

## 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).

**3,400,000 European Style Cash Settled Short Certificates**  
**relating to the ordinary shares of Alibaba Health Information Technology Limited**  
**with a Daily Leverage of -5x**

**issued by**  
**SG Issuer**  
**(Incorporated in Luxembourg with limited liability)**  
**unconditionally and irrevocably guaranteed by**  
**Société Générale**

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

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This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 19 June 2020 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

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

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

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and

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

The Certificates are classified as capital markets products other than prescribed capital markets products<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 February 2021.

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 February 2021

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

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

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

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

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

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

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

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

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

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## RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has risen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 30 to 34 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section of this document for more information;

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

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

- (m) investors should note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

- (q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight increase in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday increase in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 49 to 50 of this document for more information;
- (r) 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 rise. The following is a list of some of the significant risks associated with the Underlying Stock:
  - Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
  - The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;
- (y) the value of the Certificates depends on the Leverage Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse Strategy last closing level and a calculation tool available to the investors on a website;
- (z) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;
- (aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):
  - (i) investors should note that no definitive certificate will be issued in relation to the Certificates;

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

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

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

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

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

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

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

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

Issuer could be required to close an account of an investor who does not comply with the FATCA certification procedures.

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

(dd) U.S. withholding tax

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

(ee) risk factors relating to the BRRD

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

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

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

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

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

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

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

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

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

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary

public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

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

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

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

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

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

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

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

2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the “**BRRD II**”); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity (“**TLAC**”) of credit institutions and investment firms (the “**SRM II Regulation**” and, together with the BRRD II, the “**EU Banking Package Reforms**”).

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

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

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

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

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

The scope of liabilities used to meet the MREL will include, in principle, all liabilities resulting

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

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

## TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

Certificates:	3,400,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Alibaba Health Information Technology Limited (the “ <b>Underlying Stock</b> ”)
ISIN:	LU2184318108
Company:	Alibaba Health Information Technology Limited (RIC: 0241.HK)
Underlying Price <sup>3</sup> and Source:	HK\$29.9 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 1.20
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	6.00%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost <sup>6</sup> :	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	9 February 2021
Closing Date:	17 February 2021

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<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 17 February 2021. 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 February 2021.

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

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

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

Expected Listing Date:	18 February 2021
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 9 February 2022
Expiry Date:	16 February 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	15 February 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:  Closing Level multiplied by the Notional Amount per Certificate  Please refer to the “Information relating to the European Style Cash Settled Short Certificates on Single Equities” section on pages 41 to 55 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$ , where:  “t” refers to “ <b>Observation Date</b> ” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and

including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

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

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

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

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

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

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

Initial Reference Level: 1,000

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

The calculation of the closing level of the Leverage Inverse Strategy is set out in the “Specific Definitions relating to the Leverage Inverse Strategy” section on pages 21 to 24 below.

Initial Exchange Rate<sup>3</sup>: 0.1712

Final Exchange Rate:	The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	<p>The “<b>Air Bag Mechanism</b>” refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more (“<b>Air Bag Trigger Price</b>”) during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.</p> <p>Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.</p> <p>The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero.</p> <p>Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 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.</p>
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar (“ <b>HKD</b> ”)
Settlement Currency:	Singapore Dollar (“ <b>SGD</b> ”)
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the “ <b>SGX-ST</b> ”)
Relevant Stock Exchange for the Underlying Stock:	HKEX

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

An “**Exchange Business Day**” is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.

Warrant Agent: The Central Depository (Pte) Limited (“**CDP**”)

Clearing System: CDP

Fees and Charges: Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

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

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

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

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

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse performance of the Underlying Stock (excluding costs) regardless of

the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

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

**Leverage Inverse Strategy Formula**

**LSL<sub>t</sub>** means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t).

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

On Observation Date(1):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

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

**LR<sub>t-1,t</sub>** means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

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

**FC<sub>t-1,t</sub>** means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

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

**SB<sub>t-1,t</sub>** means the Stock Borrowing Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

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

**CB** means the Cost of Borrowing applicable that is equal to: 3.00%

**RC<sub>t-1,t</sub>** means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows :

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

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

**Leverage** -5

**S<sub>t</sub>** means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the

Conditions.

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

**Rfactor<sub>t</sub>** means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

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

where

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

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

**DayCount** 365

**BasisRate**

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

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

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

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

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

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

<b>ILSL<sub>IR(k)</sub></b>	<p>means, in respect of IR(k), the Intraday Leverage Inverse Strategy Level in accordance with the following provisions :</p> <p>(1) for k = 1 :</p> $ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - SB_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$ <p>(2) for k &gt; 1 :</p> $ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$
<b>ILR<sub>IR(k-1),IR(k)</sub></b>	<p>means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :</p> $ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left( \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$
<b>IRC<sub>IR(k-1),IR(k)</sub></b>	<p>means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :</p> $IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right  \right) \times TC$
<b>IS<sub>IR(k)</sub></b>	<p>means the Underlying Stock Price in respect of IR(k) computed as follows :</p> <p>(1) for k=0</p> $IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$ <p>(2) for k=1 to n</p> <p>means in respect of IR(k), the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period</p> <p>(3) with respect to IR(C)</p> $IS_{IR(C)} = S_{IRD}$ <p>In each case, subject to the adjustments and provisions of the Conditions.</p>
<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>	<p>means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.</p>
<b>n</b>	<p>means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.</p>
<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 increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock</p>

Price  $IS_{IR(0)}$  as of such Calculation Time.

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

<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 Inverse 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:	Alibaba Health Information Technology Limited
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	3,400,000 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 February 2021.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited  
11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

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

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

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

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

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

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

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

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

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

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

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

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

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

### Illustration of the Calculation of Hedging Fee Factor

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

Daily Fees	=	<b>Daily Management Fee Adjustment</b>
		$1 - \text{Management Fee} \times \text{ACT}(t-1;t) / 360$
		x
		<b>Daily Gap Premium Adjustment</b>
		$1 - \text{Gap Premium}(t-1) \times \text{ACT}(t-1;t) / 360$

### Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

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

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

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

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

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

Underlying Stock:	Ordinary shares of Alibaba Health Information Technology Limited
Expected Listing Date:	<b>03/07/2018</b>
Expiry Date:	<b>18/07/2018</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>1.20 SGD</b>
Notional Amount per Certificate:	<b>1.20 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>6.00%</b>
Strike Level:	Zero

### Hedging Fee Factor

Hedging Fee Factor on the n<sup>th</sup> 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):

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.00\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9833\% \approx 99.9822\%$$

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

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

$$\text{HFF (2)} = 99.9822\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.00\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9822\% \times 99.9967\% \times 99.9500\% \approx 99.9289\%$$

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 99.7337% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9822%
5/7/2018	99.9644%
6/7/2018	99.9467%
9/7/2018	99.8934%
10/7/2018	99.8756%
11/7/2018	99.8579%
12/7/2018	99.8401%
13/7/2018	99.8224%
16/7/2018	99.7691%
17/7/2018	99.7514%
18/7/2018	99.7337%

### Cash Settlement Amount

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

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

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7337\%$$

$$= 119.68\%$$

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

$$= 119.68\% \times 1.20 \text{ SGD}$$

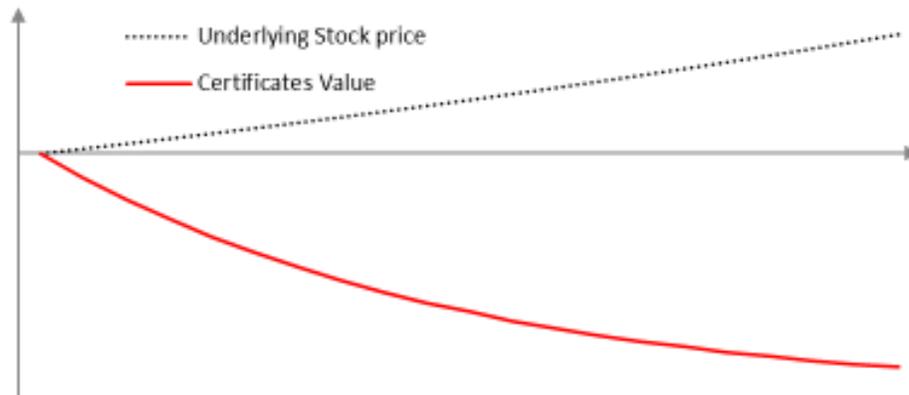
$$= \mathbf{1.436 \text{ SGD}}$$

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

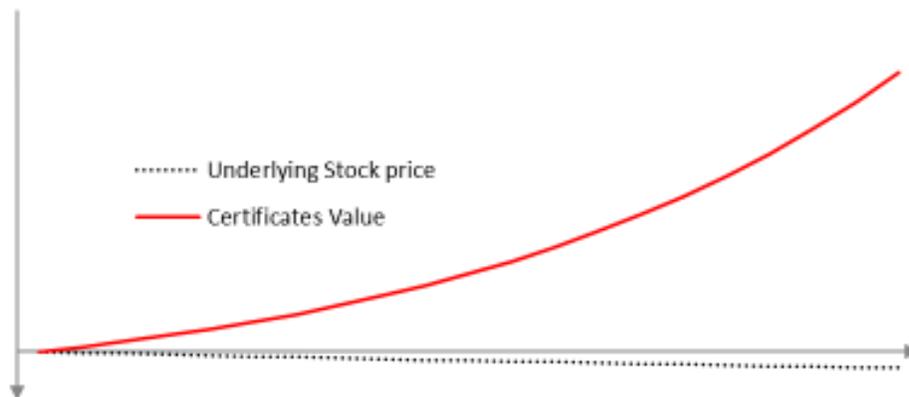
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

### 1. Illustrative examples

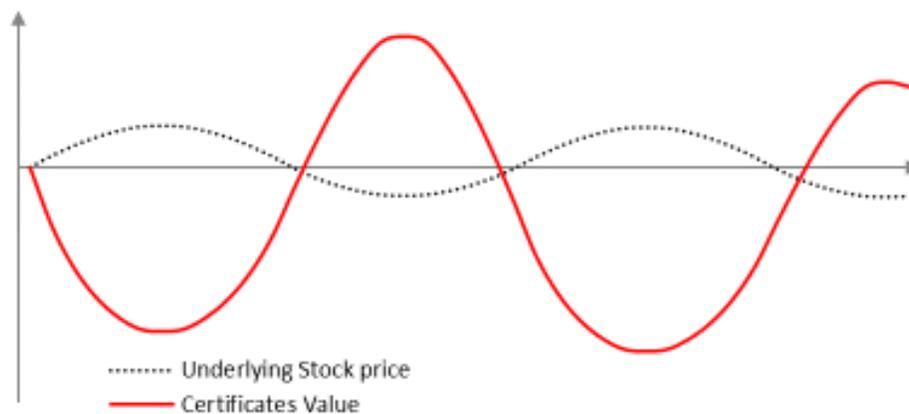
#### Scenario 1 – Upward Trend



#### Scenario 2 – Downward Trend



#### Scenario 3 – Volatile Market



## 2. Numerical Examples

### *Scenario 1 – Upward Trend*

<b>Underlying Stock</b>						
	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%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	1.2	1.08	0.97	0.87	0.79	0.71
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

### *Scenario 2 – Downward Trend*

<b>Underlying Stock</b>						
	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%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	1.2	1.32	1.45	1.60	1.76	1.93
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

### *Scenario 3 – Volatile Market*

<b>Underlying Stock</b>						
	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%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	10.0%	-10.0%	10.0%	-10.0%
Price at end of day	1.2	1.08	1.19	1.07	1.18	1.06
Accumulated Return		-10.00%	-1.00%	-10.90%	-1.99%	-11.79%

## Description of Air Bag Mechanism

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

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

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

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

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

### Air Bag Mechanism timeline

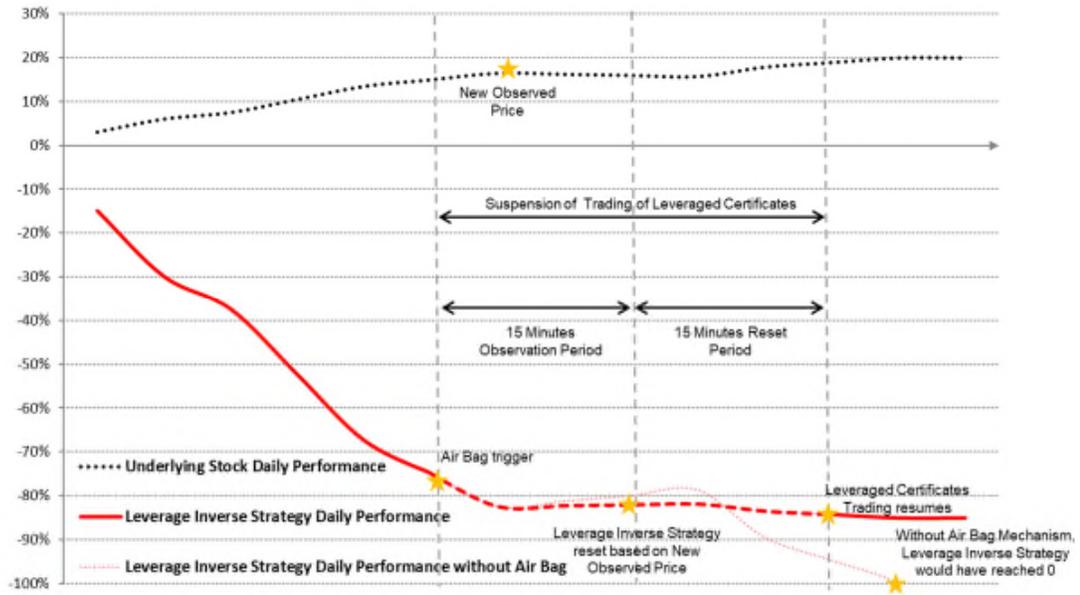
Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
45 minutes before Market Close		Next trading day at Market Open
30 to 45 minutes before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

With **Market Close** defined as:

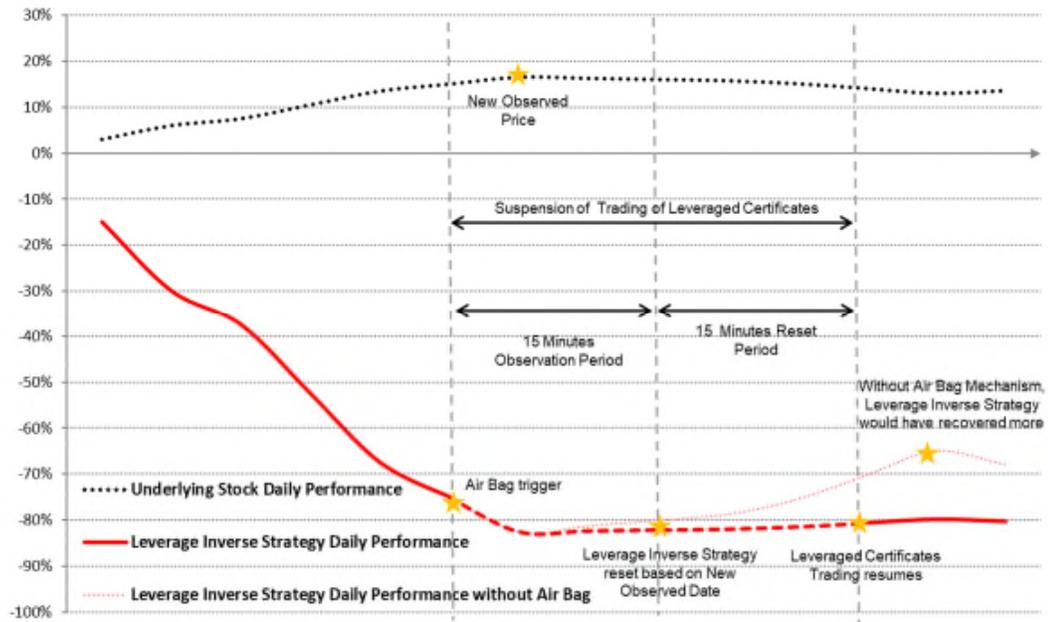
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

