性股份	公允值(每股) 港元	規模
846,000股股份	122.500	二分之一

所授出限制性股份的公允值乃基於可觀察的市場價格計量。

於二零二零年三月十六日，董事會議決修訂現有計劃規則，並採納經進一步修訂及重列之計劃規則，自二零二零年三月二十二日起生效，以將股份獎勵計劃的期限延長十年。根據經進一步修訂及重列之計劃規則，計劃應在經修訂屆滿日期（即二零三零年三月三十一日）終止（除非經董事會決議案提前終止）。

30.COMMITMENTS

30. 承擔

	30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements 已訂約但未於簡明綜合財務報表提供的有關收購物業、機器及設備的資本開支	840,756	953,200

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

31. RELATED PARTY DISCLOSURES

31. 關連人士披露

(a) Names and relationships with related parties during the periods are as follows:

(a) 期內關連人士名稱及與關連人士的關係如下：

Name 名稱	Principal activities 主要業務	Relationship 關係
Ningbo Sunny Electronic Limited ("Ningbo SST") 寧波舜宇電子有限公司 (「寧波舜宇科技」)	Manufacture and sale of telescopes and riflescopes 生產及銷售望遠鏡及瞄準器	Company controlled by a close family member of the Company's Director and ultimate controlling shareholder, Mr. Wang Wenjian 本公司董事及最終控股股東王文鑒先生近親所控制的公司
餘姚市舜藝光學儀器有限公司 (「舜藝光學」) 餘姚市舜藝光學儀器有限公司 (「舜藝光學」)	Manufacture and sale of parts for optical instruments 生產及銷售光學儀器部件	Company controlled by a close family member of the Company's chairman, Mr. Ye Liaoning 本公司主席葉遼寧先生近親所控制的公司
寧波市益康國際貿易有限公司(「益康」) 寧波市益康國際貿易有限公司 (「益康」)	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市博科貿易有限公司(「博科」) 餘姚市博科貿易有限公司 (「博科」)	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市康優寶電器經營部(「康優寶」) 餘姚市康優寶電器經營部 (「康優寶」)	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
Jiangsu Sunny Medical Equipment Co., Limited ("Jiangsu Medical") 江蘇舜宇醫療器械有限公司 (「江蘇舜宇醫療」)	Manufacture and sales of medical instruments 生產及銷售醫療器械	An associate of the Group 本集團聯營公司

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

31. RELATED PARTY DISCLOSURES (Continued)

(b) Transactions with related parties:

	Six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB' 000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB' 000 人民幣千元 (unaudited) (未經審核)
Sales of goods 銷售產品		
舜藝光學 舜藝光學	662	1,659
Jiangsu Medical 江蘇舜宇醫療	—	579
Ningbo SST 寧波舜宇科技	1,028	—
	1,690	2,238
Purchase of raw materials 購買原材料		
舜藝光學 舜藝光學	3,493	6,470
博科 博科	1,718	2,419
益康 益康	154	228
康優寶 康優寶	982	—
	6,347	9,117

All of the above transactions were entered into in accordance with the terms agreed by the relevant parties.

31. 關連人士披露 (續)

(b) 與關連人士的交易：

以上所有交易均根據相關人士協定的條款進行。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

31. RELATED PARTY DISCLOSURES (Continued)

(c) Trade balances with related parties:

At the end of the reporting period, the Group has the following significant balances with related parties:

31. 關連人士披露 (續)

(c) 與關連人士之貿易結餘：

於報告期末，本集團與關連人士的重大結餘如下：

	30 June 2020 二零二零年 六月三十日 RMB' 000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元 (audited) (經審核)
Current assets: 流動資產：		
Amounts due from related parties 應收關連人士款項		
Ningbo SST 寧波舜宇科技	1,162	—
Current liabilities: 流動負債：		
Amounts due to related parties 應付關連人士款項		
舜藝光學 舜藝光學	3,054	3,960
博科 博科	1,605	2,269
益康 益康	38	182
康優寶 康優寶	762	1,087
	5,459	7,498

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

31. RELATED PARTY DISCLOSURES (Continued)

(c) Trade balances with related parties: (Continued)

The following is an aged analysis of related parties' balance of trade nature at the end of reporting period.

	30 June 2020 二零二零年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Current assets: 流動資產：		
Within 90 days 90天內	1,162	—
Current liabilities: 流動負債：		
Within 90 days 90天內	3,832	5,971
91-120 days 91至120天	1,627	1,527
	5,459	7,498

The Group allows a credit period of 90 days to related party trade receivables (31 December 2019: 90 days). The average credit period on purchases of goods from related parties is 90 days (31 December 2019: 90 days).

31. 關連人士披露 (續)

(c) 與關連人士之貿易結餘：(續)

以下為於報告期末屬貿易性質的關連人士結餘的賬齡分析。

本集團給予關連人士貿易應收款項90天的信貸期(二零一九年十二月三十一日：90天)。關連人士貨品採購的平均信貸期為90天(二零一九年十二月三十一日：90天)。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

31. RELATED PARTY DISCLOSURES (Continued)

31. 關連人士披露 (續)

(d) Compensation of key management personnel

(d) 主要管理人員薪酬

	Six months ended 30 June 截至六月三十日止六個月	
	2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核)	2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核)
Short-term benefits 短期福利	12,036	9,449
Post-employment benefits 離職後福利	365	413
Share award scheme benefits 股份獎勵計劃福利	13,544	10,123
	25,945	19,985

32. FAIR VALUE MEASUREMENT

32. 公允值計量

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

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值

Financial assets 金融資產	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2020 (unaudited) 二零二零年 六月三十日 (未經審核)	31 December 2019 (audited) 二零一九年 十二月三十一日 (經審核)		
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Listed debt instruments: RMB134,344,000 上市債務工具： 人民幣134,344,000元	Listed debt instruments: RMB84,568,000 上市債務工具： 人民幣84,568,000元	Level 1 第一級	Quoted bid prices in an active market 活躍市場的市場報價

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

32. FAIR VALUE MEASUREMENT (Continued)

32. 公允值計量 (續)

Financial assets 金融資產	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2020 (unaudited) 二零二零年 六月三十日 (未經審核)	31 December 2019 (audited) 二零一九年 十二月三十一日 (經審核)		
Financial assets at fair value through profit or loss	Funds investments: RMB 381,309,000	Funds investments: RMB373,638,000	Level 2	Discounted cash flows Key inputs are: (1) Expected yields of debt instruments invested by banks (2) Discount rates that reflect the credit risk of the counterparties of the financial assets invested by the funds
按公允值計入損益的金融資產	基金投資： 人民幣381,309,000元	基金投資： 人民幣373,638,000元	第二級	貼現現金流量 主要輸入數據為： (1) 銀行投資債務工具的預期收益 (2) 反映基金投資金融資產的交易對手 信貸風險的貼現率
Foreign currency forward contracts classified as derivatives financial assets	Current and non- current derivative financial assets: RMB27,714,000	Current and non- current derivative financial assets: RMB22,462,000	Level 2	Discounted cash flows Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Forward exchange rate
分類為衍生金融資產的遠期外匯合約	流動及非流動衍生 金融資產： 人民幣27,714,000元	流動及非流動衍生 金融資產： 人民幣22,462,000元	第二級	貼現現金流量 主要輸入數據： (1) 反映銀行信貸風險的貼現率 (2) 遠期匯率

