

## **Supplemental Listing Document**

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

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

**6,700,000 European Style Cash Settled Long Certificates relating to  
the ordinary shares of AAC Technologies Holdings Inc.  
with a Daily Leverage of 5x**

**issued by**

**SG Issuer**

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

**unconditionally and irrevocably guaranteed by**

**Société Générale**

---

**Issue Price: S\$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 a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

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

The Certificates constitute general unsecured obligations of the Issuer 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

---

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

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

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

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

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

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

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

prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

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

## Table of Contents

	<i>Page</i>
<b>Risk Factors</b>	<b>6</b>
<b>Terms and Conditions of the Certificates</b>	<b>16</b>
<b>Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities</b>	<b>25</b>
<b>Summary of the Issue</b>	<b>39</b>
<b>Information relating to the European Style Cash Settled Long Certificates on Single Equities</b>	<b>41</b>
<b>Information relating to the Company</b>	<b>56</b>
<b>Information relating to the Designated Market Maker</b>	<b>57</b>
<b>Supplemental Information relating to the Guarantor</b>	<b>59</b>
<b>Supplemental General Information</b>	<b>60</b>
<b>Placing and Sale</b>	<b>62</b>
<b>Appendix I</b>	
<b>Appendix II</b>	

## 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 fallen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 30 to 34 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;
- (i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

- (j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);
- (l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

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

- (m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a 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 Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (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 fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price,

being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 49 to 50 of this document for more information;

- (r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 36 to 38 of this document for more information;
- (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 decline. The following is a list of some of the significant risks associated with the Underlying Stock:

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

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

- (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 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 Long Certificates relating to the ordinary shares of AAC Technologies Holdings Inc. (the <b>“Underlying Stock”</b> )
ISIN:	LU2184316235
Company:	AAC Technologies Holdings Inc. (RIC: 2018.HK)
Underlying Price <sup>3</sup> and Source:	HK\$43 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.60
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	5.75%, is a hedging cost against extreme market movements overnight.
Funding Cost <sup>6</sup> :	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	11 December 2020
Closing Date:	17 December 2020
Expected Listing Date:	18 December 2020

<sup>3</sup> 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.

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

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

<sup>6</sup> These costs are embedded within the Leverage Strategy.



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 Long Certificates on Single Equities” section on pages 41 to 55 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for <math>t</math> from 2 to Valuation Date) of <math>(1 - \text{Management Fee } x (\text{ACT } (t-1;t) \div 360)) \times (1 - \text{Gap Premium } (t-1) \times (\text{ACT } (t-1;t) \div 360))</math>, where:</p> <p>“<math>t</math>” refers to “<b>Observation Date</b>” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately</p>

preceding the Expected Listing Date to the Valuation Date; and

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

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

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

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 41 to 55 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level:

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

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

Initial Reference Level:

1,000

Final Reference Level:

The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 20 to 24 below.

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

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:**

The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

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

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

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

**Adjustments and Extraordinary Events:**

The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

**Underlying Stock Currency:**

Hong Kong Dollar (“**HKD**”)

**Settlement Currency:**

Singapore Dollar (“**SGD**”)

**Exercise Expenses:**

Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.

**Relevant Stock Exchange for the Certificates:**

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”)

**Relevant Stock Exchange for the Underlying Stock:**

HKEX

**Business Day and Exchange**

A “**Business Day**” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are

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

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

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

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

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

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to

the Underlying Stock during extreme market conditions, as further described below.

**Leverage Strategy Formula**

<b>LSL<sub>t</sub></b>	<p>means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).</p> <p>Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:</p> <p>On Observation Date(1):</p> $LSL_1 = 1000$ <p>On each subsequent Observation Date(t):</p> $LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$
<b>LR<sub>t-1,t</sub></b>	<p>means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:</p> $LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right)$
<b>FC<sub>t-1,t</sub></b>	<p>means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :</p> $FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t - 1, t)}{\text{DayCountBasisRate}}$
<b>RC<sub>t-1,t</sub></b>	<p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right  \right) \times TC$
<b>TC</b>	<p>means the Transaction Costs applicable (including Stamp Duty) that are equal to :</p> <p>0.10%</p>
<b>Leverage</b>	5
<b>S<sub>t</sub></b>	<p>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.</p>
<b>Rate<sub>t</sub></b>	<p>means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:</p> $\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$
<b>Rfactor<sub>t</sub></b>	<p>means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the</p>

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 net of any applicable withholding taxes.

**CashRate<sub>t</sub>**

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

**%SpreadLevel<sub>t</sub>**

means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKHD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKHDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. 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.

Provided that if such difference is negative, %SpreadLevel<sub>t</sub> should be 0%.

**ACT(t-1,t)**

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

**DayCountBasisRate** 365

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

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

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

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

**$ILSL_{IR(k)}$**

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

(1) for  $k = 1$  :

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

(2) for  $k > 1$  :

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

**$ILR_{IR(k-1),IR(k)}$**

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

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

**$IRC_{IR(k-1),IR(k)}$**

means the Intraday Rebalancing Cost of the Leverage Strategy in respect of  $IR(k)$  on a given Intraday Restrike Date, calculated as follows :

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

**$IS_{IR(k)}$**

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

(1) for  $k=0$

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

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

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

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

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

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

<b>IR(k)</b>	<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 k<sup>th</sup> Intraday Restrike Event on the relevant Intraday Restrike Date.</p>
<b>IR(C)</b>	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
<b>n</b>	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
<b>Intraday Restrike Event</b>	<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 decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price <math>IS_{IR(0)}</math> as of such Calculation Time.</p> <p>(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price <math>IS_{IR(k)}</math> as of such Calculation Time.</p>
<b>Calculation Time</b>	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
<b>TimeReferenceOpening</b>	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
<b>TimeReferenceClosing</b>	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
<b>Intraday Restrike Event Observation Period</b>	<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>
<b>Intraday Restrike Event Time</b>	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:	AAC Technologies Holdings Inc.
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	6,700,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 19 June 2020 (the “ <b>Master Instrument</b> ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ <b>Master Warrant Agent Agreement</b> ”) and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to:  Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

- Transfers of Certificates:** Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
- Listing:** Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 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 qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.