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

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



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

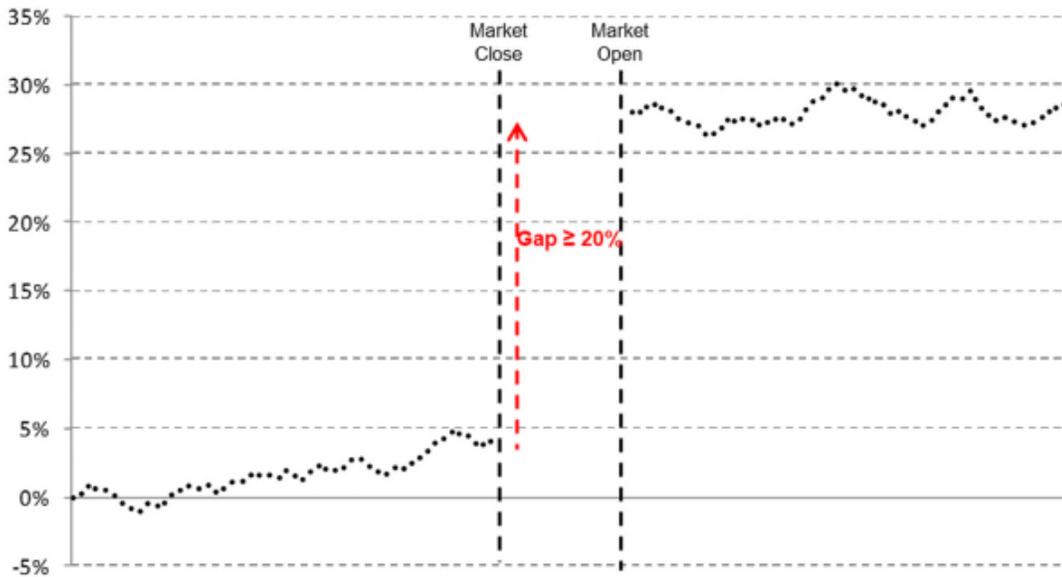
## Scenarios where the investor may lose the entire value of the investment

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

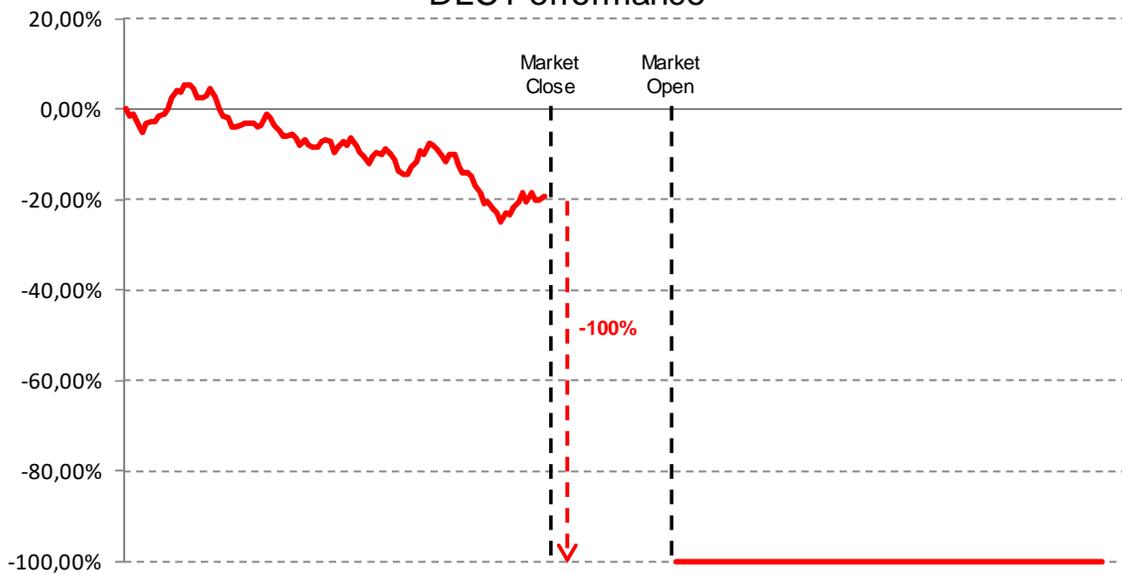
### Scenario 1 – Overnight rise of the Underlying Stock

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

#### Underlying Stock Performance

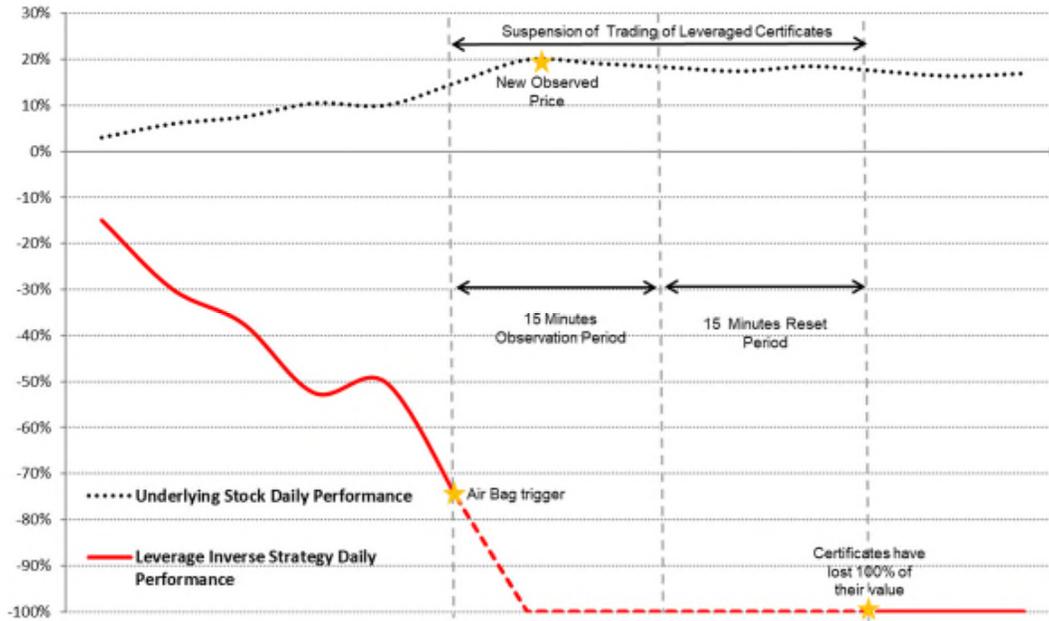


#### DLC Performance



Scenario 2 – Sharp intraday rise of the Underlying Stock

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



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

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

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

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

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

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

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

Where:

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

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

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

### 1. Stock split

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

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

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.08	-10%

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

## 2. Share Consolidation

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

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

$$S_t = \$202$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

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

			Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.14	-5%

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

### 3. Rights Issues

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

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

$$S_t = \$84$$

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	0.90	-25%

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

#### 4. Bonus Issues

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

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

$$S_t = \$85$$

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

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

$$R = \$0$$

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.08	-10%

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

#### 5. Extraordinary Dividend

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

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

$$S_t = \$84$$

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

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

$$R = \$0$$

$$M = 0$$

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	0.90	-25%

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

## INFORMATION RELATING TO THE COMPANY

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

Alibaba Health Information Technology Limited (the “**Company**”) is an investment holding company mainly engaged in the provision of Internet solutions for the medical and pharmaceutical industry, and is Alibaba Group’s healthcare flagship platform. The Company is mainly involved in the development of pharmaceutical and healthcare product and service sales business, the operation of pharmaceutical e-commerce platform and consumer healthcare services platform, the development of tracking and digital health business and Internet healthcare business using technologies such as cloud computing and big data.

The information set out in Appendix I of this document relates to the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 September 2020 and has been extracted and reproduced from an announcement by the Company dated 17 December 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 10 February 2021 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 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 31 December 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 OF ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED AND ITS SUBSIDIARIES**

The information set out below is a reproduction of the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 September 2020 and has been extracted and reproduced from an announcement by the Company dated 17 December 2020 in relation to the same.

# INDEPENDENT REVIEW REPORT



Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

安永會計師事務所  
香港中環添美道1號  
中信大廈22樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## TO THE BOARD OF DIRECTORS OF ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

*(Incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 41 to 82 which comprises the condensed consolidated statement of financial position of Alibaba Health Information Technology Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at September 30, 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

November 25, 2020

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended September 30, 2020

	Notes	2020 Unaudited RMB'000	2019 Unaudited RMB'000
REVENUE	4	7,162,031	4,116,846
Cost of sales		<u>(5,301,715)</u>	<u>(3,085,186)</u>
Gross profit		1,860,316	1,031,660
Other income and gains	5	142,811	63,922
Operating expenses			
Fulfillment	6	(749,449)	(467,029)
Sales and marketing expenses		(508,737)	(333,252)
Administrative expenses		(143,003)	(105,075)
Product development expenses		(229,449)	(135,138)
Other expenses		(7,567)	(6,236)
Finance cost	7	(1,580)	(19,462)
Share of losses of:			
Joint ventures	8	(5,694)	(5,344)
Associates	9	<u>(33,207)</u>	<u>(18,418)</u>
PROFIT BEFORE TAX	10	324,441	5,628
Income tax expense	11	<u>(45,887)</u>	<u>(13,257)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>278,554</u>	<u>(7,629)</u>
Attributable to:			
Owners of the parent		283,431	(1,102)
Non-controlling interests		<u>(4,877)</u>	<u>(6,527)</u>
		<u>278,554</u>	<u>(7,629)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic		<u>RMB2.17 cents</u>	<u>RMB(0.01) cents</u>
Diluted		<u>RMB2.16 cents</u>	<u>RMB(0.01) cents</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended September 30, 2020

	2020 Unaudited RMB'000	2019 Unaudited RMB'000
PROFIT/(LOSS) FOR THE PERIOD	<u>278,554</u>	<u>(7,629)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income will be reclassified to profit or loss in subsequent periods:		
Translation from functional currency to presentation currency	<b>(206,545)</b>	75,307
Other comprehensive (loss)/income will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income ("FVOCI"):		
Changes in fair value	<b>(18,484)</b>	9,080
Income tax effect	<u>1,848</u>	<u>(908)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u><b>(223,181)</b></u>	<u>83,479</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><b>55,373</b></u>	<u>75,850</u>
Attributable to:		
Owners of the parent	<b>60,250</b>	82,377
Non-controlling interests	<u><b>(4,877)</b></u>	<u>(6,527)</u>
	<u><b>55,373</b></u>	<u>75,850</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

<i>Notes</i>	<b>September 30 2020, Unaudited RMB'000</b>	March 31, 2020 Audited RMB'000
<b>NON-CURRENT ASSETS</b>		
Property and equipment	<b>12,850</b>	12,999
Investment property	<b>3,275</b>	10,599
Right-of-use assets	<b>48,431</b>	59,333
Goodwill	<b>54,576</b>	54,576
Other intangible assets	<b>3,986</b>	4,467
Investments in joint ventures	<b>105,553</b>	111,247
Investments in associates	<b>1,936,381</b>	1,945,789
Long-term receivables	<b>7,205</b>	21,732
Equity investment designated at FVOCI	<b>148,682</b>	173,456
Financial assets at fair value through profit or loss ("FVPL")	<b>508,698</b>	462,778
Total non-current assets	<b>2,829,637</b>	2,856,976
<b>CURRENT ASSETS</b>		
Inventories	<b>1,181,741</b>	1,217,258
Trade and bills receivables	<b>340,262</b>	324,541
Prepayments, other receivables and other assets	<b>538,061</b>	413,492
Financial assets at FVPL	<b>—</b>	402,485
Restricted cash	<b>18,843</b>	60,239
Cash and cash equivalents	<b>12,267,628</b>	2,594,981
Total current assets	<b>14,346,535</b>	5,012,996
<b>CURRENT LIABILITIES</b>		
Lease liabilities	<b>25,768</b>	32,030
Trade and bills payables	<b>1,918,229</b>	1,865,526
Other payables and accruals	<b>536,940</b>	513,250
Contract liabilities	<b>160,085</b>	171,280
Tax payable	<b>38,749</b>	27,817
Total current liabilities	<b>2,679,771</b>	2,609,903
<b>NET CURRENT ASSETS</b>	<b>11,666,764</b>	2,403,093
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>14,496,401</b>	5,260,069

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at September 30, 2020

	<i>Notes</i>	<b>September 30 2020, Unaudited RMB'000</b>	March 31, 2020 Audited RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>37,325</b>	19,829
Lease liabilities		<b>21,436</b>	37,725
Total non-current liabilities		<b>58,761</b>	57,554
Net assets		<b>14,437,640</b>	5,202,515
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	16	<b>118,563</b>	106,108
Treasury shares	16	<b>(5,357)</b>	(13,039)
Reserves		<b>14,354,466</b>	5,176,076
		<b>14,467,672</b>	5,269,145
<b>Non-controlling interests</b>		<b>(30,032)</b>	(66,630)
Total equity		<b>14,437,640</b>	5,202,515

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2019

Attributable to owners of the parent													
		Share	Treasury	Merger	Exchange	Employee	Equity		Accumulated	Total	Non-	Total	
	Notes	capital	share	reserve	fluctuation	share-based	investments at	Other	losses	RMB'000	controlling	equity	
		RMB'000	RMB'000	RMB'000	RMB'000	compensation	fair value through	reserves		RMB'000	interests	RMB'000	
					reserve	reserve	other						
							income						
							revaluation						
At April 1, 2019		102,898	19,966,843	(25,052)	(16,397,767)	75,873	231,955	—	120,364	(1,280,595)	2,794,519	(57,693)	2,736,826
Loss for the period		—	—	—	—	—	—	—	—	(1,102)	(1,102)	(6,527)	(7,629)
Other comprehensive loss for the period:													
Change in fair value of equity investment designated at FVOCI		—	—	—	—	—	8,172	—	—	8,172	—	—	8,172
Translation from functional currency to presentation currency		—	—	—	75,307	—	—	—	—	75,307	—	—	75,307
Total comprehensive income for the period		—	—	—	75,307	—	8,172	—	(1,102)	82,377	(6,527)	75,850	
Issue of new shares for restricted share units ("RSU")	16	39	—	(39)	—	—	—	—	—	—	—	—	—
Issue of new shares	16	2,667	1,997,913	—	—	—	—	—	—	2,000,580	—	2,000,580	
Repurchase of shares	16	—	—	(12,256)	—	—	—	—	—	(12,256)	—	(12,256)	
Share-based compensation expenses	17	—	—	—	—	147,156	—	—	—	147,156	—	147,156	
Vested awarded shares transferred to employees	16	—	74,231	25,260	—	(99,491)	—	—	—	—	—	—	
Exercise of share options	16	32	29,944	—	—	(14,646)	—	—	—	15,330	—	15,330	
Deemed interest of an interest-free loan to a non-wholly owned subsidiary		—	—	—	—	—	—	(188)	—	(188)	188	—	
Share of capital reserve of an associate		—	—	—	—	—	—	(6,871)	—	(6,871)	—	(6,871)	
At September 30, 2019 (unaudited)		105,636	22,068,931	(12,087)	(16,397,767)	151,180	264,974	8,172	113,305	(1,281,697)	5,020,647	(64,032)	4,956,615