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

32. FAIR VALUE MEASUREMENT (Continued)

32. 公允值計量 (續)

Financial assets 金融資產	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2020 (unaudited) 二零二零年 六月三十日 (未經審核)	31 December 2019 (audited) 二零一九年 十二月三十一日 (經審核)		
Financial assets at fair value through profit or loss	Unlisted financial products: RMB5,321,134,000	Unlisted financial products: RMB5,289,170,000	Level 2	Discounted cash flows Key inputs are: (1) expected yields of debt instruments invested by banks (2) a discount rate that reflects the credit risk of the banks
按公允值計入損益的金融資產	非上市金融產品： 人民幣5,321,134,000元	非上市金融產品： 人民幣5,289,170,000元	第二級	貼現現金流量 主要輸入數據為： (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率
Foreign currency options contracts classified as derivatives financial assets and liabilities	Current derivative financial assets: RMB13,365,000 Current derivative financial liabilities: RMB14,433,000	Current derivative financial assets: RMB4,607,000 Current derivative financial liabilities: RMB1,430,000	Level 3	Black-scholes model Key unobservable input: Volatility of the foreign exchange rate (Note a)
分類為衍生金融資產及負債的外匯期權合約	流動衍生金融資產： 人民幣13,365,000元 流動衍生金融負債： 人民幣14,433,000元	流動衍生金融資產： 人民幣4,607,000元 流動衍生金融負債： 人民幣1,430,000元	第三級	柏力克－舒爾斯模式 主要不可觀察輸入數據： 匯率波動(附註a)

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

32. FAIR VALUE MEASUREMENT (Continued)

32. 公允值計量 (續)

Financial assets 金融資產	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2020 (unaudited) 二零二零年 六月三十日 (未經審核)	31 December 2019 (audited) 二零一九年 十二月三十一日 (經審核)		
Unquoted equity investments	Equity instruments at FVTOCI: RMB112,283,000 Equity investments at FVTPL: RMB122,312,000	Equity instruments at FVTOCI: RMB112,183,000 Equity investments at FVTPL: RMB100,579,000	Level 3	Income approach Key unobservable inputs: (1) Long-term revenue growth rates, taking into management's experience and knowledge of market conditions of the specific industry; (2) Weighted average cost of capital (Note b)
無報價股權投資	按公允值計入其他全面 收益的權益工具： 人民幣112,283,000元 按公允值計入損益 的股權投資： 人民幣122,312,000元	按公允值計入其他全面 收益的權益工具： 人民幣112,183,000元 按公允值計入損益 的股權投資： 人民幣100,579,000元	第三級	收入法 主要不可觀察輸入數據： (1) 長期收益增長率，經考慮管理層的經驗及對某行業市場的知識； (2) 加權平均資本成本 (附註b)

Note a: The higher the volatility of the foreign exchange rate, the higher the fair value;

附註a：匯率愈波動，公允值愈高；

Note b: The higher the long-term revenue growth, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value.

附註b：長期收益增長愈高，公允值愈高；加權平均資本成本愈高，公允值愈低。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2020 截至二零二零年六月三十日止六個月

32. FAIR VALUE MEASUREMENT (Continued)

There is no transfer among Level 1, 2 and 3 during the period.

Reconciliation of Level 3 fair value measurements of financial assets

32. 公允值計量 (續)

期內第一、二級與第三級之間並無轉移。

金融資產的第三級公允值計量的對賬

	Foreign currency options contracts 外匯期權合約 RMB' 000 人民幣千元	Unquoted equity investments 無報價股權 投資 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
At 1 January 2019 於二零一九年一月一日	(344)	184,463	184,119
Total gains (losses) 收益(虧損)總額	(3,172)	2,736	(436)
– in profit or loss – 於損益	(3,172)	2,736	(436)
– in other comprehensive income – 於其他全面收益	–	–	–
Purchases 購買	212	20,390	20,602
Settlements 結算	344	–	344
At 30 June 2019 於二零一九年六月三十日	(2,960)	207,589	204,629
At 1 January 2020 於二零二零年一月一日	3,177	212,762	215,939
Total gains (losses) 收益(虧損)總額	(9,055)	21,733	12,678
– in profit or loss – 於損益	(9,055)	21,733	12,678
Purchases 購買	1,633	100	1,733
Settlements 結算	3,177	–	3,177
At 30 June 2020 於二零二零年六月三十日	(1,068)	234,595	233,527

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

本公司董事認為，在簡明綜合財務報表中按攤銷成本計量的金融資產及金融負債的賬面值與其公允值相若。

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 5 NOVEMBER 2020 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

The information set out below is a reproduction of the press release dated 5 November 2020 containing the Guarantor's consolidated financial results for the third quarter ended 30 September 2020.

RESULTS AT SEPTEMBER 30TH 2020

Press release

Paris, November 5th 2020

Q3 20 KEY INFORMATION: CONFIRMED REBOUND

Substantial improvement in gross operating income +14.6%* vs. Q3 19

Rebound in revenues in all activities: revenues +9.7% vs. Q2 20 (+0.5%* vs. Q3 19)

Operating expenses down -8.2% vs. Q3 19 (-5.6%*) and -6.5% vs. 9M 19 (-4.5%*)

Positive jaws effect at Group level

Q3 20 cost of risk substantially lower than in Q2 20 at 40 basis points

Reported Group net income of EUR 862m (+9.8%* vs. Q3 19) - underlying Group net income of EUR 742m in Q3 20 and EUR 803m in 9M 20

SIGNIFICANT INCREASE IN CET1 RATIO AT 13.2%⁽¹⁾

Dividend provision of EUR 0.21 per share⁽²⁾ included in CET1

High level of capital (~420bp buffer over regulatory requirement) giving the Group flexibility in terms of shareholders' return

2020 OBJECTIVES

Objective of underlying operating expenses of around EUR 16.5bn

Cost of risk of around 70bp

Objective of a CET1 ratio above 12% at end-2020

SOCIÉTÉ GÉNÉRALE GROUP FULLY MOBILISED TO SERVING THE ECONOMY

More than EUR 20bn of State Guaranteed Loan applications at Group level

NEW ENERGY TRANSITION COMMITMENTS

Target to reduce overall exposure to the oil and gas extraction sector by 10% by 2025:

- by supporting the energy transition of our clients, through a priority of financing renewable energies and gas in the transition phase
- by stopping new financing of onshore oil & gas extraction in the US (Reserve Based Lending)

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

"The Société Générale Group's Q3 results illustrate the ability of all our businesses to rebound, after the exceptional lockdown period that we have experienced, and to adapt to a still very uncertain environment. The performances reflect our efforts in terms of commercial development, cost control and rigorous risk management. The solidity of the balance sheet, both in terms of asset quality and level of capital, enables us to approach the coming months with confidence and build our new strategic roadmap on sound foundations. With the exceptional commitment of our teams, we have the ambition to support our customers both in the current crisis and in the longer term with their energy and digital transition, and we are confident of our ability to enhance the added value and competitiveness of our different businesses."