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

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

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

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

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

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

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

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

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

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

#### **B) Trading the Certificates before Expiry**

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

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

### Illustration of the Calculation of Hedging Fee Factor

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

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

### Illustration of the Calculation of Cash Settlement Amount

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

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

Value of Certificates	=	<table border="1"> <tr><td>t=0</td></tr> <tr><td>Notional Amount</td></tr> </table>	t=0	Notional Amount	x	<table border="1"> <tr><td colspan="2"><b>Product of the daily Leverage Strategy Performance</b></td></tr> <tr> <td>Leverage Strategy daily performance</td> <td>x</td> <td>Leverage Strategy daily performance</td> </tr> </table>	<b>Product of the daily Leverage Strategy Performance</b>		Leverage Strategy daily performance	x	Leverage Strategy daily performance	x	<table border="1"> <tr><td colspan="2"><b>Product of the Daily Fees (Hedging Fee Factor)</b></td></tr> <tr> <td>Daily Fees</td> <td>x</td> <td>Daily Fees</td> </tr> </table>	<b>Product of the Daily Fees (Hedging Fee Factor)</b>		Daily Fees	x	Daily Fees
			t=0															
Notional Amount																		
<b>Product of the daily Leverage Strategy Performance</b>																		
Leverage Strategy daily performance	x	Leverage Strategy daily performance																
<b>Product of the Daily Fees (Hedging Fee Factor)</b>																		
Daily Fees	x	Daily Fees																

Final Value of Certificates	=	<table border="1"> <tr><td>t=0</td></tr> <tr><td>Notional Amount</td></tr> </table>	t=0	Notional Amount	x	<table border="1"> <tr> <td>Final Reference Level x Final Exchange Rate</td> <td>÷</td> <td>Initial Reference Level x Initial Exchange Rate</td> </tr> </table>	Final Reference Level x Final Exchange Rate	÷	Initial Reference Level x Initial Exchange Rate	x	<table border="1"> <tr><td>Hedging Fee Factor</td></tr> </table>	Hedging Fee Factor
			t=0									
Notional Amount												
Final Reference Level x Final Exchange Rate	÷	Initial Reference Level x Initial Exchange Rate										
Hedging Fee Factor												

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

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

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

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

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

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

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

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

Underlying Stock:	Ordinary shares of AAC Technologies Holdings Inc.
Expected Listing Date:	<b>03/07/2018</b>
Expiry Date:	<b>18/07/2018</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>0.60 SGD</b>
Notional Amount per Certificate:	<b>0.60 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>5.75%</b>
Strike Level:	Zero

### Hedging Fee Factor

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

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

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

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

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

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

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

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

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

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

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:

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

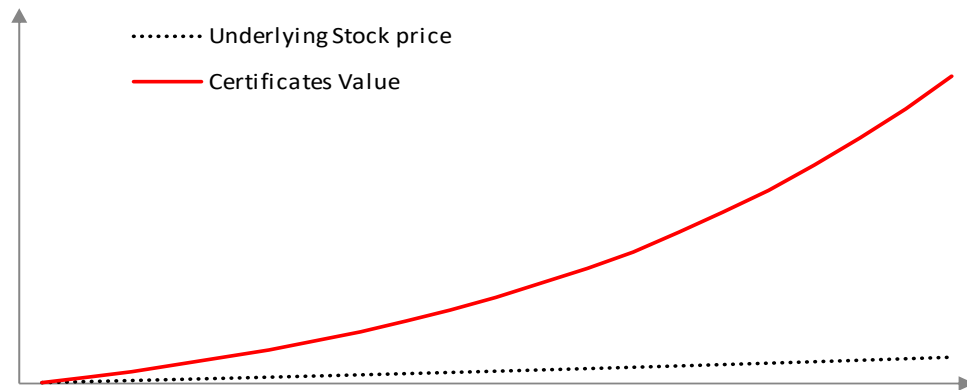
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.69\% \times 0.60 \text{ SGD} \\ &= \mathbf{0.718 \text{ SGD}} \end{aligned}$$

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

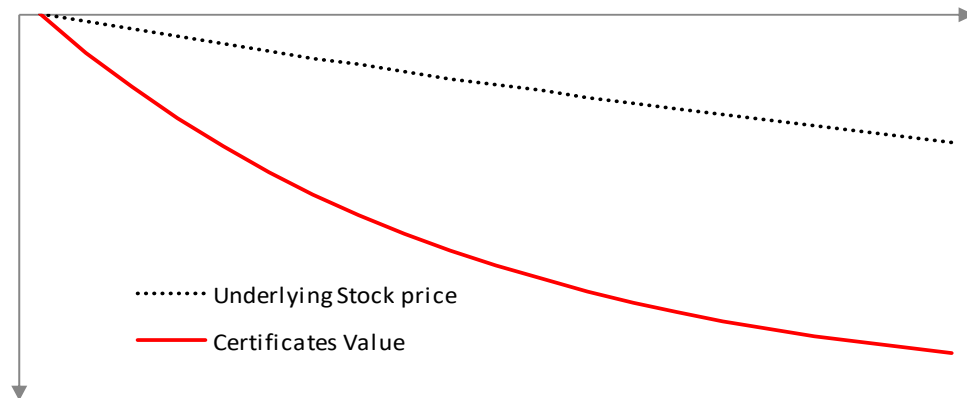
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

### 1. Illustrative examples

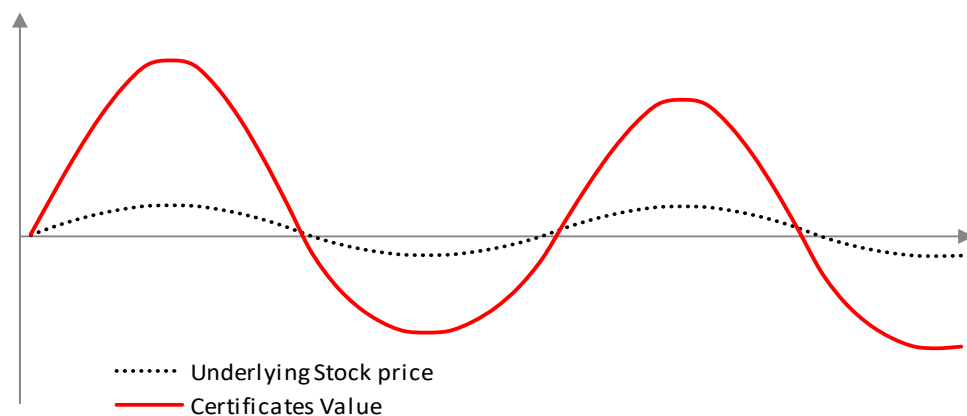
#### Scenario 1 – Upward Trend



#### 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	0.60	0.66	0.73	0.80	0.88	0.97
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