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended September 30, 2020

	Attributable to owners of the parent											
	Share capital	Share premium account	Treasury share	Merger reserve	Exchange fluctuation reserve	Employee share-based compensation reserve	Equity investments at fair value through other comprehensive income revaluation reserve	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At April 1, 2020	106,108	22,344,732*	(13,039)	(16,397,767)*	150,697*	210,730*	41,545*	123,205*	(1,297,066)*	5,269,145	(66,630)	5,202,515
Profit for the period	-	-	-	-	-	-	-	-	283,431	283,431	(4,877)	278,554
Change in fair value of equity investment designated at FVOCI, net of tax	-	-	-	-	-	-	(16,636)	-	-	(16,636)	-	(16,636)
Translation from functional currency to presentation currency	-	-	-	-	(206,545)	-	-	-	-	(206,545)	-	(206,545)
Total comprehensive income for the period	-	-	-	-	(206,545)	-	(16,636)	-	283,431	60,250	(4,877)	55,373
Issue of new shares	16	12,283	20,698,113	-	(11,791,812)	-	-	-	-	8,918,584	-	8,918,584
Share-based compensation expenses	-	-	-	-	-	187,685	-	-	-	187,685	-	187,685
Issue of new shares for restricted share units	16	62	-	(62)	-	-	-	-	-	-	-	-
Vested awarded shares transferred to employees	16	-	67,715	7,744	-	(75,459)	-	-	-	-	-	-
Exercise of share options	16	110	84,689	-	-	(24,821)	-	-	-	59,978	-	59,978
Deemed interest of an interest-free loan to a non-wholly owned subsidiary	-	-	-	-	-	-	-	(336)	-	(336)	336	-
Acquisition of minority interests	-	-	-	-	-	-	-	(41,249)	-	(41,249)	41,139	(110)
Deregister of a subsidiary	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
Statutory reserves	-	-	-	-	-	-	-	12,282	(12,282)	-	-	-
Share of capital reserve of an associate	-	-	-	-	-	-	-	13,677	-	13,677	-	13,677
At September 30, 2020 (unaudited)	118,563	43,195,249*	(5,357)	(28,189,579)*	(55,848)*	298,135*	24,909*	107,579*	(1,025,979)*	14,467,672	(30,032)	14,437,640

\* These reserve accounts comprise the consolidated reserves of RMB14,354,466,000 (March 31, 2020: RMB5,176,076,000) in the interim condensed consolidated statement of financial position.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2020

		<b>Six months ended September 30,</b>	
		<b>2020</b>	2019
		<b>Unaudited</b>	Unaudited
		<b>RMB'000</b>	RMB'000
<i>Notes</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Profit before tax	<b>324,441</b>	5,628
	Adjustments for:		
	Share of losses of joint ventures	8	5,344
	Share of losses of associates	9	18,418
	Interest income	5	(16,672)
	Other interest income	5	—
	Gain on deemed partial disposal of associates	5	(17,027)
	Gain on disposal of an associate	5	(21,791)
	Finance cost	7	19,462
	Dividend income from financial assets at FVPL	5	—
	Fair value (gains)/losses on financial assets at FVPL	10	6,605
	Deregister of a subsidiary	(62)	—
	Depreciation of property and equipment	10	2,318
	Depreciation of right-of-use assets	10	15,464
	Depreciation of investment property	10	—
	Amortisation of intangible assets	10	1,104
	Reversal of impairment of trade receivables	10	(1,227)
	Impairment and write-off/(Reversal of impairment) of inventories	10	(1,362)
	Foreign exchange differences, net	3,545	(1,787)
	Share-based compensation expenses	17	147,156
		<b>470,025</b>	161,633
	(Increase)/decrease in trade and bills receivables	<b>(15,658)</b>	142,797
	(Increase)/decrease in prepayments, other receivables and other assets	<b>(130,472)</b>	94,219
	Decrease/(increase) in inventories	<b>30,408</b>	(367,377)
	Decrease/(increase) in restricted cash	<b>41,396</b>	(969)
	Decrease in long-term receivables	<b>14,527</b>	22,162
	Increase in trade and bills payables	<b>52,703</b>	529,698
	Increase/(decrease) in other payables and accruals	<b>67,634</b>	(132,332)
	(Decrease)/increase in contract liabilities	<b>(11,195)</b>	12,090
	Exchange differences	<b>5,406</b>	5,851
	Cash generated from operations	<b>524,774</b>	467,772
	Interest received	<b>55,226</b>	18,508
	Interest element of lease payments	<b>(1,580)</b>	(1,907)
	Mainland of the People's Republic of China ("Mainland China" or the "PRC") taxes paid	<b>(12,020)</b>	(8,734)
	Net cash flows generated from operating activities	<b>566,400</b>	475,639

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended September 30, 2020

	Notes	Six months ended September 30,	
		2020 Unaudited RMB'000	2019 Unaudited RMB'000
Net cash flows generated from operating activities		<b>566,400</b>	475,639
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property and equipment		<b>(1,450)</b>	(2,873)
Purchase of items of intangible asset		<b>(497)</b>	(5,930)
Decrease of financial assets at FVPL		<b>403,415</b>	644,243
Proceeds from disposal of items of property and equipment		<b>205</b>	—
Business acquisitions	19(B)	—	(18,012)
Acquisition of an associate		<b>(10,000)</b>	—
Capital injection in an associate		<b>(61,004)</b>	—
Proceeds from disposal of an associate	5	—	53,042
Increase of time deposits with original maturity over three months		<b>(4,754,351)</b>	(211,637)
Repayment of loan		<b>25,000</b>	—
Interest received		<b>1,137</b>	—
Dividend receipt from financial assets at FVPL		<b>1,363</b>	—
Capital injection in a joint venture		—	(99,500)
Acquisition of minority interests		<b>(110)</b>	—
Net cash flows (used in)/generated from investing activities		<b>(4,396,292)</b>	359,333
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of new shares		<b>8,917,172</b>	2,000,580
Repurchase of shares		—	(12,256)
Proceeds from exercise of options		<b>59,978</b>	15,330
Repayment of bank loans and other borrowings		—	(700,000)
Interest paid		—	(19,249)
Principal portion of lease payments		<b>(19,757)</b>	(16,122)
Net cash flows generated from financing activities		<b>8,957,393</b>	1,268,283
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>2,594,981</b>	280,371
Effect of foreign exchange rate changes		<b>(209,205)</b>	63,735
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		<b>7,513,277</b>	2,447,361

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended September 30, 2020

	<b>Six months ended September 30,</b>	
	<b>2020</b> <b>Unaudited</b> <b>RMB'000</b>	2019 Unaudited RMB'000
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>6,951,558</b>	1,400,347
Non-pledged time deposits with original maturity of three months or less when acquired	<b>561,719</b>	1,047,014
Non-pledged time deposits with original maturity over three months when acquired	<b>4,754,351</b>	211,637
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>		
Non-pledged time deposits with original maturity over three months	<b>(4,754,351)</b>	(211,637)
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</b>		
	<b>7,513,277</b>	2,447,361

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2020

## 1 GENERAL INFORMATION

Alibaba Health Information Technology Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is located at 17th to 19th Floors, Building B, Greenland Center, Beijing, PRC.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are primarily engaged in pharmaceutical direct sales business, pharmaceutical e-commerce platform business, medical and healthcare services business and tracking and digital health business.

In the opinion of the directors of the Company (the “**Directors**”), the Company’s immediate holding company is Perfect Advance Holding Limited (“**Perfect Advance**”), which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Alibaba Group Holding Limited (“**Alibaba Holding**”, together with its subsidiaries, “**Alibaba Group**”).

## 2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended September 30, 2020 (the “**Reporting Period**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended March 31, 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**” (which include all HKFRSs, HKASs and Interpretations)).

The Company has set up two trusts (the “**Trusts**”) for the purpose of purchasing, administering and holding the Company’s shares for the share award scheme adopted on November 24, 2014 (the “**Share Award Scheme**”, note 17). The Group has the power to govern the financial and operating policies of the Trusts and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trusts are included in the interim condensed consolidated statement of financial position and the shares held by the Trusts are presented as a deduction in equity as treasury shares.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation (continued)**

The Company does not have legal ownership in the equity of certain entities. However, under certain contractual agreements (including power of attorney agreement, loan agreement, equity option agreement, equity interest pledge agreement and exclusive technical consulting and services agreement) entered into with the registered owners of the entities, the Company through its indirectly wholly-owned subsidiaries controls the entities by way of controlling the voting rights, governing the financial and operating policies, appointing or removing the directors or executives, and casting the majority of votes at meetings of authorities. In addition, such contractual agreements also transfer the risks and rewards of the entities to the Company and/or its indirectly wholly-owned subsidiaries. As a result, the entities are treated as subsidiaries of the Company and their financial statements have been consolidated by the Company.

The associates and joint ventures, except for Dongfang Customs Technology Company Limited<sup>4</sup> (東方口岸科技有限公司) (“**Dongfang Customs**”), have a financial year ending December 31, and the financial statements of these associates and joint ventures may not be available in a timely manner for the Group to apply the equity method, therefore the Group elects to record its shares of the profits or losses of these associates and joint ventures on a quarter lag basis.

**2.2 Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended March 31, 2020, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.2 Changes in accounting policies and disclosures (continued)**

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after April 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended September 30, 2020***2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.2 Changes in accounting policies and disclosures (continued)**

- (c) Amendments to HKFRS 16 provide a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after June 1, 2020 with earlier application permitted.

During the period ended September 30, 2020, certain monthly lease payments for the leases of the Group's offices and retail outlets have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendments on April 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended September 30, 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB187,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended September 30, 2020.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

### 3 OPERATING SEGMENT INFORMATION

The Group is primarily engaged in pharmaceutical direct sales business, pharmaceutical e-commerce platform business, medical and healthcare services business and tracking and digital health business. Given that the chief operating decision maker of the Company considers that the Group's business mentioned above is operated and managed as a single segment, accordingly, no segment information is presented.

#### Geographical information

##### (a) Revenue from external customers

	Six months ended September 30,	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Mainland China	6,911,668	3,988,437
Hong Kong	250,363	128,409
	<u>7,162,031</u>	<u>4,116,846</u>

The revenue information above is based on the locations of the customers for whom services are provided, or the locations of the warehouses from which inventories are shipped.

##### (b) Non-current assets

	September 30,	March 31,
	2020 Unaudited RMB'000	2020 Audited RMB'000
Mainland China	2,010,025	2,047,963
Hong Kong	155,027	151,047
	<u>2,165,052</u>	<u>2,199,010</u>

The non-current asset information above is based on the locations of the assets and excludes equity investment designated at FVOCI, financial assets at FVPL and long-term receivables.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**3 OPERATING SEGMENT INFORMATION (CONTINUED)****Information about a major customer**

During the periods ended September 30, 2020 and 2019, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue.

**4 REVENUE**

The Group is primarily engaged in pharmaceutical direct sales business, pharmaceutical e-commerce platform business, medical and healthcare services business and tracking and digital health business.

An analysis of revenue is as follows:

	<b>Six months ended September 30,</b>	
	<b>2020</b> <b>Unaudited</b> <b>RMB'000</b>	2019 Unaudited RMB'000
Pharmaceutical direct sales business	<b>6,036,024</b>	3,435,166
Pharmaceutical e-commerce platform business	<b>925,383</b>	539,991
Medical and healthcare services business*	<b>175,929</b>	122,736
Tracking and digital health business	<b>24,695</b>	18,953
<b>Total</b>	<b><u>7,162,031</u></b>	<u>4,116,846</u>

*Note*

- \* Consumer healthcare business, Internet healthcare business and other business (other than pharmaceutical direct sales business, pharmaceutical e-commerce platform business and tracking and digital health business) have been redefined as medical and healthcare services business to better reflect our business classification, and the details of revenue for the six months ended September 30, 2019 have been adjusted accordingly.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**4 REVENUE (CONTINUED)****Revenue from contracts with customers***Disaggregated revenue information*

	<b>Six months ended September 30,</b>	
	<b>2020</b> <b>Unaudited</b> <b>RMB'000</b>	2019 Unaudited RMB'000
<b>Type of goods or services:</b>		
Sales of products	<b>5,709,524</b>	3,271,829
Provision of services	<b>1,452,507</b>	845,017
Total revenue from contracts with customers	<b>7,162,031</b>	4,116,846
<b>Timing of revenue recognition:</b>		
At a point in time	<b>6,774,746</b>	3,911,563
Over time	<b>387,285</b>	205,283
Total revenue from contracts with customers	<b>7,162,031</b>	4,116,846

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

## 5 OTHER INCOME AND GAINS

	Six months ended September 30,	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
<b>Other Income</b>		
Bank interest income	62,068	16,672
Government grants	14,570	1,975
Rental income from investment property operating leases	3,997	4,237
Management fee income from a joint venture	4,545	—
Dividend income from financial asset at FVPL	1,363	—
Foreign exchange difference, net	—	1,783
Other interest income	513	—
Others	225	437
	<b>87,281</b>	<b>25,104</b>
<b>Gains</b>		
Gain on deemed partial disposal of associates	8,679	17,027
Gain on disposal of an associate <sup>#</sup>	—	21,791
Fair value gains on financial assets at FVPL	46,851	—
	<b>55,530</b>	<b>38,818</b>

<sup>#</sup> On March 29, 2019, Hongyun Jiukang Data Technology (Beijing) Company Limited<sup>^</sup> (弘雲久康數據技術(北京)有限公司) (“**Hongyun Jiukang**”), a subsidiary of the Company, entered into an equity transfer agreement with a wholly-owned subsidiary of Jiahe Meikang (Beijing) Technology Co., Ltd.<sup>^</sup> (嘉和美康(北京)科技股份有限公司) (“**Jiahe Meikang**”), an associate of Hongyun Jiukang, pursuant to which 45% equity interests of Beijing Jiamei Online Technology Co., Ltd.<sup>^</sup> (北京嘉美在線科技有限公司) (“**Jiamei Online**”) held by Hongyun Jiukang were transferred to a wholly-owned subsidiary of Jiahe Meikang, for a total cash consideration of approximately RMB53,042,000.

The transaction was completed and the cash consideration of RMB53,042,000 was fully received during the six months ended September 30, 2019.

## 6 FULFILLMENT

Fulfillment primarily consists of those costs incurred in warehousing, logistics, operation and customer services, which are associated with the Group's online direct sales business.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended September 30, 2020*

### **7 FINANCE COST**

Finance cost is interest on lease liabilities and interest-bearing borrowings of the Group.

### **8 SHARE OF LOSSES OF JOINT VENTURES**

The Group recorded share of losses from existing joint ventures for the six months ended June 30, 2020 and 2019.