*The footnote * in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates*

(1) Including +19bp of IFRS 9 phasing and ~+10bp impact of closing of SG Finans dated 1 October 2020

(2) Corresponding to 50% of underlying Group net income in 9M 20, after deducting interests on deeply subordinated notes and undated subordinated notes

1. GROUP CONSOLIDATED RESULTS

In EURm	Q3 20	Q3 19	Change		9M 20	9M 19	Change	
Net banking income	5,809	5,983	-2.9%	+0.5%*	16,275	18,458	-11.8%	-9.4%*
Operating expenses	(3,825)	(4,165)	-8.2%	-5.6%*	(12,363)	(13,224)	-6.5%	-4.5%*
Underlying operating expenses(1)	(4,002)	(4,317)	-7.3%	-4.8%*	(12,186)	(12,816)	-4.9%	-2.8%*
Gross operating income	1,984	1,818	+9.1%	+14.6%*	3,912	5,234	-25.3%	-22.3%*
Underlying gross operating income(1)	1,807	1,666	+8.5%	+14.4%*	4,089	5,642	-27.5%	-24.9%*
Net cost of risk	(518)	(329)	+57.4%	+67.7%*	(2,617)	(907)	x 2.9	x 3.0*
Operating income	1,466	1,489	-1.5%	+2.9%*	1,295	4,327	-70.1%	-69.6%*
Underlying operating income(1)	1,289	1,337	-3.6%	+1.3%*	1,472	4,753	-69.0%	-68.6%*
Net profits or losses from other assets	(2)	(71)	+97.2%	+97.2%*	82	(202)	n/s	n/s
Underlying net profits or losses from other assets(1)	(2)	42	n/s	n/s	159	47	x 3.4	x 3.3*
Impairment losses on goodwill	0	0	n/s	n/s	(684)	0	n/s	n/s
Income tax	(467)	(389)	+20.1%	+20.1%*	(1,079)	(1,034)	+4.4%	+23.0%*
Reported Group net income	862	854	+0.9%*	+9.8%*	(728)	2,594	n/s	n/s
Underlying Group net income(1)	742	855	-13.2%	-5.9%*	803	3,183	-74.8%	-74.7%*
ROE	5.7%	5.3%			-3.0%	5.5%		
ROTE	6.5%	6.1%			-1.4%	6.7%		
Underlying ROTE (1)	5.5%	6.1%			1.0%	8.1%		

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

Societe Generale's Board of Directors, which met on November 4th, 2020 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q3 and 9M 2020.

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

Net banking income

Q3 was marked by a general rebound in all the Group's activities in an environment still characterised by the global health crisis. There was a significant improvement in the Group's net banking income (+9.7%) vs. Q2 20 to EUR 5,809 million. It was stable (+0.5%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q3 19 (-2.9% on a reported basis). It was down -9.4%* in 9M 20 vs. 9M 19 (-11.8% in 9M 20 vs. 9M 19).

Net banking income (excluding PEL/CEL provision) for French Retail Banking was up +6.2% vs. Q2 20 and down -4.5% vs. Q3 19. The dynamic rebound was also observed on International Retail Banking & Financial Services' revenues (+9.9%* vs. Q2 20, -2.6%* vs. Q3 19).

Global Banking & Investor Solutions' net banking income was up +8.2% vs. Q2 20 and +1% vs. Q3 19. Global Markets experienced a sharp rebound, particularly in the Equity businesses, against the backdrop of the normalisation of market conditions.

Operating expenses

Operating expenses were significantly lower in Q3 20 at EUR 3,825 million (-8.2% vs. Q3 19 and -5.6%* when adjusted for changes in Group structure and at constant exchange rates), resulting in a positive jaws effect in the quarter, and in 9M 20 at EUR 12,363 million (-6.5% vs. 9M 19 and -4.5%* when adjusted for changes in Group structure and at constant exchange rates). Underlying operating expenses totalled EUR 4,002 million in Q3 20, down -7.3% vs. Q3 19, and EUR 12,186 million in 9M 20, down -4.9% vs. 9M 19, after including the linearisation of the IFRIC 21 impact.

All the Group's businesses contributed to this decline: French Retail Banking's costs were down -6.0% in Q3 20 vs. Q3 19, those of International Retail Banking & Financial Services were down -8.4% in Q3 20 vs. Q3 19 and those of Global Banking & Investor Solutions were down -9.8% in Q3 20 vs. Q3 19.

The Group expects underlying operating expenses of around EUR 16.5 billion for 2020. In addition, the Group is already working on reducing its costs beyond 2020: expected decline of EUR 450 million by 2022/2023 in Global Markets, study under way on French Retail Banking, ongoing optimisation of cross-functional processes, gradual benefit of the finalisation of remediation efforts as from 2022, ramping up of digitalisation.

Cost of risk

The commercial cost of risk amounted to 40 basis points in Q3 20, substantially lower than in the last quarter (97 basis points in Q2 20 and 26 basis points in Q3 19), and 67 basis points in 9M 20.

The net cost of risk amounted to EUR 518 million in Q3 20 and breaks down into EUR 382 million in respect of loans classified in Stage 3 (credit-impaired) and EUR 136 million in respect of loans classified in Stage 1 (performing) and Stage 2 (underperforming), o/w EUR 123 million impact of macroeconomic scenarios review in International Retail Banking & Financial Services.

In the first nine months, the net cost of risk amounted to EUR 2,617 million, with EUR 1,617 million in respect of loans classified in Stage 3 and EUR 1,000 million in respect of loans classified in Stage 1 and Stage 2.

As of September 30th, the total amount of repayment moratoriums was around EUR 35 billion, o/w EUR 9 billion already expired. The end of these moratoriums has a limited impact on the Group's cost of risk.

The Group expects a 2020 commercial cost of risk of around 70 basis points.

The gross doubtful outstandings ratio amounted to 3.4%⁽¹⁾ at September 30th 2020, up +20bp vs. September 30th 2019. The Group's gross coverage ratio for doubtful outstandings stood at 52%⁽²⁾ at September 30th 2020 (54% at June 30th 2020).

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR -2 million in Q3 20 and EUR +82 million in 9M 20.

⁽¹⁾ NPL ratio calculated according to the new EBA methodology

⁽²⁾ Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings

Group net income

In EURm	Q3 20	Q3 19	9M 20	9M 19
Reported Group net income	862	854	(728)	2,594
Underlying Group net income ⁽¹⁾	742	855	803	3,183

In %	Q3 20	Q3 19	9M 20	9M 19
ROTE (reported)	6.5%	6.1%	-1.4%	6.7%
Underlying ROTE ⁽¹⁾	5.5%	6.1%	1%	8.1%

Earnings per share is negative and amounts to EUR -1.38 in 9M 20 (EUR 2.49 in 9M 19). Underlying earnings per share amounts to EUR 0.42 (EUR 3.21 in 9M 19). The dividend provision, corresponding to 50% of underlying net income after deducting interest on deeply subordinated notes and undated subordinated notes for 9M 20, amounts to EUR 0.21 per share.