### Scenario 2 – Downward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.60	0.54	0.49	0.44	0.39	0.35
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

### Scenario 3 – Volatile Market

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.60	0.66	0.59	0.65	0.59	0.65
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

## Description of Air Bag Mechanism

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

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

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

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

### Air Bag Mechanism timeline

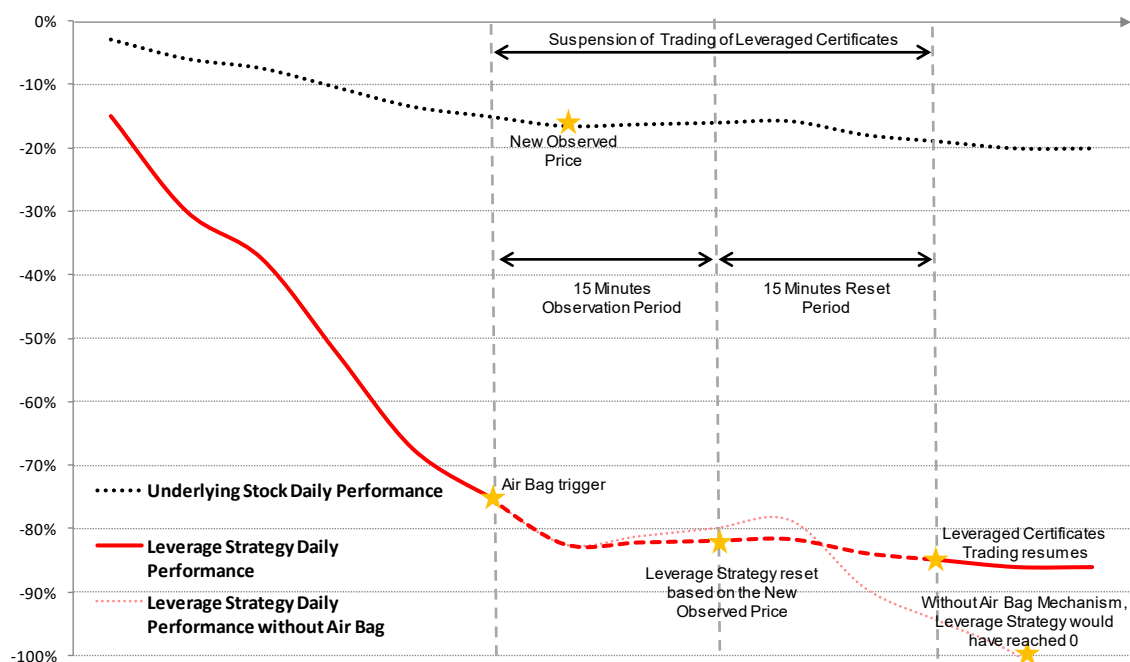
Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
45 minutes before Market Close		Next trading day at Market Open
30 to 45 minutes before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

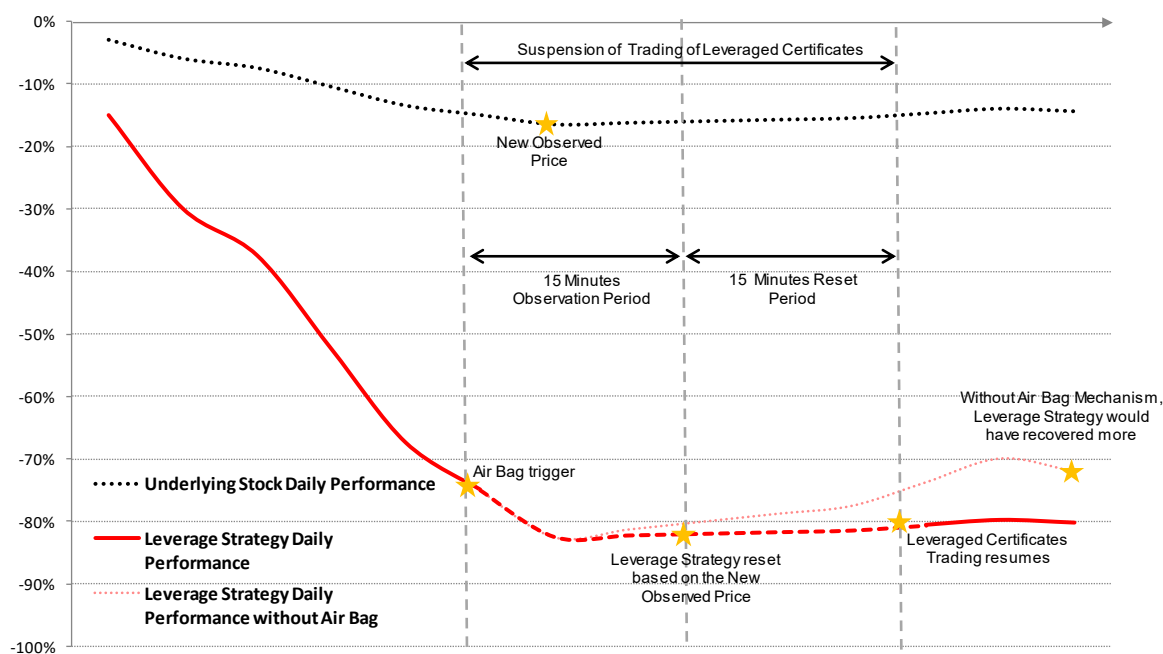
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