### **9 SHARE OF LOSSES OF ASSOCIATES**

The Group recorded share of losses from existing associates for the six months ended June 30, 2020 and 2019, except for Dongfang Customs, from which the Group recorded share of profits for the six months ended September 30, 2020 and 2019.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**10 PROFIT BEFORE TAX**

The Group's profit before tax is arrived at after charging/(crediting):

	<b>Six months ended September 30,</b>	
	<b>2020</b>	2019
	<b>Unaudited</b>	Unaudited
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of goods sold*	<b>4,516,205</b>	2,646,318
Cost of services provided* (excluding employee benefit expense and share-based compensation expenses)	<b>772,434</b>	427,547
Depreciation of property and equipment	<b>1,394</b>	2,318
Depreciation of right-of-use assets	<b>11,886</b>	15,464
Depreciation of investment property	<b>3,276</b>	—
Amortisation of intangible assets	<b>978</b>	1,104
Fair value (gains)/losses on financial assets at FVPL#	<b>(46,851)</b>	6,605
Impairment/(reversal of impairment) of inventories*	<b>1,364</b>	(1,362)
Reversal of impairment of trade receivables#	<b>(63)</b>	(1,227)
Write-off of inventories#	<b>3,745</b>	—
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	<b>235,599</b>	196,821
Pension scheme contributions	<b>6,211</b>	12,643
Share-based compensation expenses (note 17)	<b>198,514</b>	147,156
	<b>440,324</b>	356,620
Foreign exchange differences, net	<b>3,545</b>	(1,783)

# These items are included in "Other income and gains" and "Other expenses" in the interim condensed consolidated statement of profit or loss.

\* These items are included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**11 INCOME TAX EXPENSE**

	<b>Six months ended September 30,</b>	
	<b>2020</b>	2019
	<b>Unaudited</b>	Unaudited
	<b>RMB'000</b>	<b>RMB'000</b>
Current-Hong Kong		
Charge for the period	<b>4,625</b>	—
Current-Mainland China		
Charge for the period	<b>23,613</b>	21,181
Overprovision in prior years	<b>(1,695)</b>	(12,122)
Deferred	<b>19,344</b>	4,198
	<b>45,887</b>	13,257
Total tax charge for the period	<b>45,887</b>	13,257

Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended September 30, 2019: 16.5%) on the estimated assessable profits arising in Hong Kong. During the period, provision of RMB4,625,000 for Hong Kong profits tax has been made for assessable profits arising in Hong Kong (for the six months ended September 30, 2019: Nil).

In general, the PRC subsidiaries of the Company are subject to the PRC corporate income tax rate of 25% except for one PRC subsidiary which is entitled to a preferential tax rate of 15%, and one PRC subsidiary which is entitled to the preferential tax treatment of the income tax exemptions policy during the year of 2018 and 2019, and is entitled to a preferential tax rate of 15% since 2020. An income tax reversal of RMB9,500,000 was recorded by one PRC subsidiary for the period ended September 30, 2019 after the approval of the preferential tax treatment for prior year taxable income was obtained.

Deferred income tax represents withholding tax on the distributable profits of the Group's associates and tax impact of temporary difference arising from the Group's operation.

**12 DIVIDENDS**

The board of Directors (the "**Board**") has resolved that no interim dividend be declared for the six months ended September 30, 2020 (for the six months ended September 30, 2019: Nil).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**13 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT**

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to owners of the parent of RMB283,431,000 (for the six months ended September 30, 2019: RMB(1,102,000)), and the weighted average number of ordinary shares of approximately 13,038,227,696 in issue during the period (for the six months ended September 30, 2019: 11,835,917,067).

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to owners of the parent of RMB283,431,000. The weighted average number of ordinary shares used in such calculation is the number of ordinary shares of 13,038,227,696 in issue during the period (same as those used in the basic earnings/(loss) per share calculation), and the weighted average number of 83,063,768 ordinary shares assumed to have been issued at no consideration on the deemed exercise or vest of all dilutive potential ordinary shares into ordinary shares.

**14 TRADE AND BILLS RECEIVABLES**

	<b>September 30, 2020 Unaudited RMB'000</b>	March 31, 2020 Audited RMB'000
Trade receivables	<b>356,399</b>	319,278
Bills receivable	<b>10,708</b>	32,171
	<b>367,107</b>	351,449
Impairment	<b>(26,845)</b>	(26,908)
	<b>340,262</b>	324,541

The Group's trading terms with some of its customers are on credit. The Group provides credit periods from 30 to 90 days. Trade receivables are settled in accordance with the terms of the respective contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

Included in the Group's trade and bills receivables as at September 30, 2020 are amounts due from subsidiaries of Alibaba Group of approximately RMB87,361,000 (March 31, 2020: RMB80,178,000) and the Group's associates of approximately RMB1,832,000 (March 31, 2020: RMB24,394,000), which are repayable on credit terms similar to those offered to major customers of the Group.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**14 TRADE AND BILLS RECEIVABLES (CONTINUED)**

An aging analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of provisions, is as follows:

	<b>September 30, 2020 Unaudited RMB'000</b>	March 31, 2020 Audited RMB'000
Within 3 months	<b>228,084</b>	266,972
3 to 12 months	<b>97,822</b>	25,398
Over 12 months	<b>3,648</b>	—
	<b><u>329,554</u></b>	<u>292,370</u>

**15 TRADE AND BILLS PAYABLES**

An aging analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date or issue date, is as follows:

	<b>September 30, 2020 Unaudited RMB'000</b>	March 31, 2020 Audited RMB'000
Within 3 months	<b>1,351,018</b>	973,060
3 to 12 months	<b>368,243</b>	683,915
Over 12 months	<b>198,968</b>	208,551
	<b><u>1,918,229</u></b>	<u>1,865,526</u>

Included in the Group's trade payables as at September 30, 2020 are amounts due to subsidiaries of Alibaba Group of approximately RMB864,876,000 (March 31, 2020: RMB950,468,000), which are repayable on credit terms similar to those offered by the related companies to their major customers.

The trade payables are non-interest bearing and are normally settled on credit periods from 30 to 90 days.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

## 16 SHARE CAPITAL

## Shares

	September 30, 2020 Unaudited RMB'000	March 31, 2020 Audited RMB'000	
Issued and fully paid 13,452,625,292 (March 31, 2020: 12,074,135,224) ordinary shares of HK\$0.01 each	<b>118,563</b>	106,108	
	<b>Number of shares in issue (unaudited)</b>	<b>Share capital (unaudited) RMB'000</b>	<b>Treasury shares (unaudited) RMB'000</b>
Ordinary shares of HK\$0.01 each			
At April 1, 2019	11,710,892,714	102,898	(25,052)
Exercise of share options (note a)	3,592,250	32	—
Repurchase of shares (note b)	—	—	(12,256)
Vested awarded shares transferred to employees (note c)	—	—	25,260
Issue of shares (note d)	302,976,000	2,667	—
Issue of shares for RSU (note e)	4,296,369	39	(39)
At September 30, 2019	<u>12,021,757,333</u>	<u>105,636</u>	<u>(12,087)</u>
At April 1, 2020	<b>12,074,135,224</b>	<b>106,108</b>	<b>(13,039)</b>
Exercise of share options (note a)	<b>12,062,750</b>	<b>110</b>	<b>—</b>
Vested awarded shares transferred to employees (note c)	—	—	<b>7,744</b>
Issue of shares (note f)	<b>1,359,627,318</b>	<b>12,283</b>	<b>—</b>
Issue of shares for RSU (note e)	<b>6,800,000</b>	<b>62</b>	<b>(62)</b>
At September 30, 2020	<u><b>13,452,625,292</b></u>	<u><b>118,563</b></u>	<u><b>(5,357)</b></u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**16 SHARE CAPITAL (CONTINUED)****Shares (continued)**

*Note a:* The number of options exercised during the six months ended September 30, 2020 is 12,062,750 (for the six months ended September 30, 2019: 3,592,250).

*Note b:* During the six months ended September 30, 2019, a total of 1,903,200 ordinary shares were repurchased from the market at a total consideration of HK\$13,700,563 (approximately RMB12,256,000) for restricted share units to be vested on July 31, 2019, September 15, 2019 and in future period.

*Note c:* The number of treasury shares transferred to owners of vested restricted share units during the six months ended September 30, 2020 is 12,311,319 (for the six months ended September 30, 2019: 30,659,645).

*Note d:* On July 12, 2019, 302,976,000 shares were issued to Ali JK Nutritional Products Holding Limited (“**Ali JK**”) and Antfin (Hong Kong) Holding Limited (“**Antfin**”) at a total cash consideration of HK\$2,272,320,000 (approximately RMB1,998,171,000) and a subscription price of HK\$7.5 per share. Ali JK and Antfin are connected persons of the Company. The transactions constituted connected transactions of the Company in accordance with the Listing Rules. For details of the transactions, please refer to announcement of the Company dated May 23, 2019.

*Note e:* The number of shares of HK\$0.01 each were issued for restricted share units to be vested in future period during the six months ended September 30, 2020 is 6,800,000 (for the six months ended September 30, 2019: 4,296,369).

*Note f:* On April 9, 2020, 860,874,200 shares were issued to Ali JK at a subscription price of HK\$9.38 per share for a total cash consideration of HK\$8,075,000,000 (approximately RMB7,280,678,000). This constituted connected transaction of the Company in accordance with the Listing Rules. For details of the transaction, please refer to the announcement of the Company dated February 7, 2020.

On August 5, 2020, the Company entered into a placing agreement with the placing agents in relation to the placing of an aggregate of 498,753,118 new shares at the placing price of HK\$20.05 per placing share. On August 12, 2020, a total of 498,753,118 new shares have been successfully placed, the gross proceeds were HK\$10,000,000,000 and the net proceeds were HK\$9,964,200,000 (approximately RMB8,917,172,000). For details of the placing, please refer to announcements of the Company dated August 5, 2020 and August 12, 2020.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended September 30, 2020***17 SHARE-BASED COMPENSATION EXPENSES****Share award scheme**

On November 24, 2014 (the “**Adoption Date**”), the Group adopted a share award scheme (the “**Share Award Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. An award (“**Award**”) granted under the Share Award Scheme may either take the form of a RSU, being a contingent right to receive shares of the Company which are awarded under the Share Award Scheme or an option (“**Option**”) to subscribe for or acquire shares of the Company which are granted under the Share Award Scheme.

The total number of shares in respect of which Awards may be granted under the Share Award Scheme and any other share award schemes of the Company shall not exceed 3% of the shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”), or 3% of the shares in issue as at the new approval date of the renewed Scheme Mandate Limit.

The Awards do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

Any grant of RSUs to any connected person of the Company and the issue and allotment of shares upon vesting of such RSUs will constitute a connected transaction (as defined in Chapter 14A of the Listing Rules) of the Company and shall therefore be subject to compliance with Chapter 14A of the Listing Rules (unless an exemption applies).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**17 SHARE-BASED COMPENSATION EXPENSES (CONTINUED)****Share award scheme (continued)**

Movements in the number of units of Awards granted under the Share Award Scheme during the period and their related weighted average fair values are as follows:

	<b>Weighted average exercise price of options</b> Unaudited <i>HK\$ per share</i>	<b>Number of options</b> Unaudited <i>'000</i>	<b>Number of RSUs</b> Unaudited <i>'000</i>
Outstanding at April 1, 2019	5.00	63,072	110,648
Granted during the period	—	—	40,178
Forfeited during the period	4.50	(4,371)	(11,550)
Exercised or transferred during the period	4.84	(3,592)	(30,660)
Outstanding at September 30, 2019	<u>5.05</u>	<u>55,109</u>	<u>108,616</u>
Average fair value per option/RSU at September 30, 2019		RMB2.07	RMB5.15
Outstanding at April 1, 2020	<b>4.84</b>	<b>28,679</b>	<b>85,761</b>
Granted during the period	<b>19.92</b>	<b>6,698</b>	<b>20,172</b>
Forfeited during the period	<b>3.66</b>	<b>(306)</b>	<b>(10,184)</b>
Exercised or transferred during the period	<b>5.45</b>	<b>(12,063)</b>	<b>(12,310)</b>
Outstanding at September 30, 2020	<u><b>8.92</b></u>	<u><b>23,008</b></u>	<u><b>83,439</b></u>
Average fair value per option/RSU at September 30, 2020		<b>RMB4.28</b>	<b>RMB9.23</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**17 SHARE-BASED COMPENSATION EXPENSES (CONTINUED)****Share award scheme (continued)**

For options outstanding at the end of the Reporting Period, the exercise prices range from HK\$3.610 to HK\$19.940. The exercise period of the options is from the vesting date to 10 years from the grant date. 23,008,000 share options of the Group were outstanding as at September 30, 2020 with the weighted average remaining contractual life of 7.45 years (for the six months ended September 30, 2019: 7.26 years).

As at September 30, 2020, the remaining vesting periods for the options and RSUs granted range from 3 months to 48 months.

There were no options granted during the six months ended September 30, 2019. The fair value of options granted during the six months ended September 30, 2020 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Six months ended September 30, 2020 (Unaudited)
Fair value of the Company's shares at the grant date	HK\$9.34~HK\$11.13
Expected volatility (%)	65
Expected dividend (%)	0.00
Exercise multiple	1.5~2.6
Exercise price	HK\$18.66~HK\$19.94
Risk-free interest rate (%)	0.5
Expected forfeiture rate (%)	14~20

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair values of the RSUs granted during the six months ended September 30, 2020 and September 30, 2019 were determined based on the market value of the Company's shares at the respective grant dates.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**17 SHARE-BASED COMPENSATION EXPENSES (CONTINUED)****Share award scheme (continued)**

Total share-based compensation expenses recorded by the Group under the Share Award Scheme are as follows:

	<b>Six months ended September 30,</b>	
	<b>2020</b>	2019
	<b>Unaudited</b>	Unaudited
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of revenue	<b>6,077</b>	5,050
Sales and marketing expenses	<b>68,092</b>	53,134
Administrative expenses	<b>48,094</b>	42,128
Product development expenses	<b>62,786</b>	40,950
Fulfillment	<b>13,465</b>	5,894
	<b>198,514</b>	147,156

At the end of the Reporting Period, the Company had approximately 23,008,000 options and 83,439,000 RSUs outstanding under the Share Award Scheme. The exercise in full of the outstanding options and RSUs would, under the present capital structure of the Company, result in the issue of 99,104,000 additional ordinary shares of the Company and additional share capital of HK\$991,040 (equivalent to approximately RMB895,041) (before issue expenses), the purchase of approximately 3,480,000 existing shares from the market and release of approximately 3,863,000 treasury shares. The purchase of 3,480,000 existing shares was for RSUs to be vested by connected persons of the Group.

**18 COMMITMENTS**

The Group had the following capital commitments at the end of the Reporting Period.

	<b>September 30,</b>	March 31,
	<b>2020</b>	2020
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	<b>RMB'000</b>
Contracted, but not provided for:		
Capital injection of investments	<b>402,300</b>	167,500

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended September 30, 2020***19 BUSINESS COMBINATIONS UNDER COMMON CONTROL****(A) Business combinations under common control**

On April 9, 2020, the Group acquired 100% equity interest in Ali JK ZNS Limited and its subsidiaries, Ali JK ZNS (HK) Limited, and Hangzhou Defu Health Management Co., Ltd.<sup>^</sup> (杭州得賦健康管理有限公司), (collectively referred to as the “**Ali JK ZNS Group**”) from Ali JK Nutritional Products Holding Limited, the (“**Vendor**”), a direct-wholly-owned subsidiary of Alibaba Holding. As the Company and Ali JK ZNS Group are under the common control of Alibaba Holding before and after the acquisition, the business combination has been accounted for in the interim condensed consolidated financial statements of the Group as a business combination under common control using merger accounting.