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

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 60.6 billion at September 30th, 2020 (EUR 63.5 billion at December 31st, 2019). Net asset value per share was EUR 62.0 and tangible net asset value per share was EUR 54.45.

The **consolidated balance sheet** totalled EUR 1,472 billion at September 30th, 2020 (EUR 1,356 billion at December 31st, 2019). The net amount of customer loan outstandings at September 30th, 2020, including lease financing, was EUR 440 billion (EUR 430 billion at December 31st, 2019) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 440 billion, vs. EUR 410 billion at December 31st, 2019 (excluding assets and securities sold under repurchase agreements).

At end-September 2020, the parent company had issued EUR 26.9 billion of medium/long-term debt, having an average maturity of 5.6 years and an average spread of 61 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 765 million. At September 30th, 2020, the Group had issued a total of EUR 27.6 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 179% at end-September 2020, vs. 119% at end-December 2019. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-September 2020.

The Group's **risk-weighted assets** (RWA) amounted to EUR 352.3 billion at September 30th, 2020 (vs. EUR 345.0 billion at end-December 2019) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 80.7% of the total, at EUR 284.4 billion, up 0.7% vs. December 31st, 2019.

At September 30th, 2020, the Group's **Common Equity Tier 1** ratio stood at 13.1% (13.2% pro forma for the impact of the disposal of SG Finans which was finalised on October 1st, 2020, i.e. around 420 basis points above the regulatory requirement). The CET1 ratio at September 30th, 2020 includes an effect of +19 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 12.9%. The Tier 1 ratio stood at 15.1%⁽¹⁾ at end-September 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 18.2%⁽¹⁾ (18.3% at end-December 2019).

The CET1 ratio is expected to be above 12% at end-2020, taking into account all the regulatory developments related to the review of internal models (TRIM).

With a level of 29.6%⁽¹⁾ of RWA and 8.7%⁽¹⁾ of leveraged exposure at end-September 2020, the Group's TLAC ratio is above the FSB's requirements for 2020. At September 30th, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF⁽²⁾ (which, in December 2017, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.

The **leverage ratio** stood at 4.4%⁽¹⁾ at September 30th, 2020 (4.3% at end-December 2019).

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

(1) Excluding IFRS 9 phasing

(2) TLOF: Total Liabilities and Own Funds

3. FRENCH RETAIL BANKING

In EURm	Q3 20	Q3 19	Change	9M 20	9M 19	Change
Net banking income	1,836	1,879	-2.3%	5,470	5,789	-5.5%
Net banking income excl. PEL/CEL	1,857	1,945	-4.5%	5,511	5,894	-6.5%
Operating expenses	(1,292)	(1,375)	-6.0%	(3,975)	(4,209)	-5.6%
Gross operating income	544	504	+7.9%	1,495	1,580	-5.4%
Gross operating income excl. PEL/CEL	565	570	-0.9%	1,536	1,685	-8.8%
Net cost of risk	(130)	(95)	+36.8%	(821)	(318)	+158.2%
Operating income	414	409	+1.2%	674	1,262	-46.6%
Net profits or losses from other assets	3	41	-92.7%	139	43	+223.3%
Reported Group net income	283	311	-9.0%	562	901	-37.6%
RONE	9.5%	11.0%		6.5%	10.6%	
Underlying RONE (1)	9.2%	12.0%		7.1%	11.7%	

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

After the substantial impact of the lockdown on activity in Q2, French Retail Banking's commercial performance improved in Q3 20.

The brands continued to expand their activity on their core target customers.

Boursorama consolidated its position as the leading online bank in France, with around 2.5 million clients at end-September 2020 (around 450,000 new clients in one year) while maintaining its No. 1 position in terms of client satisfaction⁽¹⁾. The number of stock market orders doubled compared to Q3 19.

Net inflow for wealthy clients remained robust at EUR 919 million in Q3 20 (EUR 2.2 billion over 9 months 2020), taking assets under management to EUR 67.4 billion (including Crédit du Nord) at end-September 2020.

Life insurance outstandings totalled EUR 93.4 billion, with the unit-linked share accounting for 25.9% of outstandings. The unit-linked share of outstandings increased by 126bp vs. Q3 19.

The brands continued to develop their insurance business, with Property/Casualty insurance premiums up 6.4% vs. Q3 19.

Average investment loan outstandings (including leases) rose 25.7% vs. Q3 19 to EUR 88.3 billion (+5.5% excluding State Guaranteed Loans). Average outstanding loans to individuals were up 4.5% at EUR 122.3 billion, bolstered by housing loans.

As a result, average loan outstandings climbed 12.2% (+5.0% excluding State Guaranteed Loans) vs. Q3 19 to EUR 222.4 billion.

French Retail Banking continued to support the economy, accompanying individual, corporate and professional customers.

As of October 16th, 2020, around 91,800 applications had been received for State Guaranteed Loans for a total amount of EUR 19.7 billion at Group level in France.

Average outstanding balance sheet deposits⁽²⁾ were 14.1% higher than in Q3 19 (+4.9% vs. Q2 20) at EUR 239.9 billion, still driven by sight deposits (+19.8% vs. Q3 19)⁽³⁾.

As a result, the average loan/deposit ratio stood at 92.7% in Q3 20.

⁽¹⁾ Source: Bain & Company 2020

⁽²⁾ Including BMTN (negotiable medium-term notes)

⁽³⁾ Including currency deposits

Net banking income excluding PEL/CEL

Q3 20: revenues (excluding PEL/CEL) totalled EUR 1,857 million, down -4.5% vs. Q3 19 but up 6.2% vs. the low point in Q2 20.

Net interest income (excluding PEL/CEL) was 5.1% lower than in Q3 19 against a backdrop of low interest rates and a sharp rise in deposits. However, it picked up compared to Q2 20 (+2.8%), bolstered in particular by loan production and TLTRO effects.

Commissions were 4.0% lower than in Q3 19 but picked up compared to Q2 20 (+6.6%), with financial commissions down compared to the high level in Q2 20 and stable compared to Q3 19 (-3.0% vs. Q2 20, +0.8% vs. Q3 19), and a gradual recovery in service commissions (+7.8% vs. Q2 20, -7.5% vs. Q3 19).

9M 20: revenues (excluding PEL/CEL) totalled EUR 5,511 million, down -6.5% vs. 9M 19, reflecting the effects of the Covid-19 crisis. Net interest income (excluding PEL/CEL) was 3.3% lower and commissions were down -6.9% (-4.7% excluding adjustment for tax related to commissions in Q2 19).

Operating expenses

Q3 20: French Retail Banking generated a positive jaws effect, thereby improving its operating leverage. Operating expenses were substantially lower at EUR 1,292 million (-6.0% vs. Q3 19), illustrating the Group's work on costs. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) was lower at 71.4%.

9M 20: operating expenses were lower at EUR 3,975 million (-5.6% vs. 9M 19). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.5%.