## Illustrative examples of the Air Bag Mechanism<sup>9</sup>

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



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



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

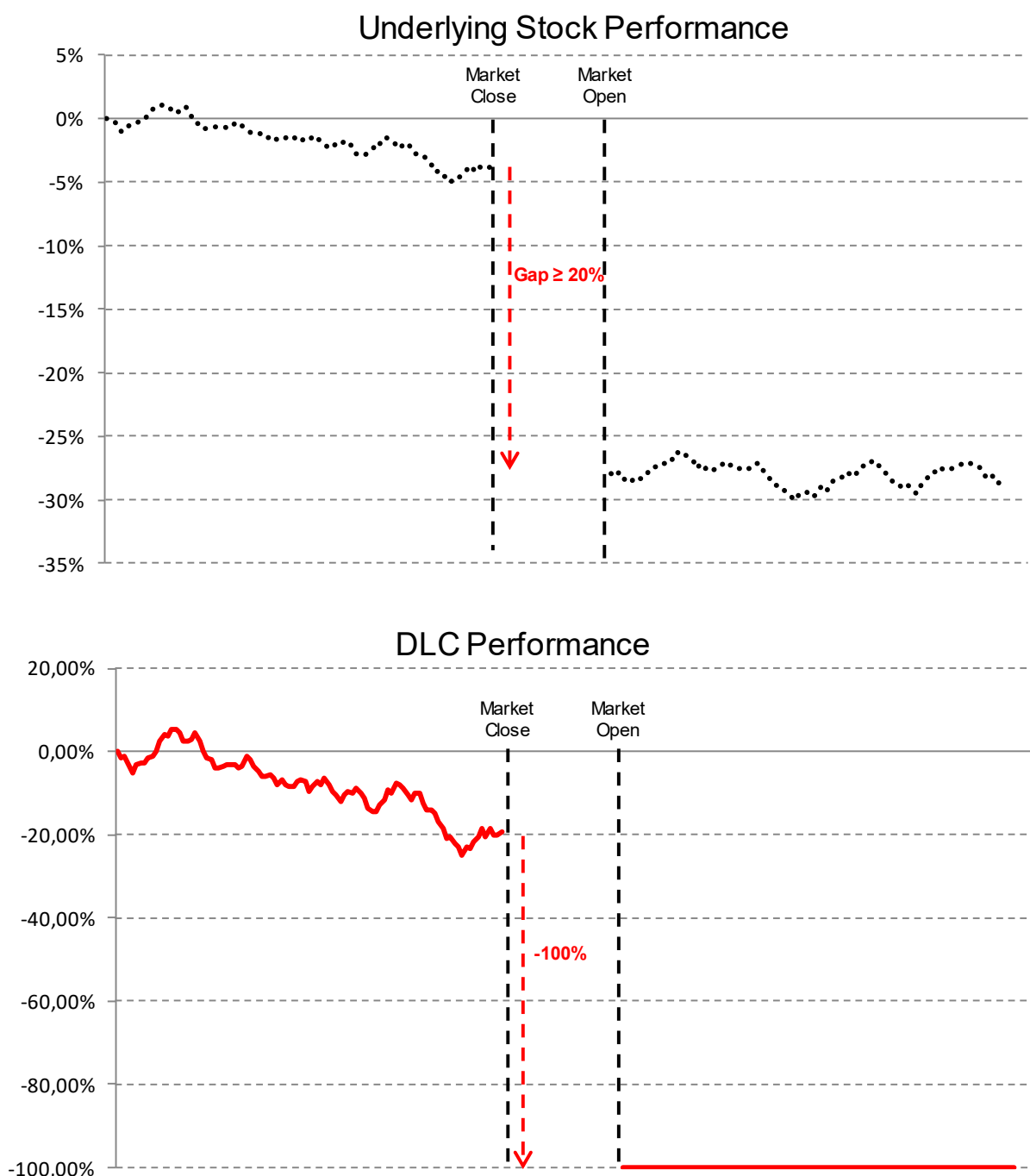


## Scenarios where the investor may lose the entire value of the investment

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

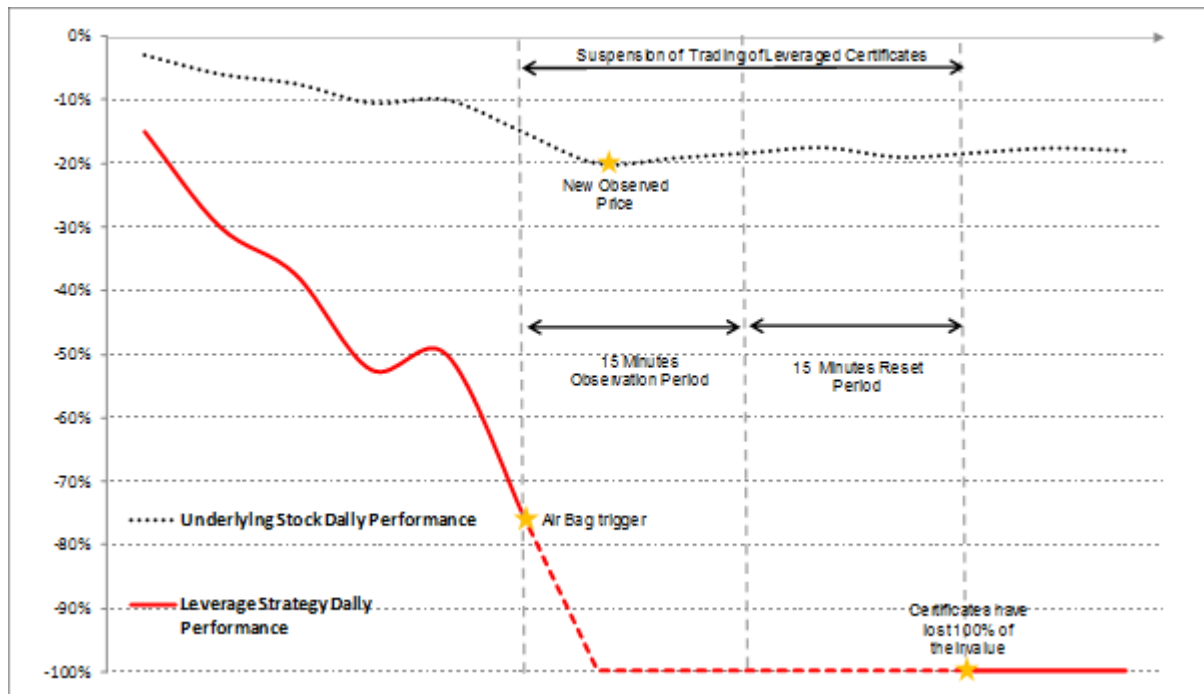
### Scenario 1 – Overnight fall of the Underlying Stock

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



### Scenario 2 – Sharp intraday fall 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 falls 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 falls 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	0.66	10%

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

## 2. 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	0.63	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

### 3. Rights Issues

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

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

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.75	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

#### 4. Bonus Issues

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

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

$$S_t = \$85$$

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

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

$$R = \$0$$

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.60	0.66	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

#### 5. Extraordinary Dividend

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

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

$$S_t = \$84$$

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

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

$$R = \$0$$

$$M = 0$$

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

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	0.75	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

## INFORMATION RELATING TO THE COMPANY

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

AAC Technologies Holdings Inc. (the “**Company**”) (SEHK stock code: 2018) is an investment holding company principally engaged in the manufacture and sale of miniaturized acoustic components. The Company’s main products include speaker boxes, speakers, receivers and Micro Electro-Mechanical System (MEMS) microphones. The Company’s products are applied in smart phones, tablets, wearables and notebooks. The Company also delivers integrated solutions, including haptics vibrators, Radio Frequency (RF) Mechanical and optical components. The Company distributes its products in domestic market and to overseas markets.