The consideration amounting to HK\$8,075.0 million was satisfied by the Company issuing 860,874,200 shares on April 9, 2020 to the Vendor. The fair value of these consideration shares was HK\$12,982.0 million (approximately RMB11,793.2 million) based on the market price of HK\$15.08 per ordinary share as at April 9, 2020. The difference of RMB11,791.8 million between the fair value of consideration shares issued of approximately RMB11,793.2 million and the carrying amount of approximately RMB1.4 million of the net asset of Ali JK ZNS Group at the acquisition date is recognised in merger reserve. Ali JK Medical Products Group was established by the Vendor to hold the business which comprises: (i) all merchant relationships with the target merchants for the sale of target products and services on Tmall.com and (ii) certain relevant marketing and operations personnel managing the relationships with the target merchants. The business earns commissions from merchants when sales of target products on Tmall.com were completed.

Since the acquisition, Ali JK ZNS Group contributed RMB87,193,000 to the Group's revenue and profit of RMB52,316,000 to the consolidated profit for the six months ended September 30, 2020.

**(B) Business combinations not under common control*****Acquisition of Hangzhou Yixintang***

In May 2019, Ali JK Medical Products (HK) Limited (“**Ali JK Medical**”), a subsidiary of the Group, entered into an equity transfer agreement with Yixintang Pharmaceutical Chain Co., Ltd.<sup>^</sup> (易心堂大藥房連鎖股份有限公司) (“**Yixintang**”), pursuant to which, Ali JK Medical acquired 100% equity interest of Hangzhou Yinxintang Pharmaceutical Chain Co., Ltd.<sup>^</sup> (杭州易心堂大藥房連鎖有限公司) (“**Hangzhou Yixintang**”), which was a subsidiary of Yixintang, at a cash consideration of RMB15,785,000. As at September 30, 2019, a consideration of RMB12,585,000 was paid to Yixintang, and the remaining RMB3,200,000 will be paid after certain conditions are fulfilled.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**19 BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)****(B) Business combinations not under common control (continued)*****Acquisition of Hangzhou Yixintang (continued)***

The fair values of the identifiable assets and liabilities of Hangzhou Yixintang as at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition</b>
	<i>RMB'000</i>
Property and equipment	2,458
Prepayments, deposits and other receivables	1,453
Inventory	1,088
Trade receivables	3
Cash and cash at banks	5
Other payables	(492)
Trade payables	<u>(2,300)</u>
Total identifiable net assets at fair value	2,215
Goodwill on acquisition	<u>13,570</u>
	15,785
Satisfied by:	
Cash	12,585
Other payables	<u>3,200</u>
Total purchase consideration	<u><u>15,785</u></u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**19 BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)****(B) Business combinations not under common control (continued)*****Acquisition of Hangzhou Yixintang (continued)***

An analysis of the cash flows in respect of the acquisition of Hangzhou Yixintang is as follows:

	<i>RMB'000</i>
Cash consideration paid	(12,585)
Cash and bank balances acquired	<u>5</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>(12,580)</u></u>

Since the acquisition, Hangzhou Yixintang contributed RMB2,609,000 to the Group's revenue and loss of RMB1,446,000 to the consolidated loss for the six months ended September 30, 2019.

Had the combination taken place at the beginning of prior period, the revenue from continuing operations of the Group and the loss of the Group for the six months ended September 30, 2019 would have been RMB4,134,463,000 and RMB1,298,000, respectively.

***Acquisition of seven pharmacies***

On April 16, 2019, the Group acquired seven pharmacies from a third party. The purchase consideration was approximately RMB14,000,000. There was no identifiable net assets of seven pharmacies as at the date of acquisition, and the goodwill on acquisition was RMB14,000,000. Part of the consideration of RMB5,432,000 was paid and the remaining consideration of RMB8,568,000 was recorded in other payables and accruals as of March 31, 2020.

Since the acquisition, seven pharmacies contributed RMB2,282,000 to the Group's revenue and loss of RMB185,000 to the Group's loss for the six months ended September 30, 2019.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**20 RELATED PARTY TRANSACTIONS****(I) Transactions with related parties:**

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions:

	Notes	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Services and products received from related parties:			
Share-based compensation expenses attributable to connected persons	(i)	17,294	17,582
Cloud computing services received from Alibaba Cloud	(ii)	2,003	3,342
Internet information and other related services received from relevant entities of Alibaba Group	(iii)	144,311	91,997
Shared services received from Alibaba Group	(iv)	120,280	47,454
Marketing services received from Alibaba Group	(v)	135,405	77,295
Logistics and warehouse services received from a subsidiary of Alibaba Holding	(vi)	102,439	45,282
Payment services received from Alipay	(vii)	30,992	17,463
Technical services received from Tmall Entities <sup>®</sup> regarding Blue Cap Health Food	(viii)	34,613	27,200
Technical services received from Tmall Entities regarding medical devices, healthcare products, adult products, and medical and healthcare services	(viii)	372,571	229,234
Technical services received from Taobao Holding regarding Tmall Products and Services and Tmall Global Products and Services <sup>*</sup>	(viii)	76,899	—
Products received from Alibaba Group	(ix)	7,531	1,442
Business sourcing and promotion services from Koubei	(x)	11,047	—

<sup>®</sup> Zhejiang Tmall Network Co., Ltd.<sup>^</sup> (浙江天貓網絡有限公司) and Zhejiang Tmall Technology Co., Ltd.<sup>^</sup> (浙江天貓技術有限公司)

<sup>\*</sup> Tmall Products and Services are comprised of pharmaceutical products, medical purpose food products, medical devices, adult products, healthcare products, medical and healthcare services and the target Blue Cap Health Food sold through Tmall Supermarket only.

Tmall Global Products and Services are comprised of pharmaceutical products, medical devices, healthcare products, medical purpose food products, medical and healthcare services.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

## 20 RELATED PARTY TRANSACTIONS (CONTINUED)

## (I) Transactions with related parties: (continued)

	<i>Notes</i>	<b>2020</b> <b>Unaudited</b> <b>RMB'000</b>	2019 Unaudited RMB'000
Services and products provided to related parties:			
Incentive fee received from a subsidiary of Alibaba Holding	<i>(v)</i>	<b>103</b>	640
Outsourced and value-added services provided to Taobao Group	<i>(xi)</i>	<b>47,070</b>	44,430
Tracking related services provided to a subsidiary of Alibaba Holding	<i>(xii)</i>	<b>870</b>	1,419
Products provided to Alibaba Group	<i>(ix)</i>	<b>484</b>	—
Products provided to associates of the Group	<i>(xiii)</i>	<b>4,871</b>	7,621
Rent received from a subsidiary of Alibaba Holding	<i>(xiv)</i>	<b>3,997</b>	3,930
Service fees of software services received from Taobao Group	<i>(xv)</i>	<b>13,463</b>	—
Others:			
Disposal of an equity investment to an associate	<i>(xvi)</i>	—	53,042
Subscription agreement with Ali JK/Antfin	<i>(note 16(f)/(d))</i>	<b>7,280,678</b>	1,998,171

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

## 20 RELATED PARTY TRANSACTIONS (CONTINUED)

### (I) Transactions with related parties: (continued)

- (i) On June 14, 2019, the Company granted 500,000 RSUs to Mr. SHEN Difan, the then chief executive officer and executive Director (resigned on March 16, 2020), and hence a connected person of the Company under the Share Award Scheme. On the same day, the Company granted 449,000 RSUs to Mr. WANG Qiang, the then executive Director (resigned on October 23, 2020), and hence a connected person of the Company, and 487,000 RSUs to other connected persons (other than the Directors), under the Share Award Scheme. Further details of the transaction were set out in the announcement of the Company dated June 14, 2019.

On June 15, 2020, the Company granted 2,900,000 options and 500,000 RSUs to Mr. ZHU Shunyan, an executive Director, the current chairman of the Board and chief executive officer of the Company, and hence a connected person of the Company under the Share Award Scheme. On the same day, the Company granted 292,500 options and 117,000 RSUs to Mr. WANG Qiang, the then executive Director (resigned on October 23, 2020), and hence a connected person of the Company, and 290,000 options and 116,000 RSUs to other connected persons (other than the Directors), under the Share Award Scheme. Further details of the transaction were set out in the announcement of the Company dated June 15, 2020.

On September 15, 2020, the Company granted 119,000 options and 47,600 RSUs to one other connected person (other than the Directors), under the Share Award Scheme. Further details of the transaction were set out in the announcement of the Company dated September 15, 2020.

- (ii) On March 27, 2020, Alibaba Health Technology (China) Co., Ltd.<sup>^</sup> (阿里健康科技(中國)有限公司) (formerly known as Alibaba Health Technology (Beijing) Co., Ltd.<sup>^</sup> (阿里健康科技(北京)有限公司)) ("**Alibaba Health China**"), an indirect-wholly-owned subsidiary of the Company, and Alibaba Cloud Computing Ltd.<sup>^</sup> (阿里雲計算有限公司) ("**Alibaba Cloud**"), a consolidated entity of Alibaba Holding, renewed the 2020 Cloud Computing Services Agreement by entering into the 2021 Cloud Computing Services Agreement for a term of one year from April 1, 2020 to March 31, 2021, pursuant to which Alibaba Cloud shall provide certain cloud computing services to the Group.
- (iii) On February 7, 2020, Alibaba Holding and the Company renewed the 2020 Platform Services Framework Agreement by entering into the 2021 Platform Services Framework Agreement, pursuant to which the AGH relevant entities\* shall provide to the Group Internet information related software technical services and other related services for a term of one year commencing on April 1, 2020 to March 31, 2021. For the period ended September 30, 2020, a service fee of RMB147,985,000 (for the six months ended September 30, 2019: RMB104,354,000) was charged to the Group. A net service fee of RMB144,311,000 (for the six months ended September 30, 2019: RMB91,997,000) was recorded in the consolidated statement of profit or loss.

\* AGH relevant entities refers to Alibaba Holding and its subsidiaries, including Alibaba (China) Technology Co., Ltd.<sup>^</sup> (阿里巴巴(中國)網絡技術有限公司), Hangzhou Alibaba Advertising Co., Ltd.<sup>^</sup> (杭州阿里巴巴廣告有限公司), Alibaba (China) Software Co., Ltd.<sup>^</sup> (阿里巴巴(中國)軟件有限公司), Zhejiang Taobao Network Co., Ltd.<sup>^</sup> (浙江淘寶網絡有限公司), Taobao (China) Software Co., Ltd.<sup>^</sup> (淘寶(中國)軟件有限公司), Ecart Services Malaysia Sdn. Bhd., Lazada Singapore Pte. Ltd., Lazada Ltd., Lazada E-Services Philippines, Inc., PT. Ecart Webportal Indonesia, Recess Company Limited, Kobron Hong Kong Development Limited, Taobao China Holding Limited ("**Taobao China**"), Alibaba.com Singapore E-Commerce Private Limited ("**Alibaba Singapore**"), Zhejiang Alibaba Communication Technology Co., Ltd.<sup>^</sup> (浙江阿里巴巴通信技術有限公司), DingTalk Technology Co., Ltd.<sup>^</sup> (釘釘科技有限公司), DingTalk (China) Information Technology Co., Ltd.<sup>^</sup> (釘釘(中國)信息技術有限公司), Tmall Technology and Tmall Network, collectively.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**20 RELATED PARTY TRANSACTIONS (CONTINUED)****(I) Transactions with related parties: (continued)**

- (iv) On March 27, 2020, the Company renewed the 2020 Shared Services Agreement by entering into the 2021 Shared Services Agreement with Alibaba Holding, pursuant to which Alibaba Holding shall procure the Alibaba Service Providers\* to provide to the Group the shared services for a term of one year from April 1, 2020 to March 31, 2021.

\* Alibaba Service Providers refers to Alibaba Holding, persons controlled by it and persons under the common control of Alibaba Holding, and any other persons designated by Alibaba Holding.

- (v) On February 7, 2020, Alibaba Holding and the Company renewed the 2020 Advertising Services Framework Agreement by entering into the 2021 Advertising Services Framework Agreement for a term of one year from April 1, 2020 to March 31, 2021, pursuant to which Alibaba Group shall provide to the Group certain advertising services.

On March 27, 2020, Hangzhou Alimama Software Services Co., Ltd.^ (杭州阿里媽媽軟件服務有限公司) ("**Alimama**"), an indirect-wholly-owned subsidiary of Alibaba Holding, Shanghai Quan Tudou Cultural Communications Company Limited^ (上海全土豆文化傳播有限公司) ("**Youku**"), a subsidiary of Alibaba Holding, and Alibaba Health (Hong Kong) Technology Company Limited ("**Alibaba Health HK**"), an indirect-wholly-owned subsidiary of the Company, renewed the 2020 Agency Agreement by entering into the 2021 Agency Agreement for a term of one year from April 1, 2020 to March 31, 2021. As the marketing agent, the Group shall be entitled to receive certain incentive fees.

- (vi) On February 7, 2020, Hangzhou Cainiao Supply Chain Management Co., Ltd.^ (杭州菜鳥供應鏈管理有限公司) ("**Hangzhou Cainiao**"), an indirect non-wholly-owned subsidiary of Alibaba Holding, and Alibaba Health HK, renewed the 2020 Logistics Services Framework Agreement by entering into the 2021 Logistics Services Framework Agreement, pursuant to which Cainiao Group\* shall provide bonded warehouse services, customs clearance services and distribution services to the Group. The term of the 2021 Logistics Services Framework Agreement commenced on April 1, 2020 and will end on March 31, 2021.

\* Cainiao Group refers to Hangzhou Cainiao and its subsidiaries and affiliates.

- (vii) On March 27, 2020, the Company (for itself and on behalf of its subsidiaries) renewed the 2020 Payment Services Framework Agreement by entering into the 2021 Payment Services Framework Agreement with Alipay.com Co., Ltd.^ (支付寶(中國)網絡技術有限公司) ("**Alipay**"), a wholly-owned subsidiary of Ant Small and Micro Financial Services Group Co., Ltd.^ (浙江螞蟻小微金融服務集團股份有限公司) ("**Ant Financial**"), pursuant to which Alipay shall provide payment services and the Group shall pay service fees for a term of one year, which runs from April 1, 2020 to March 31, 2021.

- (viii) On March 27, 2020, Alibaba Health Technology (Hangzhou) Co., Ltd.^ (阿里健康科技(杭州)有限公司) (formerly known as Hangzhou Hengping Information Technology Co., Ltd.^ (杭州衡平信息科技有限公司)), an indirect-wholly-owned subsidiary of the Company, renewed the Framework Technical Services Agreement by entering into the 2021-2023 Framework Technical Services Agreement with the Tmall Entities for a term of three years from April 1, 2020 to March 31, 2023, pursuant to which the Tmall Entities shall continue to provide technical support, internet information services and secondary domain names and other services to merchants on Tmall.com, who provide Blue Cap Health Food products to customers ("**Target Business I**"). The Tmall Entities shall charge service fees of 50% of total software service fees received by the Target Business I from the relevant merchants on Tmall.com.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**20 RELATED PARTY TRANSACTIONS (CONTINUED)****(I) Transactions with related parties: (continued)**

(viii) (Continued)

On May 28, 2018, Hangzhou Lu Kang Health Technology Co., Ltd.<sup>^</sup> (杭州鹿康健康科技有限公司) (formerly known as Hangzhou Hengping Health Technology Co., Ltd.<sup>^</sup> (杭州衡憑健康科技有限公司)), an indirect-wholly-owned subsidiary of the Company, entered into a second Framework Technical Services Agreement with the Tmall Entities, pursuant to which the Tmall Entities shall continue to provide software technical services, internet information services and secondary domain names and other services for the operation on Tmall.com in relation to certain categories of products and services (as specified in the announcement of the Company dated May 29, 2018) ("**Target Business II**"). The Tmall Entities shall charge service fees of 50% of total software service fees received by the Target Business II from the relevant merchants on Tmall.com. The term of this Framework Technical Services Agreement commenced on the day following the completion of the Target Business II acquisition under common control as described in note 34 of the Company's financial statements for the year ended March 31, 2020 and will end on March 31, 2021.