Cost of risk

Q3 20: the commercial cost of risk amounted to EUR 130 million or 24 basis points, returning to normal after peaking in Q2 20 (85bp). It includes EUR 55 million of S1/S2 (performing/underperforming loans) provisioning and EUR 75 million of S3 (credit-impaired loans) provisioning.

9M 20: the commercial cost of risk amounted to EUR 821 million or 52 basis points, higher than in 9M 19 (22bp, EUR 318 million). It includes EUR 411 million of S1/S2 provisioning and EUR 410 million of S3 (non-performing loans) provisioning.

Net profits or losses from other assets

Q3 20: "Net profits or losses from other assets" amounted to EUR 3 million vs. EUR 41 million in Q3 19.

9M 20: "Net profits or losses from other assets" amounted to EUR 139 million, including a capital gain of EUR 130 million relating to the Group's property disposal programme realised in Q1 2020.

Contribution to Group net income

Q3 20: the contribution to Group net income totalled EUR 283 million (-9.0% vs. Q3 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 9.2% in Q3 20 (vs. 12.0% in Q3 19).

9M 20: the contribution to Group net income totalled EUR 562 million (-37.6% vs. 9M 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 7.1% in 9M 20 (vs. 11.7% in 9M 19).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q3 20	Q3 19	Change		9M 20	9M 19	Change	
Net banking income	1,891	2,096	-9.8%	-2.6%*	5,605	6,296	-11.0%	-4.0%*
Operating expenses	(999)	(1,091)	-8.4%	-0.2%*	(3,124)	(3,440)	-9.2%	-1.4%*
Gross operating income	892	1,005	-11.2%	-5.1%*	2,481	2,856	-13.1%	-7.0%*
Net cost of risk	(331)	(169)	+95.9%	x 2.2	(978)	(430)	x 2.3	x 2.4
Operating income	561	836	-32.9%	-29.4%*	1,503	2,426	-38.0%	-34.2%*
Net profits or losses from other assets	(2)	1	n/s	n/s	9	2	x 4.5	x 3.4
Reported Group net income	337	513	-34.3%	-29.3%*	928	1,492	-37.8%	-32.5%*
RONE	12.9%	18.7%			11.6%	17.8%		
Underlying RONE (1)	12.3%	18.1%			11.8%	18.2%		

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 29 million in Q2 19.

International Retail Banking saw a rebound in loan and deposit production in all regions from June. Outstanding loans totalled EUR 84.6 billion. They rose +3.7%* vs. end-September 2019; they were down -5.5% at current structure and exchange rates, given the disposals finalised since September 2019: SKB in Slovenia, OBSG in Macedonia and Societe Generale de Banque aux Antilles. Outstanding deposits climbed +9.3%* (-2.3% at current structure and exchange rates) vs. September 2019, to EUR 79.0 billion.

For the Europe scope, outstanding loans were up +3.1%* vs. September 2019, at EUR 53.7 billion (-5.1% at current structure and exchange rates), driven by the Czech Republic (+4.6%*, -0.8%) and to a lesser extent Western Europe (+2.3%). Outstanding deposits were up +7.1%* (-4.3% at current structure and exchange rates), with a healthy momentum in the Czech Republic (+7.4%*, +1.8%) and Romania (+9.5%*, +6.7%).

In Russia, there was a significant increase in outstanding loans (+7.5%* at constant exchange rates, -17.1% at current exchange rates) while outstanding deposits climbed +19.5%* (-7.9% at current exchange rates).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +3.6%* (or -0.9%) vs. September 2019, including +2.3%* in the Mediterranean Basin and +3.1%* in Sub-Saharan Africa. Outstanding deposits enjoyed a strong momentum, up +9.5%* (+5.1%).

In the Insurance business, the life insurance savings business saw outstandings increase +1%* vs. September 2019. The share of unit-linked products in outstandings was 30% at end-September 2020, up 2 points vs. September 2019. Protection insurance fell -1.1%* vs. Q3 19. The 8.2%* increase in Property/Casualty premiums was offset by a decline in personal protection insurance (-6.8%* vs. Q3 19).

Financial Services to Corporates delivered a resilient commercial performance. Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+2% vs. end-September 2019) to 1.76 million vehicles at end-September 2020. Equipment Finance's outstanding loans were up +0.7%* vs. end-September 2019, at EUR 17.8 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 1,891 million in Q3 20, down -2.6%* (-9.8%) vs. Q3 19. The increase of +9.9%* vs. Q2 20 illustrates the recovery in activity. Revenues totalled EUR 5,605 million in 9M 20, down -4.0%* (-11.0%) vs. 9M 19.

In International Retail Banking, net banking income totalled EUR 1,216 million in Q3 20, down -3.9%* (-13.2%) vs. Q3 19, marked in particular by a fall in net interest income in the Czech Republic and

Romania, in conjunction with the decline in rates. Net banking income was 6.5%* higher than in Q2 20.

Net banking income amounted to EUR 3,666 million in 9M 20, down -3.3%* (-12.7%) vs. 9M 19.

The Insurance business saw a slight fall in net banking income (-1.6%* vs. Q3 19) to EUR 223 million in Q3 20 (-1.8%), but an increase of +5.5%* vs. Q2 20. Net banking income was down -3.1%* (-3.5%) in 9M 20, at EUR 663 million.

Financial Services to Corporates' net banking income was up +1%* (-3.4%) vs. Q3 19 and +22.1%* vs. Q2 20, at EUR 452 million. ALD posted a used car sale result of EUR 333 per vehicle in Q3 20 and has revised its full-year target between EUR -50 and EUR 150 per vehicle for 2020. Financial Services to Corporates' net banking income came to EUR 1,276 million in 9M 20, down -6.4%* (-9.4%) vs. 9M 19.

Operating expenses

Operating expenses were down -0.2%* (-8.4%), at EUR -999 million, vs. Q3 19, reflecting control of costs. They fell -1.4%* (-9.2%) in 9M 20, to EUR 3,124 million. The cost to income ratio stood at 52.8% in Q3 20 and 55.7% in 9M 20.

In International Retail Banking, operating expenses were down -1.4%* (-11.1%) vs. Q3 19 and down -0.5%* (-10.1%) vs. 9M 19.

In the **Insurance** business, operating expenses were slightly higher (+0.7%*, stable at current structure) than in Q3 19. They were up +3.1%* (+2.6%) vs. 9M 19.

In **Financial Services to Corporates**, operating expenses were down -0.3%* (-6.2%) vs. Q3 19 and -1.7%* (-6.8%) vs. 9M 19.

Cost of risk

Q3 20: the commercial cost of risk amounted to 102 basis points (or EUR 332 million), vs. 125 basis points in Q2 20 and 49 basis points in Q3 19, which included a net provision write-back incorporating insurance payouts in Romania. The Q3 cost of risk includes EUR 120 million for the estimate of expected credit losses in Stage 1 and Stage 2, including EUR 123 million for the impact related to the review of macro-economic scenarios.

9M 20: the cost of risk amounted to 98 basis points (EUR 978 million); it was 42 basis points in 9M 19. The estimate of expected credit losses in Stage 1 and Stage 2 amounted to EUR 310 million.