Founded in 1993 and listed on Hong Kong Stock Exchange in 2005, the Company delivered a record-breaking revenue of 21.1 billion RMB in 2017. The Company has over 52,000 employees worldwide, including over 1,500 R&D engineers. The Company’s global reach covers 28 offices in Asia-Pacific area, Europe and America, 9 production sites in China, Vietnam and the Philippines, and 15 R&D centers in China, USA, Finland, Denmark, South Korea, Japan and Singapore.

The information set out in Appendix I of this document relates to the unaudited condensed consolidated results of the Company and its subsidiaries for the nine months ended 30 September 2020 and has been extracted and reproduced from an announcement by the Company dated 13 November 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 RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 OF AAC TECHNOLOGIES HOLDINGS INC. AND ITS SUBSIDIARIES**

The information set out below is a reproduction of the unaudited condensed consolidated results of the Company and its subsidiaries for the nine months ended 30 September 2020 and has been extracted and reproduced from an announcement by the Company dated 13 November 2020 in relation to the same.

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



**瑞聲科技控股有限公司**

**AAC TECHNOLOGIES HOLDINGS INC.**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 2018)

## RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Technologies Holdings Inc. ("**AAC Technologies**" or the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the nine months ended 30 September 2020 ("**9M 2020**") together with the comparative figures for the corresponding period in 2019 ("**9M 2019**").

These unaudited condensed consolidated financial statements have been reviewed by the Company's audit and risk committee and approved by the Board on 13 November 2020.

### 2020 NINE MONTHS HIGHLIGHTS (UNAUDITED):

<i>(RMB Million)</i>	<b>9M 2020</b>	9M 2019	<i>YoY%</i>	<b>Q3 2020</b>	Q3 2019	<i>YoY%</i>
Revenue	<b>12,357</b>	12,579	-1.8%	<b>4,520</b>	5,012	-9.8%
Gross Profit	<b>2,885</b>	3,568	-19.1%	<b>1,067</b>	1,483	-28.1%
<i>Gross Profit Margin</i>	<b>23.3%</b>	28.4%	-5.1ppt	<b>23.6%</b>	29.6%	-6.0ppt
Net Profit	<b>751</b>	1,465	-48.8%	<b>430</b>	695	-38.1%
<i>Net Profit Margin</i>	<b>6.1%</b>	11.6%	-5.5ppt	<b>9.5%</b>	13.9%	-4.4ppt
Basic EPS (RMB)	<b>0.62</b>	1.21	-48.8%	<b>0.36</b>	0.58	-38.1%
Share Numbers (Weighted average, million)	<b>1,209</b>	1,211		<b>1,209</b>	1,209	

## BUSINESS REVIEW

For the third quarter of 2020 ("**Q3 2020**"), Group revenue declined by 9.8% year on year ("**YoY**") to RMB4.52 billion due to cyclicalities in global smartphone market and delays in new models. On a quarter on quarter ("**QoQ**") basis, Q3 2020 revenue increased by 5.7% as main business segments continued to recover. During Q3 2020, on the back of improved product portfolio and better cost control, gross profit margin improved QoQ by 0.3 percentage points ("**ppts**") to 23.6% and net profit grew significantly by 60.7% to RMB430 million, respectively. Given the unfavorable results of Q1, for the 9M 2020, Group revenue recorded a YoY decrease of 1.8% to RMB12.36 billion, whereas gross profit margin and net profit declined YoY by 5.1 ppts and 48.8%, respectively, to 23.3% and RMB751 million.

During the period under review, the Group has continued to proactively implement the organizational transformation to improve product line management, and has taken a comprehensive cost control approach to lower cost and enhance productivity per capita. Meanwhile, satisfactory progress has been made across various business segments. In optics, gross margin of plastic lens products continued its sequential uptrend, with gross margin in September further increased to 27.8%. New products such as main cameras of high resolution and small head cameras of high value are gradually set to be launched. The Group has confirmed Wafer-level Glass ("**WLG**") hybrid lens projects with customers, which are targeted to start mass production and shipment in the first half of next year. In acoustics, the launch of the standardized small cavity speaker module will help to reduce product size while continuing to improve in acoustic performance. Leveraging on the technical capabilities of precision manufacturing and automation, and riding on the economy of scale effect from standardized platform-based production, the Group aims to significantly improve productivity through reducing production cost and thereby enhancing profitability in Android acoustics products. In electromagnetic drives, our x-axis haptic motors have been adopted by various high-tier Android models, showing a strong YoY growth momentum in shipment volume. We expect penetration into mid- and low-tier Android models to take place next year. In MEMS, the Group plans to gain market shares and increase revenue via capacity expansion and adoption of distribution channels. Gross margin in this segment as planned, is expected to improve with the use of a higher proportion of in-house chips.

The Group's optics business has successfully brought in a second round of strategic investors as per our recent announcement. This clearly demonstrated market's recognition in the technology leadership and business prospects of our fast-growing optics business. Going forward, the Group will benefit from the strategic investors' industry resources and industry trend development. Establishing an independent capital markets' financing platform and a market-oriented incentive scheme in the future could help to facilitate optics business' sustainable growth, and further enhance the overall value of the Group.

The Group remains prudent in financial management, continues to rigorously review capital expenditure and R&D expense budgets, and closely monitor liquidity positions. As at 30 September 2020, the Group's net gearing ratio was 7.8% with a cash position of RMB5.61 billion. A solid financial position is crucial to the sustainable development of the Group, and continuous innovation and future development.