On February 6, 2020, the Company entered into a third Framework Technical Services Agreement with Taobao Holding Limited ("**Taobao Holding**"), a wholly-owned subsidiary of Alibaba Holding, pursuant to which Taobao Holding shall procure its subsidiaries, including the Tmall Entities and Taobao China, to continue to provide infrastructure technical support for the operation of Tmall.com and Tmall Global (the "**Tmall Platforms**"), including software technical support, internet information services and secondary domain names and other services in respect of certain categories of products and services sold on the Tmall Platforms (as specified in the announcement of the Company dated February 7, 2020) ("**Target Business III**"). The Taobao Holding and its subsidiaries shall charge service fees of 40% of software service fees received by the Company from the target merchants for transactions of pharmaceutical products sales and 50% of the software service fees received by the Company from the target merchants for transactions selling the target products and services other than pharmaceutical products. The term of this Framework Technical Services Agreement commenced on the day following the completion of the Target Business III acquisition under common control as described in note 19 and will end on March 31, 2023.

(ix) On March 27, 2020, the Company renewed the 2020 Supply and Purchase Framework Agreement by entering into the 2021 Supply and Purchase Framework Agreement with Alibaba Singapore, a company incorporated in Singapore and an indirect-wholly-owned subsidiary of Alibaba Holding for a term of one year, which runs from April 1, 2020 to March 31, 2021, pursuant to which the Company shall procure the Group to supply and/or purchase various products to or from Alibaba Group on the platforms or stores operated by Alibaba Group. The Group will also provide other related services including daily maintenance, inventory control, pricing, promotional activities and packaging in accordance with the standard agreements and terms as agreed by the parties from time to time.

(x) On January 3, 2020, Alibaba Health China entered into the Koubei Services Framework Agreement with Koubei (Shanghai) Information Technology Co., Ltd.<sup>^</sup> (口碑 (上海) 信息技術有限公司) ("**Koubei**"), a consolidated entity of Alibaba Holding, pursuant to which Koubei shall, via the Group, provide business sourcing and promotion services (including system software services and other payable services) to merchants under certain product categories referred by the Group (as specified in the announcement of the Company dated January 3, 2020), and in return the Group shall pay the relevant service fees to Koubei. The Koubei Services Framework Agreement has a term commencing from January 3, 2020 and ending on March 31, 2021.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**20 RELATED PARTY TRANSACTIONS (CONTINUED)****(I) Transactions with related parties: (continued)**

- (xi) On March 27, 2020, Taobao Holding and Alibaba Health Information Technology (Beijing) Co., Ltd.<sup>^</sup> (阿里健康信息技術(北京)有限公司), an indirect-wholly-owned subsidiary of the Company, renewed the 2020 Outsourced Services Agreement by entering into the 2021 Outsourced Services Framework Agreement for a term of one year, which runs from April 1, 2020 to March 31, 2021, pursuant to which the Group agreed to provide certain outsourced and value-added services in accordance with the terms and conditions of the services agreement to Taobao Group<sup>#</sup>. For the period ended September 30, 2020, a service income of RMB50,744,000 (for the six months ended September 30, 2019: RMB56,787,000) was charged by the Group to Taobao Group. Taobao Group shall pay the Group a service fee amounting to 21.5% of the fees paid by the merchants to Taobao Group in respect of the value of the completed sales of products or services under certain categories on the Tmall Platforms and Tmall Supermarket (as specified in the announcement of the Company dated March 27, 2020). A net service income of RMB47,070,000 (for the six months ended September 30, 2019: RMB44,430,000) was recorded in the consolidated statement of profit or loss.
- <sup>#</sup> Taobao Group refers to Taobao Holding and its subsidiaries and affiliates.
- (xii) On March 27, 2020, Alibaba Health HK renewed the 2020 Tracking Services Agreement by entering into the 2021 Tracking Services Framework Agreement with Taobao China, an indirect-wholly-owned subsidiary of Alibaba Holding, pursuant to which the Group shall provide development, maintenance and operation service of tracking information system to Taobao China and its subsidiaries for a term from April 1, 2020 to March 31, 2021.
- (xiii) The products provided to associates were provided as prices and on conditions offered to major customers.
- (xiv) On April 15, 2019, Alibaba Health China and Taobao (China) Software Co., Ltd.<sup>^</sup> (淘寶(中國)軟件有限公司) ("**Taobao China Software**"), an indirect-wholly-owned subsidiary of Alibaba Holding entered into the Lease Agreement, pursuant to which Alibaba Health China agreed to sublet the premises to Taobao China Software for a term commencing from April 15, 2019 to March 31, 2021 at a monthly rent of approximately RMB776,000 (inclusive of tax).
- (xv) On May 5, 2020, the Company entered into the Software Services Framework Agreement with Taobao Holding, pursuant to which the Group shall, via Taobao Group, provide the merchants under certain categories of products and services (as specified in the announcement of the Company dated May 5, 2020) with software services on the Tmall Platforms, and in return Taobao Group shall pay the relevant service fees to the Group. The Software Services Framework Agreement has a term commencing from May 5, 2020 and ending on March 31, 2021.
- (xvi) On March 29, 2019, Hongyun Jiukang, a subsidiary of the Company, entered into an equity transfer agreement with a wholly-owned subsidiary of Jiahe Meikang, which is an associate of Hongyun Jiukang, pursuant to which 45% equity interests of Jiamei Online held by Hongyun Jiukang would be transferred to the wholly-owned subsidiary of Jiahe Meikang, for a total cash consideration of approximately RMB53,042,000. The transaction was completed on August 16, 2019.

The related party transactions in respect of items from (i) to (xii), (xiv) to (xvi) above also constitute continuing connected transactions or connected transactions as defined in Chapter 14A of the Listing Rules.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**20 RELATED PARTY TRANSACTIONS (CONTINUED)****(II) Outstanding balances with related parties:**

In addition to the outstanding balances detailed elsewhere in these financial statements, the balances with related parties as at September 30, 2020 and March 31, 2020 are listed below:

	<b>September 30, 2020 Unaudited RMB'000</b>	March 31, 2020 Audited RMB'000
(1) Amounts due from related parties: Subsidiaries of Alibaba Holdings	<b>71,359</b>	132,215
(2) Amounts due to related parties: Subsidiaries of Alibaba Holdings Associates	<b>3,553</b> —	2,462 61,004
	<b>3,553</b>	63,466

**(III) Compensation of key management personnel of the Group:**

	<b>Six months ended September 30,</b>	
	<b>2020 Unaudited RMB'000</b>	2019 Unaudited RMB'000
Short term employee benefits	<b>8,282</b>	4,908
Share-based compensation expenses	<b>16,790</b>	23,676
Pension scheme contributions	<b>148</b>	194
Performance related bonuses	<b>4,697</b>	2,407
Total compensation paid to key management personnel	<b>29,917</b>	31,185

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**21 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair value, are as follows:

	Carrying amounts		Fair values	
	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
<b>Financial assets</b>				
Financial assets at FVPL	<b>508,698</b>	865,263	<b>508,698</b>	865,263
Equity investment designated at FVOCI	<b>148,682</b>	173,456	<b>148,682</b>	173,456
Long-term receivables	<b>7,205</b>	21,732	<b>7,205</b>	21,732
Bills receivable	<b>10,708</b>	32,171	<b>10,708</b>	32,171
	<b>675,293</b>	1,092,622	<b>675,293</b>	1,092,622

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, current portion of lease liabilities and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of long-term receivables, bills receivable and non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing loans as at September 30, 2020 was assessed to be insignificant.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**21 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)**

The fair values of unlisted equity investments designated at FVOCI or fair values of unlisted equity investments designated at FVPL have been estimated using a guideline company method and the key assumptions applied in the calculation are the comparable companies, relevant multiples and discount for lack of marketability (“**DLOM**”). Comparable companies are actively traded in stock market and the multiples are publicly available. Also, to adjust the fair value difference between a publicly traded company and a private company, an independent valuer has applied option price model to estimate the DLOM. The fair value of put option measured at FVPL was estimated as at the date of grant and each financial reporting period end, using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The Directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and fair value gain or loss, are reasonable, and that they were the most appropriate values as at the end of the Reporting Period.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

**Assets measured at fair value:**

As at September 30, 2020

	Fair value measurement using			Total (Unaudited) RMB’000
	Quoted prices in active markets (Level 1) (Unaudited) RMB’000	Significant observable inputs (Level 2) (Unaudited) RMB’000	Significant unobservable inputs (Level 3) (Unaudited) RMB’000	
Equity investment designated at FVOCI	—	—	148,682	148,682
Financial assets at FVPL	—	—	508,698	508,698
Bills receivable	—	10,708	—	10,708
	—	10,708	657,380	668,088

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

**21 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)****Fair value hierarchy (continued)****Assets measured at fair value: (continued)**

As at March 31, 2020

	Fair value measurement using			Total (Audited) RMB'000
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	
Equity investment designated at FVOCI	—	—	173,456	173,456
Financial assets at FVPL	—	—	865,263	865,263
Bills receivable	—	32,171	—	32,171
	—	32,171	1,038,719	1,070,890

The Group did not have any financial liabilities measured at fair value as at September 30, 2020 and March 31, 2020.

During the six months ended September 30, 2020 and the year ended March 31, 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended September 30, 2020

## 22 SUBSEQUENT EVENTS

### Capital Increase Agreement and Equity Transfer Agreement

On September 23, 2020, the Group, through its subsidiary, Alibaba Health Technology (Beijing) Company Limited<sup>^</sup> (阿里健康科技(北京)有限公司) and Hongyun Jiukang, entered into a capital increase agreement with, among others, Come Future Technology (Zhejiang) Company Limited<sup>^</sup> (來未來科技(浙江)有限公司) (“**Come Future**”), a limited liability company established in the PRC, pursuant to which the Group shall inject RMB216,000,000 in cash into Come Future and make in-kind contribution equivalent to RMB28,800,000 to Come Future by transferring its 80% equity interest in Seenew Medical Technology (Zhejiang) Co., Ltd.<sup>^</sup> (熙牛醫療科技(浙江)有限公司) (“**Seenew Medical**”), a limited liability company established in the PRC (the “**Equity Transfer**”). On the same day, Hongyun Jiukang entered into an equity transfer agreement with Come Future for the Equity Transfer. Immediately upon completion of the capital increase agreement and equity transfer agreement, the registered capital of Come Future shall increase to RMB19,569,471 and the Group shall hold a total of 30% equity interests of Come Future. For details, please refer to the section headed “Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures” in this report.

## 23 APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the Board on November 25, 2020.

<sup>^</sup> For identification purposes only

## **APPENDIX II**

### **REPRODUCTION OF THE PRESS RELEASE DATED 10 FEBRUARY 2021 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

The information set out below is a reproduction of the press release dated 10 February 2021 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2020.

## RESULTS AT DECEMBER 31<sup>ST</sup> 2020

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### Press release

Paris, February 10<sup>th</sup> 2021

### Q4 20: CONFIRMATION OF THE IMPROVEMENT OF THE COMMERCIAL AND FINANCIAL PERFORMANCES

**Resilience of revenues** in an environment still marked by the crisis (+1.6%\* vs. Q3 20, -2.3%\* vs. Q4 19)

**Continued discipline in cost management** (-3.0%<sup>(1)\*</sup> vs. Q4 19) with a positive jaws effect

**Cost of risk at 54 basis points** resulting from the very good performance of the loan portfolio while including prudent provisioning

**Underlying Group net income of EUR 631m** (EUR 470m on a reported basis)

### 2020: RESPONSIBLE MANAGEMENT OF THE CRISIS, RESILIENCE OF THE BUSINESSES AND SOLIDITY OF THE BALANCE SHEET

**Ongoing support for customers, exceptional mobilisation of employees**

**Underlying Group net income of EUR 1.4bn** (reported result EUR -258m)

**Underlying operating expenses of EUR 16.5bn<sup>(1)</sup>** (-5.2%<sup>(1)</sup> vs. 2019)

**Cost of risk contained at 64 basis points** (including EUR 1.4bn of provisioning on performing loans, i.e. 41% of the total)

**Disciplined capital management: CET1 ratio at 13.4%<sup>(2)</sup>**, around 440 basis points above the regulatory requirement)

**Payment of a cash dividend** calculated in accordance with the maximum authorised by the European Central Bank (ECB) recommendation: EUR 0.55 per share

**Share buy-back programme**, in Q4 21, for an amount equivalent to the amount assigned to the dividend payment (around EUR 470m, i.e. an impact of around 13 basis points on the Group's CET1 ratio), subject to the non-renewal of the ECB's recommendation and the authorisation for its implementation

### 2021 PRIORITY: DISCIPLINED EXECUTION OF THE STRATEGIC ROADMAP

First year of preparation of the **merger of the Societe Generale and Crédit du Nord networks**

Finalisation of the repositioning of **Global Markets**

Ramping up of **growth drivers**

Further development of **Corporate Social Responsibility** dynamics

Increased operational efficiency efforts mainly through the **digitalisation of processes**

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

*"The Q4 results provide further confirmation of the rebound in our businesses observed in Q3 after a beginning of the year marked by the impacts of the COVID crisis. Confident in the quality of our franchises and our balance sheet, drawing on the exceptional commitment of our teams, in H2 we defined ambitious and value-creating strategic trajectories for our businesses, demonstrating our ability to adapt and transform in a durably more uncertain environment. We are therefore entering 2021 with confidence and determination with, as a priority, the execution of our strategic roadmap. Consistent with our raison d'être, we will continue to support our customers in all the transformations accelerated by this crisis, whether they concern the growing use of digital technologies or increased attention to corporate social responsibility issues."*

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(1) Underlying data (see methodology note No. 5 for the transition from accounting data to underlying data)