Contribution to Group net income

The contribution to Group net income totalled EUR 337 million in Q3 20 (-34.3% vs. Q3 19) and EUR 928 million in 9M 20 (-37.8% vs. 9M 19). Underlying RONE stood at 12.3% in Q3 20 (vs. 18.1% in Q3 19), and 11.8% in 9M 20 (vs. 18.2% in 9M 19).

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q3 20	Q3 19	Change		9M 20	9M 19	Change	
Net banking income	2,034	2,013	+1.0%	+2.5%*	5,541	6,518	-15.0%	-14.9%*
Operating expenses	(1,478)	(1,638)	-9.8%	-8.3%*	(5,025)	(5,579)	-9.9%	-9.7%*
Gross operating income	556	375	+48.3%	+49.4%*	516	939	-45.0%	-45.4%*
Net cost of risk	(57)	(65)	-12.3%	-7.8%*	(818)	(140)	x 5.8	x 5.9
Operating income	499	310	+61.0%	+60.7%*	(302)	799	n/s	n/s
Reported Group net income	381	253	+50.6%	+50.2%*	(223)	667	n/s	n/s
RONE	10.3%	6.9%			-2.1%	5.7%		
Underlying RONE (1)	7.9%	5.1%			-1.3%	7.7%		

(1) Adjusted for the linearisation of IFRIC 21

Net banking income

Q3 20: Global Banking & Investor Solutions' revenues were up +1.0% (+2.5%* when adjusted for changes in Group structure and at constant exchange rates) at EUR 2,034 million and rebounded +8.2% (+10.8%*) compared to Q2 20.

9M 20: net banking income was down -12.7% vs. 9M 19 when adjusted for the impact of restructuring, the revaluation of SIX securities (EUR +66 million) and the disposal of Private Banking in Belgium. On a reported basis, the decrease is -15.0%.

In Global Markets & Investor Services, net banking income totalled EUR 1,245 million, up +4.5% (+6.3%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q3 19.

Fixed Income & Currencies delivered another solid performance, with revenues of EUR 569 million, up +9.4% vs. Q3 19. Market conditions have normalised compared to H1 20. The solid Q3 performance was driven in particular by healthy activity with European corporate clients, higher revenues in the Americas region and in flow & hedging activities.

There was a sharp rebound in Equity activities, with net banking income 3.7 times higher than in Q2 20, and up +5.1% vs. Q3 19. Flow & hedging activities performed well in Q3, and the Asia and Americas regions enjoyed strong volumes. There was a gradual recovery in equity structured product revenues vs. Q2 20, impacted by the current reduction in the risk profile. The good performance of listed products helped offset this impact.

The implementation of decisions following the strategic review of equity and credit structured products is under way:

- Reducing the risk profile of these products in line with the plan with, in particular, a decrease in the exposure to the most complex products
- Maintaining the leadership position on the investment solutions franchise

Securities Services' assets under custody amounted to EUR 4,328 billion at end-September 2020, up +2.1% vs. end-June 2020. Over the same period, assets under administration were up +2.3% at EUR 613 billion. Securities Services' revenues totalled EUR 145 million in Q3 20 and were down -12.7% vs. Q3 19.

Financing & Advisory revenues totalled EUR 579 million in Q3 20, down -2.8%* vs. Q3 19 (-4.1% at current structure and exchange rates).

Investment banking enjoyed a healthy activity in Q3 20, albeit slower in the debt market compared to Q2 which saw a record number of issues. Acquisition financing activity was sustained.

Financing activities were adversely affected by the slowdown in aircraft and property financing.

After a second quarter marked by the crisis and a decline in volumes, Global Transaction and Payment Services posted a better performance than in Q2 20, benefiting from a rebound in commissions.

Asset and Wealth Management's net banking income totalled EUR 210 million in Q3 20, down -3.7% vs. Q3 19 (-3.7%* when adjusted for changes in Group structure and at constant exchange rates).

Lyxor's net banking income amounted to EUR 53 million, up +10.4% vs. Q3 19. It rebounded by +32.5% vs. Q2 20, driven by the ETF segment and the rebound in equity markets. Lyxor's assets under management totalled EUR 133 billion at end-September 2020. Lyxor's varied ESG ETF offering contributed to the increase in net inflow in the first nine months.

Private Banking posted a performance that was 7.3% lower in Q3 20 than in Q3 19, with net banking income of EUR 153 million. Revenues were hit by market conditions and weaker activity. Assets under management were stable in Q3 20, at EUR 114 billion. Net inflow totalled EUR 1.8 billion in the first nine months of the year, driven by France.

Operating expenses

Q3 20: operating expenses were substantially lower (-9.8%) than in Q3 19. The pillar generated a positive jaws effect in Q3 20.

9M 20: operating expenses, restated for the restructuring provision recorded in Q2 19 for EUR 227 million, were down -7.3%.

Net cost of risk

Q3 20: the commercial cost of risk amounted to 14 basis points (or EUR 57 million), vs. 95 basis points in Q2 20 and 16 basis points in Q3 19. It includes EUR -34 million of S1/S2 (performing/underperforming loans) provisioning and EUR 92 million of S3 (credit-impaired loans) provisioning.

9M 20: the cost of risk amounted to 66 basis points (EUR 818 million), including EUR 284 million of S1/S2 provisioning and EUR 534 million of S3 (non-performing loans) provisioning.

Contribution to Group net income

The contribution to Group net income amounted to EUR 381 million in Q3 20, an increase of +50.6% vs. Q3 19, and EUR -223 million in 9M 20.

RONE (after linearisation of the IFRIC 21 charge) stood at 7.9% vs. 5.1% in Q3 19. It was negative in the first nine months.

6. CORPORATE CENTRE

<i>In EURm</i>	Q3 20	Q3 19	9M 20	9M 19
Net banking income	48	(5)	(341)	(145)
Operating expenses	(56)	(61)	(239)	4
Gross operating income	(8)	(66)	(580)	(141)
Net cost of risk	0	0	0	(19)
Net profits or losses from other assets	(3)	(115)	(80)	(249)
Impairment losses on goodwill	0		(684)	
Income tax	(84)	7	(534)	70
Reported Group net income	(139)	(223)	(1,995)	(466)

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects and certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR 48 million in Q3 20 vs. EUR -5 million in Q3 19 and EUR -341 million in 9M 20 vs. EUR -145 million in 9M 19.

Operating expenses totalled EUR -56 million in Q3 20 vs. EUR -61 million in Q3 19. They amounted to EUR -239 million in 9M 20 vs. EUR +4 million in 9M 19.

Gross operating income totalled EUR -8 million in Q3 20 vs. EUR -66 million in Q3 19 and EUR -580 million in 9M 20 vs. EUR -141 million in 9M 19.

Net profits or losses from other assets amounted to EUR -3 million in Q3 20 vs. EUR -115 million in Q3 19 and EUR -80 million in 9M 20 vs. EUR -249 million in 9M 19, related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan.

The Corporate Centre's contribution to Group net income was EUR -139 million in Q3 20 vs. EUR -223 million in Q3 19 and EUR -1,995 million in 9M 20 vs. EUR -466 million in 9M 19.