## **DEVELOPMENT OF BUSINESS SEGMENTS**

### **Acoustics Business**

During Q3 2020, revenue from the acoustics business declined by 5.3% YoY but grew by 13.2% QoQ, respectively, to RMB2.16 billion. Gross profit margin dropped by 6.7 ppts YoY to 26.6% whereas remained stabilized QoQ. For 9M 2020, acoustics revenue decreased by 7.4% to RMB5.49 billion as compared to 9M 2019, with gross margin at 26.4%.

In Q3 2020, acoustics revenue and gross profit margin were cyclically impacted as a result of delays in new model launches from certain customers. The Group schedules to launch a standardized small cavity speaker module on the back of our ability to integrate our expertise in acoustic structure, material, algorithm and precision manufacturing. The product size is expected to be reduced by 20-30% while high quality acoustic effect is maintained. This is well aligned with the market trend of thin and light model design, and will further increase our technological barrier in the industry. The Group is actively promoting the small cavity speaker, which has received positive feedbacks from customers, and is expected to be launched gradually next year. Advantages of economy of scale effect will be shown steadily in response to an increasing proportion of small cavity acoustic module in our total Android shipment volume. The Group expects to deploy a platform-based and automation production methodology to effectively diversify product versatility and reduce model types while increasing shipment volume. This will help to optimize cost structure and notably improve profitability in acoustics segment.

In addition, the design of smaller standardized speaker module will accelerate the market trend of stereo acoustics solution in 5G phones. Stereo acoustics replaces the original receiver with a speaker module, increasing the number of acoustic modules per phone, and thereby increasing value of acoustic products per phone. It has become a new standard feature for flagship models, and is expected to further penetrate into mid- and low-tier phone models next year. The Group will also continue to integrate our R&D capability in algorithm and software to customize advanced acoustic modules for high-tier flagship models, and to bring superior acoustic experiences to end-consumers.

### **Optics Business**

During Q3 2020, revenue from optics business significantly increased by 51.6% to RMB474 million, whereas gross profit margin further increased to 24.6% from 13.8% of the previous quarter. For 9M 2020, optics revenue grew by 50.6% YoY to RMB1.10 billion and gross profit margin stood at 17.6%.

Steady progress has been made in plastic lens business in Q3 2020. In September, monthly shipment volume of plastic lens reached 52.4 million units. Although the average selling price ("ASP") declined QoQ reflecting pandemic-related reduced purchasing power of smartphone consumers and short-term change in product portfolio, capacity utilization has increased gradually. As a result, Q3 2020 gross margin increased notably QoQ and reached 27.8% in September. In Q4 2020, the Group plans to make full utilization of existing capacity to continuously increase production output on the basis of Q3 2020. Meanwhile, we will continue to strive for higher production yield, resulting in reduced product unit cost and enhanced profitability of plastic lens products. The proportion of 6P plastic lens in terms of shipment volume in our product portfolio has further increased, with 108M image resolution product scheduled to be certified in Q4 and several higher resolution products in close discussion with customers. New products such as small head cameras are on track of development and mass production. All of these enable the Group to continuously increase market shares in lens, optimize product portfolio, so as to establish a solid foundation for the Group to strive for amongst the highest profitability companies in the industry going forward.

Our proprietary WLG hybrid lens product has received a lot of attention in optics industry. WLG hybrid lens exhibit superior optical performance in product height, light transmission and resolution. The latest version of hybrid lens manages to improve light transmission by 20% compared to pure plastic lens of same number of pieces owing to design upgrade. This effectively enhances the imaging results under dark light condition and night mode, achieving better color revivification, and reducing glare problems. At the moment, the Group has confirmed WLG hybrid lens projects with certain customers and targeted to enter mass production and shipment in the first half of next year. Also, we have reached cooperation intents with various customers on WLG projects, expected to be implemented progressively next year. The Group schedules to mass produce millions of pieces of glass lens this year, which helps to boost customers' confidence in our capability of mass production and delivery of hybrid lens products.

Our camera module has begun mass production and shipment in Q3 2020. Camera module business plays an important role in the Group's strategy, and we will collaborate with other market participants to jointly improve product performance and mass production capabilities of camera modules. We plan to offer holistic optical module solutions covering mid- and high-tier products to customers to further enhance consumer experience.

### **Electromagnetic Drives and Precision Mechanics Business**

For Q3 2020, revenue from electromagnetic drives and precision mechanics decreased by 28.6% YoY to RMB1.52 billion, mainly due to a YoY decline in product ASP and shipment volume of metal casing. Meanwhile, weakened demand from major customers led to lower production utilization rate, dragging down this segment's profitability. Hence, gross margin was compressed by 9.4 ppts to 20.1%. For 9M 2020, revenue and gross margin from the combined segment declined by 5.8% and 7.2 ppts YoY, respectively to RMB4.93 billion and 22.2%.

## **Electromagnetic Drives**

During Q3 2020, electromagnetic drives segment continued to exhibit a steady business momentum. Despite the decline in global smartphone shipments, our x-axis haptic motors have reported a stable growth in shipment volume through active market promotion. Revenue from electromagnetic drives decreased compared to the same period last year owing to ASP pressure caused by slowdown in specification upgrades. Nevertheless, riding on the Group's core technologies and automation advantage in electromagnetic drives, gross profit margin continued to maintain a healthy level and demonstrated a stable trend compared to the previous quarter. Our x-axis haptic motors have been adopted by more Android flagship models this year, and have successfully penetrated into popular mid-tier models. Hence, shipment volume to Android customers achieved a sound growth momentum of 23.1% YoY in Q3 2020.

Our proprietary x-axis haptic motor with advantages of more agile tactile feedback and diverse vibration effects, have received positive feedbacks from customers and end-consumers. In the age of 5G, new application scenarios such as interactive user experience with games and simulation mechanical keyboards will boost stronger market demands in haptics. The Group is now proactively diversifying user experiences through active market promotion and in-depth cooperation with smartphone manufacturers. The Group expects to replace the current mainstream traditional motors and z-axis haptic motors with our x-axis ones. We've launched various x-axis haptic solutions to satisfy different Android customers' demands. Solutions with high vibration quality are provided to Android flagship models to improve end-consumer experience. In the mid- and low-tier smartphone market, we've released entry-level haptic solutions with competitive price and enhanced vibration effect, which would improve performance and control manufacturing costs. We expect shipment volume of x-axis haptic motors to Android models to achieve a robust growth momentum next year with growing demand from end-consumers and costumers. This will allow the Group to achieve production scale, enhance profitability and maintain leading industrial position in this business segment.