(2) Phased-in ratio ; fully-loaded ratio of 13.2%

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

## 1. GROUP CONSOLIDATED RESULTS

In EURm	Q4 20	Q4 19	Change		2020	2019	Change	
Net banking income	5,838	6,213	-6.0%	-2.3%*	22,113	24,671	-10.4%	-7.6%*
Operating expenses	(4,351)	(4,503)	-3.4%	-0.2%*	(16,714)	(17,727)	-5.7%	-3.4%*
<i>Underlying operating expenses(1)</i>	<i>(4,318)</i>	<i>(4,595)</i>	<i>-6.0%</i>	<i>-3.0%*</i>	<i>(16,504)</i>	<i>(17,411)</i>	<i>-5.2%</i>	<i>-2.8%*</i>
Gross operating income	1,487	1,710	-13.0%	-7.8%*	5,399	6,944	-22.2%	-18.8%*
<i>Underlying gross operating income(1)</i>	<i>1,520</i>	<i>1,618</i>	<i>-6.0%</i>	<i>-0.1%*</i>	<i>5,609</i>	<i>7,260</i>	<i>-22.7%</i>	<i>-19.5%*</i>
Net cost of risk	(689)	(371)	+85.7%	+92.4%*	(3,306)	(1,278)	x 2.6	x 2.7*
<i>Underlying net cost of risk (1)</i>	<i>(669)</i>	<i>(371)</i>	<i>+80.3%</i>	<i>+86.8%*</i>	<i>(3,286)</i>	<i>(1,260)</i>	<i>x 2.6</i>	<i>x 2.7*</i>
Operating income	798	1,339	-40.4%	-36.4%*	2,093	5,666	-63.1%	-61.6%*
<i>Underlying operating income(1)</i>	<i>851</i>	<i>1,247</i>	<i>-31.7%</i>	<i>-26.8%*</i>	<i>2,323</i>	<i>6,000</i>	<i>-61.3%</i>	<i>-59.8%*</i>
Net profits or losses from other assets	(94)	(125)	+24.8%	+24.9%*	(12)	(327)	+96.3%	+96.3%*
<i>Underlying net profits or losses from other assets(1)</i>	<i>7</i>	<i>12</i>	<i>-41.7%</i>	<i>-40.7%*</i>	<i>166</i>	<i>59</i>	<i>x 2.8</i>	<i>X2.8*</i>
Net income from companies accounted for by the equity method	3	(154)	n/s	n/s	3	(129)	n/s	n/s
<i>Underlying net income from companies accounted for by the equity method(1)</i>	<i>3</i>	<i>4</i>	<i>n/s</i>	<i>n/s</i>	<i>3</i>	<i>29</i>	<i>n/s</i>	<i>n/s</i>
Impairment losses on goodwill	0	0	n/s	n/s	(684)	0	n/s	n/s
Income tax	(125)	(230)	-45.7%	-46.9%*	(1,204)	(1,264)	-4.8%	+9.2%*
<b>Reported Group net income</b>	<b>470</b>	<b>654</b>	<b>-28.1%*</b>	<b>-17.6%*</b>	<b>(258)</b>	<b>3,248</b>	<b>n/s</b>	<b>n/s</b>
<i>Underlying Group net income(1)</i>	<i>631</i>	<i>875</i>	<i>-27.9%</i>	<i>-20.3%*</i>	<i>1,435</i>	<i>4,061</i>	<i>-64.7%</i>	<i>-63.9%*</i>
ROE	2.4%	3.7%			-1.7%	5.0%		
ROTE	2.7%	5.0%			-0.4%	6.2%		
<i>Underlying ROTe (1)</i>	<i>4.1%</i>	<i>6.2%</i>			<i>1.7%</i>	<i>7.6%</i>		

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

Societe Generale's Board of Directors, which met on February 9<sup>th</sup>, 2021, under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and approved the results for full-year 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

2020 was impacted by a global health crisis resulting in net banking income for the Group of EUR 22,113 million, down -7.6%\* vs. 2019. After a H1 marked by the effects of the health crisis and the dislocation of businesses, the performance of the three business divisions improved significantly in H2, in a still uncertain environment.

Net banking income (excluding PEL/CEL provision) for French Retail Banking was up +2% in H2 2020 vs. H1, with a full-year contraction of -6.1% vs. 2019. The dynamic rebound in H2 was also observed on International Retail Banking & Financial Services' revenues (+2.6%\* vs. H1 20); its full-year trend was -2.9%\*.

There was also a sharp rebound in Global Banking & Investor Solutions' net banking income in H2 (+17% vs. H1) against the backdrop of the normalisation of market conditions. Revenues were down -12.5% (-11.8%\*) in 2020.

Q4 confirmed the improvement in revenues observed in Q3, despite the worsening health crisis in several regions. The three business divisions contributed to the growth in the Group's net banking income which came to EUR 5,838 million, up +1.6%\* when adjusted for changes in Group structure and at constant exchange rates vs. Q3 20.

## Operating expenses

Underlying operating expenses were substantially lower in 2020 at EUR 16,504 million (-5.2% vs. 2019, -2.8%\*), in line with the full-year target.

Operating expenses included a EUR 210 million restructuring charge recognised in Q4 and as a result came to EUR 16,714 million, down -5.7% vs. 2019 (-3.4%\*). They included a EUR 316 million restructuring provision in 2019.

All the Group's businesses contributed to this decline: French Retail Banking's costs were down -4.9% vs. 2019, those of International Retail Banking & Financial Services fell by -9.6% in 2020 and those of Global Banking & Investor Solutions by -8.7%.

The Group is committed to a decline in its underlying operating expenses as from 2023 (vs. 2020). Several initiatives, already launched, will contribute to this process with benefits already expected in 2022 (a decline in underlying costs of around EUR 450 million in Global Markets between now and 2022/2023 and around EUR 450 million in French Retail Banking by 2025 - with around 80% already expected to be achieved in 2024 - as well as additional reductions expected in particular following the finalisation of remediation efforts and the industrialisation of processes).

In 2021, the Group intends to continue to strictly manage its costs and is aiming for a positive jaws effect with costs slightly higher.

Underlying operating expenses totalled EUR 4,318 million in Q4 20, down -6.0% vs. Q4 19, after restatement of a restructuring charge of EUR 210 million and an IFRIC 21 adjustment charge of EUR -177 million. Underlying operating expenses were down -3% when adjusted for changes in Group structure and at constant exchange rates, enabling a positive jaws effect.

## Cost of risk

The commercial cost of risk amounted to 64 basis points in 2020, representing a net cost of risk of EUR 3,306 million (vs. EUR 1,278 million in 2019). This rise can be attributed primarily to an increase in provisions in respect of performing loans (classified in Stage 1 and Stage 2) for a total amount of EUR 1,367 million, including an impact of EUR 1,010 million related to the review of macro-economic scenarios.

The gross doubtful outstandings ratio remained at low levels throughout the year and amounted to 3.3%<sup>(1)</sup> at December 31<sup>st</sup> 2020 (3.1% at December 31<sup>st</sup> 2019). The Group's gross coverage ratio for doubtful outstandings stood at 52%<sup>(2)</sup> at December 31<sup>st</sup> 2020 (56% at December 31<sup>st</sup> 2019).

In Q4, the commercial cost of risk stood at 54 basis points (40 basis points in Q3 20 and 29 basis points in Q4 19). The net cost of risk of EUR 689 million includes provisions related to loans classified in performing (Stage 1 and Stage 2) for a total amount of EUR 367 million.

The total amount of repayment moratoriums, within the meaning of the EBA definition, granted at end-September 2020 was around EUR 35 billion, with around EUR 5 billion still in force at December 31<sup>st</sup> 2020. Of the total repayment moratoriums granted at 31 December 2020, 2.2% were classified in Stage 3 (credit-impaired loans).

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

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

The Group also granted EUR 19 billion of State-guaranteed loans in all geographies o/w EUR 18 billion in France. Net exposure of the Group on State-guaranteed loans in France (“PGE”) is around EUR 2 billion. At 31 December 2020, 2.3% of State-guaranteed loans are classified in Stage 3 (non-performing loans).

The Group expects a lower commercial cost of risk in 2021 than in 2020.

### Net profits or losses from other assets

Net profits or losses from other assets totalled EUR -12 million in 2020 and EUR -94 million in Q4 20.

### Group net income

In EURm	Q4 20	Q4 19	2020	2019
Reported Group net income	470	654	(258)	3,248
Underlying Group net income(1)	631	875	1,435	4,061

In %	Q4 20	Q4 19	2020	2019
ROTE (reported)	2.7%	5.0%	-0.4%	6.2%
Underlying ROTE <sup>(1)</sup>	4.1%	6.2%	1.7%	7.6%

### Distribution to shareholders

The Board of Directors has decided to propose the payment of a dividend of EUR 0.55 per share in cash to the Ordinary General Meeting of Shareholders on May 18<sup>th</sup>, 2021, in accordance with the methodology recommended by the European Central Bank (ECB). The dividend will be detached on May 25<sup>th</sup>, 2021 and paid on May 27<sup>th</sup>, 2021.

The Group intends to launch a share buy-back programme, in Q4 2021, for an amount equivalent to the amount assigned to the dividend payment (around EUR 470m, i.e. an impact of around 13 basis points on the Group’s CET1 ratio), subject to the non-renewal of the ECB’s recommendation and the authorisation for its implementation. The fully loaded pro forma ratio would be 13% at end-December 2020 (phased-in pro-forma ratio of 13.3%).

### Additional information

Societe Generale’s Board of Directors, which met on January 14<sup>th</sup>, 2021, decided to submit to the May 2024 General Meeting of Shareholders that will approve the financial statements for the 2023 financial year, the appointment of the firms KPMG and PwC as from January 1<sup>st</sup>, 2024 as statutory auditors for a 6-year term to replace the firms Deloitte and EY, whose terms of office will expire and can no longer be renewed in accordance with legal provisions. This decision follows a tender process managed under the supervision of the audit and internal control committee. The committee interviewed all the candidates and made its choice independently of the management. It presented the possible different choices to the Board of Directors before formulating its proposal.

(1) Underlying data. See methodology note No. 5 for the transition from accounting data to underlying data

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 61.7 billion at December 31<sup>st</sup>, 2020. Net asset value per share was EUR 62.3 and tangible net asset value per share was EUR 54.8.

The **consolidated balance sheet** totalled EUR 1,462 billion at December 31<sup>st</sup>, 2020. The net amount of customer loan outstandings at December 31<sup>st</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 451 billion, vs. EUR 410 billion at December 31<sup>st</sup>, 2019 (excluding assets and securities sold under repurchase agreements).

At end-December 2020, the parent company had issued EUR 34.3 billion of medium/long-term debt (including EUR 3.9 billion of pre-financing for the 2021 programme), having an average maturity of 5.4 years and an average spread of 59 basis points (vs. the 6-month midswap, excluding subordinated debt). The subsidiaries had issued EUR 2.9 billion. At December 31<sup>st</sup>, 2020, the Group had issued a total of EUR 37.2 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 149% at end-December 2020 (153% on average for the quarter), vs. 119% at end-December 2019. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end December 2020.

The Group's **risk-weighted assets** (RWA) amounted to EUR 352.4 billion at December 31<sup>st</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 81.7% of the total, at EUR 287.9 billion, up 1.9% vs. December 31<sup>st</sup>, 2019.

At December 31<sup>st</sup>, 2020, the Group's **Common Equity Tier 1** ratio stood at 13.4% (or around 440 basis points above the regulatory requirement). The CET1 ratio at December 31<sup>st</sup>, 2020 includes an effect of +28 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.2%. The Tier 1 ratio stood at 15.7%<sup>(1)</sup> at end-December 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 18.9%<sup>(1)</sup> (18.3% at end-December 2019).

The Group aims to operate with a CET1 ratio more than 200 basis points above the regulatory requirement, including after the entry into force of the regulation finalising the Basel III reform whose impact is expected to be around EUR 39 billion<sup>(2)</sup> as from 2023, or around 115 basis points<sup>(3)</sup>

In 2021, the CET1 ratio is expected to be at a level significantly higher than 200 basis points above the regulatory requirement.

The **leverage ratio** stood at 4.7%<sup>(1)</sup> at December 31<sup>st</sup>, 2020 (4.3% at end-December 2019).

With a level of 30.6%<sup>(1)</sup> of RWA and 9.2%<sup>(1)</sup> of leveraged exposure at end-December 2020, the Group's TLAC ratio is above the FSB's requirements for 2020. At December 31<sup>st</sup>, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF<sup>(4)</sup> (which, in December 2017, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.

The Group is rated by four rating agencies: (i) Fitch Ratings - 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".

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(1) Excluding IFRS 9 phasing

(2) Including the credit risk, FRTB, operational risk and taking into account the main EU-specific assumptions communicated by the EBA in response to the European Commission's consultation paper (published in December 2020) and excluding the output floor which would not be binding before 2027/2028

(3) On a prospective basis in 2023

(4) Total Liabilities and Own Funds

### 3. FRENCH RETAIL BANKING

<i>In EURm</i>	Q4 20	Q4 19	Change	2020	2019	Change
Net banking income	1,845	1,957	-5.7%	7,315	7,746	-5.6%
<i>Net banking income excl. PEL/CEL</i>	1,870	1,969	-5.0%	7,381	7,863	-6.1%
Operating expenses	(1,443)	(1,491)	-3.2%	(5,418)	(5,700)	-4.9%
Gross operating income	402	466	-13.7%	1,897	2,046	-7.3%
Net cost of risk	(276)	(149)	+85.2%	(1,097)	(467)	X2.3
Operating income	126	317	-60.3%	800	1,579	-49.3%
<b>Reported Group net income</b>	<b>104</b>	<b>230</b>	<b>-54.8%</b>	<b>666</b>	<b>1,131</b>	<b>-41.1%</b>
RONE	3.7%	8.2%		5.8%	10.0%	
<i>Underlying RONE (1)</i>	3.5%	9.3%		6.2%	11.1%	

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

After the substantial impact of the lockdown on activity at the beginning of the year, French Retail Banking's commercial performance continued to improve in Q4.

#### The brands continued to expand their activity in the core businesses

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

In the Corporate and Professional customers segment, the Bank supported its customers in France primarily through granting State Guaranteed Loans (PGE), for which it received more than 98,200 applications for a total disbursed amount of EUR 18 billion.

Life insurance saw its inflow grow by +7.5% vs. Q3 20, with the unit-linked share accounting for 39% of new business in Q4 20. Property/casualty premiums and protection insurance delivered good performances, with premiums up +3.9% vs. 2019. The number of personal protection policies was up +5.3% vs. 2019.

Private Banking's net inflow remained buoyant at EUR 553 million in Q4 20 and EUR 2.5 billion in 2020.

Boursorama consolidated its position as the leading online bank in France, with more than 2.6 million clients at end-December 2020. Client onboarding at Boursorama reached a record level, with around 590,000 new clients in 2020 including around 192,000 in Q4 20. Housing loan production experienced strong growth of +22% vs. Q4 19, with a record level in Q4 20. In addition, the number of stock market orders tripled compared to 2019.

**Average investment loan outstandings** (including leases), rose 25.0% vs. Q4 19 to EUR 88.9 billion (+2.3% excluding State Guaranteed Loans). Average outstanding loans to individuals were up 2.8% at EUR 123.2 billion, bolstered by housing loans which were up +3.5% vs. Q4 19.

**Private Banking's assets under management** totalled EUR 70.4 billion at end-December 2020.

**Average outstanding balance sheet deposits**<sup>(1)</sup> were 15.1% higher than in Q4 19 at EUR 242.6 billion, still driven by sight deposits (+18.7% vs. Q4 19).

As a result, the average loan/deposit ratio stood at 92% in Q4 20 vs. 96% in Q4 19.

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

## Net banking income excluding PEL/CEL

**2020:** revenues (excluding PEL/CEL) totalled EUR 7,381 million, down -6.1% vs. 2019, reflecting the effects of Covid-19 and the low interest rate environment. Net interest income (excluding PEL/CEL) was 3.6%<sup>(1)</sup> lower and commissions declined by -5.7%<sup>(1)</sup>.

**Q4 20:** revenues (excluding PEL/CEL) totalled EUR 1,870 million, up +0.7% vs. Q3 20 and down -5.0% vs. Q4 19. Net interest income (excluding PEL/CEL) was 4.2%<sup>(1)</sup> lower than in Q4 19 against a backdrop of low interest rates and a sharp rise in deposits. However, it picked up compared to Q3 20 (+0.4%<sup>(1)</sup>). Commissions were 3.3%<sup>(1)</sup> lower than in Q4 19 but picked up compared to Q3 20 (+2.5%<sup>(1)</sup>), with a gradual recovery in financial and service commissions.

## Operating expenses

**2020:** operating expenses were lower at EUR 5,418 million (-4.9% vs. 2019 and -5.5% excluding Boursorama). The cost to income ratio (restated for the PEL/CEL provision) stood at 73.4%.