7. CONCLUSION

The Group posted gross operating income up +14.6%* in Q3 20 vs. Q3 19, demonstrating its ability to rebound while at the same time improving its operating leverage. At the same time, the balance sheet has been further strengthened, with a CET1 level of 13.2%⁽¹⁾, i.e. around 420 basis points above the regulatory requirement, giving the Group flexibility in terms of shareholders' return

The Group posted a dividend provision of EUR 0.21 per share⁽²⁾.

In 2020, the Group anticipates:

- underlying operating expenses of around EUR 16.5 billion
- an expected cost of risk of around 70 basis points
- a CET1 ratio above 12.0% at end-2020 assuming full trim regulatory impact

The Group continues to develop its value proposition while working to strengthen the profitability of its businesses:

- Global Banking & Investor Solutions has demonstrated its ability to support its clients while improving its operational efficiency
- French Retail Banking is accelerating the expansion of Boursorama and entering a new phase with the study on the merger between its two networks, Societe Generale and Crédit du Nord
- International Retail Banking & Financial Services has confirmed its position as a resilient and profitable business

In particular, the Group will present the conclusion of its strategic study on the merger of Crédit du Nord and Societe Generale to the market on December 7th, 2020. The Global Banking & Investor Solutions' strategy will be presented in Q1 2021.

⁽¹⁾ including +19 basis points for IFRS9 phasing and pro-forma for the capital impact of the disposal of SG Finans which was finalised on October 1st, 2020 (around + 10 basis points)

⁽²⁾ corresponding to 50% of underlying Group net income in 9M 20, after deducting interests on deeply subordinated notes and undated subordinated notes

8. 2020 FINANCIAL CALENDAR

2020 Financial communication calendar

February 10 th , 2021	Fourth quarter and FY 2020 results
May 6 th , 2021	First quarter 2021 results
August 3 rd , 2021	Second quarter and first half 2021 results
November 4 th , 2021	Third quarter and nine-month 2021 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, in particular in the Covid-19 crisis context, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Universal Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q3 20	Q3 19	Change	9M 20	9M 19	Variation
French Retail Banking	283	311	-9.0%	562	901	-37.6%
International Retail Banking and Financial Services	337	513	-34.3%	928	1,492	-37.8%
Global Banking and Investor Solutions	381	253	50.6%	(223)	667	n/s
Core Businesses	1,001	1,077	-7.1%	1,267	3,060	-58.6%
Corporate Centre	(139)	(223)	+37.6%	(1,995)	(466)	n/s
Group	862	854	+0.9%	(728)	2,594	n/s

CHANGES Q3 20/Q2 20 – NET BANKING INCOME, OPERATING EXPENSES AND GROSS OPERATING INCOME

Net Banking Income (in EURm)	Q3 20	Q2 20	Change	
French Retail Banking	1,836	1,754	+4.7%	+4.7%*
International Retail Banking and Financial Services	1,891	1,750	+8.1%	+9.9%*
Global Banking and Investor Solutions	2,034	1,880	+8.2%	+10.8%*
Corporate Centre	48	(88)	n/s	n/s
Group	5,809	5,296	9.7%	11.4%*

Operating Expenses (in EURm)	Q3 20	Q2 20	Change	
French Retail Banking	(1,292)	(1,233)	+4.8%	+4.8%*
International Retail Banking and Financial Services	(999)	(979)	+2.0%	+3.1%*
Global Banking and Investor Solutions	(1,478)	(1,570)	-5.9%	-4.2%*
Corporate Centre	(56)	(78)	-28.2%	-28.3%*
Group	(3,825)	(3,860)	-0.9%	+0.1%*

Gross operating income (in EURm)	Q3 20	Q2 20	Change	
French Retail Banking	544	521	+4.4%	+4.4%*
International Retail Banking and Financial Services	892	771	+15.7%	+18.7%*
Global Banking and Investor Solutions	556	310	+79.4%	+90.0%*
Corporate Centre	(8)	(166)	+95.2%	+95.3%*
Group	1,984	1,436	+38.2%	+42.3%*

CONSOLIDATED BALANCE SHEET

	30.09.2020	31.12.2019
Cash, due from central banks	165,215	102,311
Financial assets at fair value through profit or loss	435,295	385,739
Hedging derivatives	21,657	16,837
Financial assets measured at fair value through other comprehensive income	53,511	53,256
Securities at amortised cost	15,094	12,489
Due from banks at amortised cost	52,119	56,366
Customer loans at amortised cost	453,930	450,244
Revaluation differences on portfolios hedged against interest rate risk	422	401
Investment of insurance activities	164,533	164,938
Tax assets	4,862	5,779
Other assets	68,188	68,045
Non-current assets held for sale	3,775	4,507
Investments accounted for using the equity method	100	112
Tangible and intangible assets	29,590	30,652
Goodwill	4,046	4,627
Total	1,472,337	1,356,303

	30.09.2020	31.12.2019
Central banks	4,958	4,097
Financial liabilities at fair value through profit or loss	411,727	364,129
Hedging derivatives	12,409	10,212
Debt securities issued	133,084	125,168
Due to banks	137,676	107,929
Customer deposits	445,226	418,612
Revaluation differences on portfolios hedged against interest rate risk	8,338	6,671
Tax liabilities	1,330	1,409
Other liabilities	90,218	85,062
Non-current liabilities held for sale	791	1,333
Liabilities related to insurance activities contracts	141,687	144,259
Provisions	4,415	4,387
Subordinated debts	14,768	14,465
Total liabilities	1,406,627	1,287,733
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	30,157	31,102
Retained earnings	32,362	29,558
Net income	(728)	3,248
Sub-total	61,791	63,908
Unrealised or deferred capital gains and losses	(1,198)	(381)
Sub-total equity, Group share	60,593	63,527
Non-controlling interests	5,117	5,043
Total equity	65,710	68,570
Total	1,472,337	1,356,303

10. APPENDIX 2: METHODOLOGY

1 – The financial information presented in respect of Q3 and 9M 2020 was examined by the Board of Directors on November 4th, 2020 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 – Net banking income

The pillars' net banking income is defined on page 43 of Societe Generale's 2020 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2019 (pages 423 et seq. of Societe Generale's 2020 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses.