Furthermore, the Group is expected to offer a holistic electromagnetic solution of "algorithm + hardware" to customers. Vibration effects are designed to adapt to various mobile Apps to improve product stickiness, so as to provide end consumers with more advanced vibration experiences through a combination of software and hardware.

### **Precision Mechanics**

During Q3 2020, shipment volume in metal casing recorded a YoY decline due to weakened shipment volume of major customers. The decrease in production utilization rate led to YoY declines in both revenue and gross profit in this segment. Precision mechanics business has been playing a strategic role to help us better understand the latest smartphone upgrade trend. The Group's technology knowhow and leading manufacturing position will assist us to expand business into more complex precision mechanic projects. Amid the changing environment, we are taking proactive measures in order to mitigate business risks, by accelerating new customer expansion, and introducing new projects to diversify customer base. Projects on a variety of products such as notebooks and tablets are to kick off progressively. Furthermore, the Group aims to select projects on the basis of increasing utilization rate of the existing capacity and targeting improved profitability in this segment.

### **MEMS Business**

MEMS business showed a healthy growth momentum in Q3 2020. Revenue grew by 27.5% to RMB368 million, whereas gross margin was narrowed by 12.3 ppts YoY to 19.0%, but exhibited a sequential recovery as compared to the previous quarter. For 9M 2020, revenue and gross margin from MEMS increased by 23.5% but declined by 9.4 ppts YoY, respectively, to RMB826 million and 17.5%.

MEMS microphones have been widely adopted in consumer electronic products due to its characteristics of miniaturization and high standardization. Its applications range from smartphones, tablets, smart TVs, wearables to IoT products. The growth uptrend is expected to remain relatively high in the near future. The Group has expanded production capacity in MEMS segment to better meet market demands this year, and in the future. During Q3 2020, our MEMS business showed a considerable YoY growth in shipment volume with a sequential improved gross margin as compared to the previous quarter. The increased adoption of in-house chips in MEMS microphone is expected to contribute to a lower cost, and hence, drive profitability. In terms of product promotion, the Group's high-end MEMS microphone with small size, high signal-to-noise ratio, low energy consumption and enhanced durability has been successfully adopted by laptop market. Our MEMS microphone product has been extended to TWS headset, smart speaker and tablet markets in addition to smartphones. We are prepared to continuously gain market shares via deploying distribution channels to generate greater income for the Group.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	<b>1.1.2020 to 30.9.2020 (Unaudited) RMB'000</b>	<b>1.1.2019 to 30.9.2019 (Unaudited) RMB'000</b>
Revenue	<b>12,357,069</b>	12,579,185
Cost of goods sold	<b>(9,472,015)</b>	(9,011,612)
Gross profit	<b>2,885,054</b>	3,567,573
Other income, gains and losses	<b>358,953</b>	144,674
Fair value gain on financial assets at fair value through profit or loss	–	19,234
Distribution and selling expenses	<b>(209,814)</b>	(185,572)
Administrative expenses	<b>(507,160)</b>	(447,725)
Research and development costs	<b>(1,435,355)</b>	(1,264,125)
Exchange gain	<b>86,162</b>	48,636
Finance costs	<b>(246,031)</b>	(174,850)
Profit before taxation	<b>931,809</b>	1,707,845
Taxation	<b>(186,044)</b>	(242,637)
Profit for the period	<b>745,765</b>	1,465,208
Other comprehensive (expense) income:		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Fair value changes on equity instruments at fair value through other comprehensive income	<b>(20,988)</b>	30,888
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of foreign operations	<b>(36,819)</b>	(6,694)
Fair value changes on derivative financial instruments	<b>(27,632)</b>	(27,552)
Loss (gain) reclassified to profit or loss on hedged items	<b>14,006</b>	(2,110)
	<b>(71,433)</b>	(5,468)
Total comprehensive income for the period	<b>674,332</b>	1,459,740
Profit (loss) for the period attributable to:		
Owners of the Company	<b>750,666</b>	1,465,208
Non-controlling interests	<b>(4,901)</b>	–
	<b>745,765</b>	1,459,208
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	<b>679,233</b>	1,459,740
Non-controlling interests	<b>(4,901)</b>	–
	<b>674,332</b>	1,459,740
Earnings per share – Basic	<b>RMB0.62</b>	RMB1.21



## **PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS**

The performance and the consolidated results of operation of the Group as set out in this announcement are historical in nature and past performance is not a guarantee of future performance. This announcement may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

## **IMPORTANT NOTE**

The Company will have an investors' webcast and a media conference for these unaudited quarterly results after trading hours on the date of this announcement. Please visit the Company's website [www.aactechnologies.com](http://www.aactechnologies.com) for the Company's regular investor relations update.

Shareholders and potential investors should be advised that these unaudited quarterly results relate only to selected unaudited key performance indicators of the Group and are based on the Group's internal records and management accounts. The unaudited quarterly results have not been reviewed or audited by independent auditors and are not a forecast of the annual performance of the Group as a whole.

Investors and shareholders of the Company are advised to exercise extreme caution when dealing in the shares of the Company.

By order of the Board  
**AAC Technologies Holdings Inc.**  
**Zhang Hongjiang**  
*Chairman*

Hong Kong, 13 November 2020



**瑞聲科技控股有限公司**  
**AAC TECHNOLOGIES HOLDINGS INC.**  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock code: 2018)

The Directors of AAC Technologies as at the date of this announcement are:

**Executive Directors:**

Mr. Pan Benjamin Zhengmin  
Mr. Mok Joe Kuen Richard

**Independent Non-executive Directors:**

Mr. Zhang Hongjiang  
Mr. Au Siu Cheung Albert  
Mr. Peng Zhiyuan  
Mr. Kwok Lam Kwong Larry

**Non-executive Director:**

Ms. Wu Ingrid Chun Yuan

## **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 30<sup>TH</sup> 2020

### Press release

Paris, November 5<sup>th</sup> 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%<sup>(1)</sup>

Dividend provision of EUR 0.21 per share<sup>(2)</sup> 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%*
<b>Reported Group net income</b>	<b>862</b>	<b>854</b>	<b>+0.9%*</b>	<b>+9.8%*</b>	<b>(728)</b>	<b>2,594</b>	<b>n/s</b>	<b>n/s</b>
<b>Underlying Group net income(1)</b>	<b>742</b>	<b>855</b>	<b>-13.2%</b>	<b>-5.9%*</b>	<b>803</b>	<b>3,183</b>	<b>-74.8%</b>	<b>-74.7%*</b>
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 4<sup>th</sup>, 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 30<sup>th</sup>, 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%<sup>(1)</sup> at September 30<sup>th</sup> 2020, up +20bp vs. September 30<sup>th</sup> 2019. The Group's gross coverage ratio for doubtful outstandings stood at 52%<sup>(2)</sup> at September 30<sup>th</sup> 2020 (54% at June 30<sup>th</sup> 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.

---

<sup>(1)</sup> NPL ratio calculated according to the new EBA methodology

<sup>(2)</sup> 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 <sup>(1)</sup>	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 <sup>(1)</sup>	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.

<sup>(1)</sup> 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 30<sup>th</sup>, 2020 (EUR 63.5 billion at December 31<sup>st</sup>, 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 30<sup>th</sup>, 2020 (EUR 1,356 billion at December 31<sup>st</sup>, 2019). The net amount of customer loan outstandings at September 30<sup>th</sup>, 2020, including lease financing, was EUR 440 billion (EUR 430 billion at December 31<sup>st</sup>, 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 31<sup>st</sup>, 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 30<sup>th</sup>, 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 30<sup>th</sup>, 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 31<sup>st</sup>, 2019.

At September 30<sup>th</sup>, 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 1<sup>st</sup>, 2020, i.e. around 420 basis points above the regulatory requirement). The CET1 ratio at September 30<sup>th</sup>, 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%<sup>(1)</sup> at end-September 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 18.2%<sup>(1)</sup> (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%<sup>(1)</sup> of RWA and 8.7%<sup>(1)</sup> of leveraged exposure at end-September 2020, the Group's TLAC ratio is above the FSB's requirements for 2020. At September 30<sup>th</sup>, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF<sup>(2)</sup> (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%<sup>(1)</sup> at September 30<sup>th</sup>, 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<sup>(1)</sup>. 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 16<sup>th</sup>, 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**<sup>(2)</sup> 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)<sup>(3)</sup>.

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

<sup>(1)</sup> Source: Bain & Company 2020

<sup>(2)</sup> Including BMTN (negotiable medium-term notes)

<sup>(3)</sup> 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
<b>Reported Group net income</b>	<b>337</b>	<b>513</b>	<b>-34.3%</b>	<b>-29.3%*</b>	<b>928</b>	<b>1,492</b>	<b>-37.8%</b>	<b>-32.5%*</b>
RONE	12.9%	18.7%			11.6%	17.8%		
<b>Underlying RONE (1)</b>	<b>12.3%</b>	<b>18.1%</b>			<b>11.8%</b>	<b>18.2%</b>		

(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
<b>Gross operating income</b>	<b>(8)</b>	<b>(66)</b>	<b>(580)</b>	<b>(141)</b>
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
<b>Reported Group net income</b>	<b>(139)</b>	<b>(223)</b>	<b>(1,995)</b>	<b>(466)</b>

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%<sup>(1)</sup>, 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<sup>(2)</sup>.

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 7<sup>th</sup>, 2020. The Global Banking & Investor Solutions' strategy will be presented in Q1 2021.

---

<sup>(1)</sup> 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 1<sup>st</sup>, 2020 (around + 10 basis points)

<sup>(2)</sup> 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 <sup>th</sup> , 2021	Fourth quarter and FY 2020 results
May 6 <sup>th</sup> , 2021	First quarter 2021 results
August 3 <sup>rd</sup> , 2021	Second quarter and first half 2021 results
November 4 <sup>th</sup> , 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
<b>Total</b>	<b>1,472,337</b>	<b>1,356,303</b>

	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
<b>Total liabilities</b>	<b>1,406,627</b>	<b>1,287,733</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity, Group share</b>		
Issued common stocks, equity instruments and capital reserves	30,157	31,102
Retained earnings	32,362	29,558
Net income	(728)	3,248
<b>Sub-total</b>	<b>61,791</b>	<b>63,908</b>
Unrealised or deferred capital gains and losses	(1,198)	(381)
<b>Sub-total equity, Group share</b>	<b>60,593</b>	<b>63,527</b>
Non-controlling interests	5,117	5,043
<b>Total equity</b>	<b>65,710</b>	<b>68,570</b>
<b>Total</b>	<b>1,472,337</b>	<b>1,356,303</b>

## **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 4<sup>th</sup>, 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 31<sup>st</sup>, 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
<b>Reported</b>	<b>(3,825)</b>	<b>(518)</b>	<b>(2)</b>	<b>0</b>	<b>(467)</b>	<b>862</b>	
(+) IFRIC 21 linearisation	(177)				53	(120)	
<b>Underlying</b>	<b>(4,002)</b>	<b>(518)</b>	<b>(2)</b>	<b>0</b>	<b>(414)</b>	<b>742</b>	

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
<b>Reported</b>	<b>(12,363)</b>	<b>(2,617)</b>	<b>82</b>	<b>(684)</b>	<b>(1,079)</b>	<b>(728)</b>	
(+) 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
<b>Underlying</b>	<b>(12,186)</b>	<b>(2,617)</b>	<b>159</b>	<b>0</b>	<b>(482)</b>	<b>803</b>	

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

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

(\*) 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
<b>Net Asset Value</b>	<b>52,744</b>	<b>52,572</b>	<b>54,122</b>	<b>54,018</b>
Goodwill	(3,928)	(3,928)	(4,510)	(4,577)
Intangible Assets	(2,469)	(2,458)	(2,362)	(2,292)
<b>Net Tangible Asset Value</b>	<b>46,347</b>	<b>46,186</b>	<b>47,250</b>	<b>47,149</b>
Number of shares used to calculate NAPS**	851,134	851,133	849,665	849,665
<b>Net Asset Value per Share</b>	<b>62.0</b>	<b>61.8</b>	<b>63.7</b>	<b>63.6</b>
<b>Net Tangible Asset Value per Share</b>	<b>54.5</b>	<b>54.3</b>	<b>55.6</b>	<b>55.5</b>

\*\* The number of shares considered is the number of ordinary shares outstanding as at September 30<sup>th</sup>, 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 30<sup>th</sup>, 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](http://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](http://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

**GUARANTOR'S AUDITORS**

**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

**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