The Cost/Income Ratio is defined on page 43 of Societe Generale's 2020 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for **PEL/CEL provision allocations or write-backs**. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q3 20 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income Tax	Group net income	Business
Reported	(3,825)	(518)	(2)	0	(467)	862	
(+) IFRIC 21 linearisation	(177)				53	(120)	
Underlying	(4,002)	(518)	(2)	0	(414)	742	

9M 20 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income Tax	Group net income	Business
Reported	(12,363)	(2,617)	82	(684)	(1,079)	(728)	
(+) IFRIC 21 linearisation	177				(53)	120	
(-) Group refocusing plan*			(77)		0	(77)	Corporate Centre
(-) Goodwill impairment*				(684)	0	(684)	Corporate Centre
(-) DTA impairment*					(650)	(650)	Corporate Centre
Underlying	(12,186)	(2,617)	159	0	(482)	803	

Q3 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	(4,165)	(329)	(71)	854	
(+) IFRIC 21 linearisation	(152)			(110)	
(-) Group refocusing plan*			(113)	(111)	Corporate Centre
Underlying	(4,317)	(329)	42	855	

9M 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	(13,224)	(907)	(202)	2,594	
(+) IFRIC 21 linearisation	152			110	
(-) Restructuring provision*	(256)			(192)	GBIS (EUR -227m) / IBFS (EUR -29m)
(-) Group refocusing plan*		(18)	(249)	(287)	Corporate Centre
Underlying	(12,816)	(889)	47	3,183	

(*) exceptional item

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

The cost of risk or commercial cost of risk is defined on pages 45 and 574 of Societe Generale's 2020 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q3 20	Q3 19	9M 20	9M 19
French Retail Banking	Net Cost Of Risk	130	95	821	318
	Gross loan Outstandings	217,156	195,305	208,604	193,208
	Cost of Risk in bp	24	19	52	22
International Retail Banking and Financial Services	Net Cost Of Risk	331	169	978	430
	Gross loan Outstandings	129,838	138,493	133,240	135,996
	Cost of Risk in bp	102	49	98	42
Global Banking and Investor Solutions	Net Cost Of Risk	57	64	818	140
	Gross loan Outstandings	162,429	160,906	165,389	163,310
	Cost of Risk in bp	14	16	66	11
Corporate Centre	Net Cost Of Risk	0	1	0	19
	Gross loan Outstandings	12,400	9,944	10,800	9,299
	Cost of Risk in bp	(1)	2	1	27
Societe Generale Group	Net Cost Of Risk	518	329	2,617	907
	Gross loan Outstandings	521,822	504,647	518,033	501,813
	Cost of Risk in bp	40	26	67	24

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 45 and 46 of Societe Generale's 2020 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 46 of Societe Generale's 2020 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q3 20	Q3 19	9M 20	9M 19
Shareholders' equity Group share	60,593	63,715	60,593	63,715
Deeply subordinated notes	(7,873)	(9,739)	(7,873)	(9,739)
Undated subordinated notes	(274)	(290)	(274)	(290)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(4)	(16)	(4)	(16)
OCI excluding conversion reserves	(875)	(741)	(875)	(741)
Dividend provision	(178)	(1,402)	(178)	(1,402)
ROE equity end-of-period	51,389	51,527	51,389	51,527
Average ROE equity	51,396	51,243	52,352	50,309
Average Goodwill	(3,928)	(4,562)	(4,253)	(4,600)
Average Intangible Assets	(2,464)	(2,259)	(2,417)	(2,215)
Average ROTE equity	45,004	44,422	45,682	43,494
Group net Income (a)	862	854	(728)	2,594
Underlying Group net income (b)	742	855	803	3,183
Interest on deeply subordinated notes and undated subordinated notes (c)	(127)	(180)	(447)	(537)
Cancellation of goodwill impairment (d)	0	7	684	115
Adjusted Group net Income (e) = (a)+ (c)+(d)	735	681	(491)	2,172
Adjusted Underlying Group net Income (f)=(b)+(c)	615	675	356	2,646
Average ROTE equity (g)	45,004	44,422	45,682	43,494
ROTE [quarter: (4*e/g), 9M: (4/3*e/g)]	6.5%	6.1%	-1.4%	6.7%
Average ROTE equity (underlying) (h)	44,884	44,422	47,213	43,693
Underlying ROTE [quarter: (4*f/h), 9M: (4/3*f/h)]	5.5%	6.1%	1.0%	8.1%

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

In EURm	Q3 20	Q3 19	Change	9M 20	9M 19	Variation
French Retail Banking	11,879	11,321	+4.9%	11,507	11,294	+1,9%
International Retail Banking and Financial Services	10,468	10,946	-4.4%	10,627	11,196	-5,1%
Global Banking and Investor Solutions	14,868	14,739	+0.9%	14,306	15,622	-8,4%
Core Businesses	37,215	37,006	+0.6%	36,440	38,112	-4,4%
Corporate Centre	14,180	14,237	-0.4%	15,912	12,197	+30,5%
Group	51,395	51,243	+0.3%	52,352	50,309	+4,1%

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 48 of the Group's 2020 Universal Registration Document. The items used to calculate them are presented below:

End of period	9M 20	H1 20	2019	9M 19
Shareholders' equity Group share	60,593	60,659	63,527	63,715
Deeply subordinated notes	(7,873)	(8,159)	(9,501)	(9,739)
Undated subordinated notes	(274)	(283)	(283)	(290)
Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(4)	20	4	(16)
Bookvalue of own shares in trading portfolio	302	335	375	348
Net Asset Value	52,744	52,572	54,122	54,018
Goodwill	(3,928)	(3,928)	(4,510)	(4,577)
Intangible Assets	(2,469)	(2,458)	(2,362)	(2,292)
Net Tangible Asset Value	46,347	46,186	47,250	47,149
Number of shares used to calculate NAPS**	851,134	851,133	849,665	849,665
Net Asset Value per Share	62.0	61.8	63.7	63.6
Net Tangible Asset Value per Share	54.5	54.3	55.6	55.5

** The number of shares considered is the number of ordinary shares outstanding as at September 30th, 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.

In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 47 of Societe Generale's 2020 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 47 of Societe Generale's 2020 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	9M 20	H1 20	2019	9M 19
Existing shares	853,371	853,371	834,062	829,235
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	2,606	2,728	4,011	4,087
Other own shares and treasury shares			149	187
Number of shares used to calculate EPS**	850,766	850,643	829,902	824,961
Group net Income	(728)	(1,590)	3,248	2,594
Interest on deeply subordinated notes and undated subordinated notes	(447)	(320)	(715)	(537)
Capital gain net of tax on partial buybacks				
Adjusted Group net income	(1,175)	(1,910)	2,533	2,057
EPS (in EUR)	(1.38)	(2.25)	3.05	2.49
Underlying EPS* (in EUR)	0.42	(0.38)	4.03	3.21

(*) Excluding exceptional items and including linearisation of the IFRIC 21 effect.

(**) The number of shares considered is the number of ordinary shares outstanding as at September 30th, 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 - The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is calculated according to applicable CRR/CRD4 rules including the provisions of the delegated act of October 2014.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

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

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 138,000 members of staff in 62 countries and supports on a daily basis 29 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking which encompasses the Societe Generale, Crédit du Nord and Boursorama brands.** Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

For more information, you can follow us on Twitter [@societegenerale](https://twitter.com/societegenerale) or visit our website www.societegenerale.com

REGISTERED OFFICE OF THE ISSUER

SG Issuer
16, Boulevard Royal
L-2449 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

Ernst & Young Société Anonyme
35E, avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

**Ernst & Young et
Autres**
Tour First
TSA 14444
92037 Paris-La
Défense Cedex
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense
Cedex
France

GUARANTOR'S AUDITORS

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED

11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

LEGAL ADVISERS TO THE ISSUER

(as to Singapore law)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989