**Q4 20:** operating expenses were lower at EUR 1,443 million (-3.2% vs. Q4 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) stood at 78.9%.

## Cost of risk

**2020:** the commercial cost of risk amounted to EUR 1,097 million or 52 basis points, higher than in 2019 (year in which it amounted to EUR 467 million or 24bp), divided between EUR 646 million of S1/S2 provisioning and EUR 451 million of S3 (non-performing loans) provisioning.

**Q4 20:** the commercial cost of risk amounted to EUR 276 million or 50 basis points. It corresponds to EUR 236 million of S1/S2 (performing/underperforming loans) provisioning and EUR 41 million of S3 (non-performing loans) provisioning.

## Contribution to Group net income

**2020:** the contribution to Group net income totalled EUR 666 million (-41.1% vs. 2019). RONE (restated for the PEL/CEL provision) stood at 6.2% in 2020.

**Q4 20:** the contribution to Group net income totalled EUR 104 million. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 3.5% and excluding Boursorama, French Retail Banking's adjusted RONE stood at 5.0%.

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(1) Reallocation of pro forma revenues following a change in accounting treatment in Q4 20

## 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

<i>In EURm</i>	Q4 20	Q4 19	Change		2020	2019	Change	
Net banking income	1,919	2,077	-7.6%	+0.3%*	7,524	8,373	-10.1%	-2.9%*
Operating expenses	(1,018)	(1,141)	-10.8%	-2.4%*	(4,142)	(4,581)	-9.6%	-1.6%*
Gross operating income	901	936	-3.7%	+3.6%*	3,382	3,792	-10.8%	-4.5%*
Net cost of risk	(287)	(158)	+81.6%	+94.1%*	(1,265)	(588)	x 2.2	x 2.3
Operating income	614	778	-21.1%	-15.0%*	2,117	3,204	-33.9%	-29.2%*
Net profits or losses from other assets	6	1	x 6.0	x 7.9	15	3	x 5.0	x 5.5
<b>Reported Group net income</b>	<b>376</b>	<b>463</b>	<b>-18.8%*</b>	<b>-11.7%*</b>	<b>1,304</b>	<b>1,955</b>	<b>-33.3%*</b>	<b>-27.1%*</b>
RONE	14.9%	17.3%			12.4%	17.7%		
<i>Underlying RONE (1)</i>	14.3%	16.8%			12.4%	17.9%		

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 34 million in 2019 (including EUR 5 million in Q4 19)

**In International Retail Banking**, there was further confirmation of the rebound observed in H2 on loan and deposit production, despite the new lockdown measures in Q4. Outstanding loans totalled EUR 85.9 billion. They rose +2.5%\* vs. end-December 2019 (-2.8% at current structure and exchange rates given, in particular, the disposal of SG Antilles and the currency effect in Russia). Outstanding deposits climbed +8.8%\* (+2.0% at current structure and exchange rates) vs. December 2019, to EUR 79.6 billion.

For the Europe scope, outstanding loans were up +2.8%\* vs. December 2019 at EUR 54.9 billion (+1.0% at current structure and exchange rates), driven by the Czech Republic (+4.6%\*, +1.2%) and to a lesser extent Western Europe (+2.0%). Outstanding deposits were up +8.2%\* (+5.3% at current structure and exchange rates), with a healthy momentum in the Czech Republic (+8.9%\*, +5.4%).

In Russia, outstanding loans rose +2.7%\* at constant exchange rates (-21.5% at current exchange rates) while outstanding deposits climbed +13.7%\* (-13.0% at current exchange rates).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +1.8%\* (or -2.7%) vs. December 2019. Outstanding deposits enjoyed a strong momentum, up +7.9%\* (+3.4%).

**In the Insurance business**, the life insurance savings business saw outstandings increase +0.5%\* vs. December 2019. There was confirmation of a recovery in gross life insurance inflow (+43% vs. Q3 20), with the good composition of inflow (46% of unit-linked products in Q4 20). Protection insurance increased +1.6%\* vs. 2019 and +5.5%\* vs. Q4 19. This growth was driven partially by an 11.0%\* increase in property/casualty premiums vs. Q4 19 (+9.9%\* vs. 2019) and to a lesser extent by a rise in personal protection premiums (+1.9%\* vs. Q4 19, -3.3%\* vs. 2019). In France, protection premiums were 8%\* higher than in Q4 19.

**Financial Services to Corporates** delivered a resilient commercial performance. The number of contracts for Operational Vehicle Leasing and Fleet Management was stable vs. end-December 2019, at 1.76 million contracts at end-December 2020. Equipment Finance's outstanding loans were slightly lower (-0.8%\*) vs. end-December 2019, at EUR 14.1 billion (excluding factoring).

## Net banking income

Revenues amounted to EUR 7,524 million in 2020, down -2.9%\* (-10.1%) vs. 2019. Net banking income amounted to EUR 1,919 million in Q4 20, up +0.3%\* (-7.6%) vs. Q4 19. The increase of +4.1%\* vs. Q3 20 illustrates the recovery in activity.

In **International Retail Banking**, net banking income totalled EUR 4,902 million in 2020, down -3.4%\* (-12.3%) vs. 2019, marked in particular by reduced activity due to the lockdowns and a fall in net interest income in the Czech Republic and Romania, in conjunction with the decline in rates.

Net banking income amounted to EUR 1,236 million in Q4 20, down -3.5%\* vs. Q4 19, excluding the structure effect and the currency effect (-11.2%). In Europe, revenues were down -5.9%\* (-11.7%) impacted primarily by the rates in the Czech Republic and Romania in H1. However, activity remained dynamic in consumer credit, with stable revenues vs. Q4 19. Revenues (-2.5%\*, -24.3%) held up well for SG Russia<sup>(1)</sup> despite the lockdown measures and a decline in rates, with particularly dynamic activity in housing loans (production up +18%\* vs. Q4 19). Revenues were up +0.9%\* (-3.0%) in Africa, Mediterranean Basin and French Overseas Territories vs. Q4 19, with a confirmed recovery in commissions. Revenues were higher in Sub-Saharan Africa in 2020 (+3%\* vs. 2019).

**The Insurance business** saw net banking income decline by -2.1%\* vs. 2019, to EUR 887 million. When adjusted for the contribution to the solidarity fund in France, net banking income was down -0.9%\* vs. 2019, illustrating a resilient financial performance. Gross inflow was of good quality in 2020, with the unit-linked share accounting for 44%. Net banking income was up +1.1%\* (+0.9%) in Q4 20 vs. Q4 19, at EUR 224 million. The second half of 2020 was marked primarily by a rebound in gross life insurance inflow. Moreover, gross inflow continued to be of good quality, with the unit-linked contracts share accounting for 46% in Q4 20.

**Financial Services to Corporates'** net banking income was down -2.1%\* (-7.3%) in 2020, at EUR 1,735 million. However, in 2020, ALD posted a used car sale result (EUR 201 per unit) above the guidance, while margins were higher in Equipment Finance. Financial Services to Corporates' net banking income came to EUR 459 million in Q4 20, up +11.8%\* (-0.9%) vs. Q4 19.

## Operating expenses

Operating expenses were down -1.6%\* (-9.6%) vs. 2019. When restated for restructuring costs related to the simplification of the head office (EUR 34 million in 2019), the tax on financial assets in Romania (EUR 16 million in 2019) and the contribution to COVID guarantee funds in the Mediterranean Basin (EUR 15 million in 2020), operating expenses were 0.8%\* lower than in 2019.

Operating expenses were down -2.4%\* (-10.8%) in Q4 20 vs. Q4 19. When restated for the tax in Romania, operating expenses were 0.9%\* lower, reflecting control of costs.

The cost to income ratio stood at 55.1% in 2020 and 53.0% in Q4 20.

In **International Retail Banking**, operating expenses were down -1.4%\* (-10.8%) vs. 2019 and down -4.3%\* (-12.8% at current structure and exchange rates) vs. Q4 19 which included the tax in Romania. For the SG Russia<sup>(1)</sup> scope, the rationalisation of the network and pooling initiatives helped optimise costs (-8.6%\* in Q4 20 vs. Q4 19) and gross operating income (+10.9%\* vs. Q4 19). For the Africa, Mediterranean Basin and French Overseas Territories scope, costs were lower (-1.8%\* vs. Q4 19).

In the **Insurance business**, operating expenses rose +2.5%\* (+2.0%) vs. 2019 to EUR 356 million and were slightly higher +0.5%\*, (0.0%) than in Q4 19, in conjunction with efforts to control costs.

In **Financial Services to Corporates**, operating expenses were down -0.3%\* (-6.5%) vs. 2019 and were 4.4%\* higher than in Q4 19 (-5.7%).

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(1) SG Russia encompasses the entities Rosbank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries.

## **Cost of risk**

**2020:** the cost of risk amounted to 96 basis points (or EUR 1,265 million). It was 43 basis points in 2019. The estimate of expected credit losses in Stage 1 and Stage 2 amounts to EUR 389 million.

**Q4 20:** the commercial cost of risk amounted to 89 basis points in Q4 20 (or EUR 287 million), vs. 102 basis points in Q3 20, and 46 basis points in Q4 19. The Q4 cost of risk includes EUR 79 million for the estimate of expected credit losses in Stage 1 and Stage 2.

## **Contribution to Group net income**

The contribution to Group net income totalled EUR 1,304 million in 2020 (-27.1%\*, -33.3% vs. 2019) and EUR 376 million in Q4 20 (-11.7%\*, -18.8% vs. Q4 19).

Underlying RONE stood at the high level of 12.4% in 2020, vs. 17.9% in 2019 and 14.3% in Q4 20 vs. 16.8% in Q4 19 (with RONE of 10.0% in International Retail Banking and 20.0% in financial services and insurance).

## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q4 20	Q4 19	Change		2020	2019	Change	
Net banking income	2,072	2,186	-5.2%	-2.7%*	7,613	8,704	-12.5%	-11.8%*
Operating expenses	(1,688)	(1,773)	-4.8%	-2.3%*	(6,713)	(7,352)	-8.7%	-7.9%*
Gross operating income	384	413	-7.0%	-4.5%*	900	1,352	-33.4%	-33.0%*
Net cost of risk	(104)	(66)	+57.6%	+64.5%*	(922)	(206)	x 4.5	x 4.5
Operating income	280	347	-19.3%	-17.3%*	(22)	1,146	n/s	n/s
<b>Reported Group net income</b>	<b>280</b>	<b>291</b>	<b>-3.8%*</b>	<b>-1.6%*</b>	<b>57</b>	<b>958</b>	<b>-94.1%*</b>	<b>-94.0%*</b>
RONE	7.8%	8.3%			0.4%	6.3%		
<i>Underlying RONE (1)</i>	<i>9.0%</i>	<i>6.5%</i>			<i>1.3%</i>	<i>7.4%</i>		

(1) Adjusted for restructuring charges in 2020 (EUR 157m), the restructuring provision in 2019 (EUR 227m) and the linearisation of IFRIC 21

### Net banking income

**2020:** Global Banking & Investor Solutions' revenues were down -12.5% vs. 2019. When restated for the impact of restructuring in Global Markets in 2019 and the revaluation of SIX securities (EUR +66 million), they were down -10.0%.

**Q4 20:** net banking income was down -5.2% (-2.7%\* when adjusted for changes in Group structure and at constant exchange rates) at EUR 2,072 million vs. Q4 19 and rebounded +1.9% (+2.4%\*) vs. Q3 20.

In 2020, a strategic review carried out by the Group of its Global Markets business contributed to reducing the risk profile on equity and credit structured products in order to reduce the sensitivity of Global Markets' revenues to market dislocations. A cost reduction plan was also launched in 2020, with the objective of an expected net reduction of around EUR 450 million between now and 2022-2023.

**In Global Markets & Investor Services,** revenues were down -20.1% (-19.3%\*) in 2020 vs. 2019, at EUR 4,164 million, after a H1 impacted by the health crisis. When restated for the impact of restructuring in Global Markets in 2019 and the revaluation of SIX securities, they were down -16.9%\*.

Net banking income totalled EUR 1,160 million in Q4 20, down -10.8% (-8.2%\*) vs. Q4 19.

The performance of Fixed Income & Currency activities was up +14.9% in 2020 vs. 2019 (+21.3% when restated for the impact of activities discontinued in 2019), with revenues of EUR 2,292 million. They were driven by a healthy commercial momentum and particularly favourable market conditions in H1, in all regions. They normalised in H2 2020.

In Q4 20, Fixed Income & Currency activities were hit by a slowdown in client activity, in rate activities and the compression of short-term financing spreads in financing activities. Credit's good performance failed to offset the overall decline in revenues of -16.2% vs. Q4 19.

Equity activities' net banking income was down -49.0% in 2020 vs. 2019, at EUR 1,275 million, with structured products hard hit by the market dislocation in H1. Losses were mitigated by the increased revenues for listed products and equity flow products. Revenues rebounded in H2, in a normalising market environment. The integration of EMC activities was successfully finalised in Q1 20.

Q4 20 provided further confirmation of the improvement in revenues observed in Q3 20, with net banking income up +11.5% (-6.9% vs. Q4 19) and in particular a gradual recovery in structured products. Flow & hedging activities enjoyed strong volumes over the quarter and the Asia region performed well in all products.

Securities Services' assets under custody amounted to EUR 4,315 billion at end-December 2020, slightly lower (-0.3%) than at end-September 2020. Over the same period, assets under administration were up +4.1% at EUR 638 billion.

Securities Services' revenues totalled EUR 597 million in 2020, down -12.2% (when restated for the revaluation of SIX securities) vs. 2019 (-16.4% on a reported basis). They were down -9.5% in Q4 20 vs. Q4 19, at EUR 153 million.

**Financing & Advisory** revenues totalled EUR 2,546 million in 2020, up +0.6%\* vs. 2019 (stable at current structure and exchange rates), with the strengthening of the franchises and ongoing support for clients during this challenging year. Investment Banking performed particularly well, benefiting from a high level of issues in the debt and equity capital markets and buoyant acquisition financing activity.

Financing & Advisory enjoyed solid net banking income of EUR 681 million in Q4 20, increasing by +9.0%\* vs. Q4 19 (+5.9% at current structure and exchange rates) and rebounding by +18.3%\* vs. Q3 20. This increase reflects the good performance of asset financing activities, the Asset Backed Products platform and the recovery in Global Transaction and Payment Services. Investment Banking revenues continued to grow in Q4 20.

**Asset and Wealth Management's** net banking income totalled EUR 903 million in 2020, down -4.6% vs. 2019 (-1.3% when restated for the revaluation of SIX securities). It was 4.9% lower in Q4 20 than in Q4 19.

Lyxor's net banking income amounted to EUR 207 million in 2020, up +3.5% vs. 2019, driven by a high level of performance fees. It rebounded by +20.8% in Q4 20 vs. Q3 20 (+12.3% vs. Q4 19), with growth in the Active Management segment. Lyxor confirmed its leadership position in the Green Bond segment in 2020 and enhanced its ESG ETF offering. Lyxor's assets under management totalled EUR 140 billion at end-December 2020, up +5.9% vs. Q4 19.

Private Banking's performance was lower in 2020 (-2.4%, when restated for the revaluation of SIX securities) vs. 2019, with net banking income of EUR 678 million. Revenues were hit by pressures on interest margins despite stable commercial revenues. Net banking income was 10.5% lower in Q4 20 than in Q4 19.

Assets under management were up +2.0% in Q4 20, at EUR 116 billion. Net inflow totalled EUR 1.7 billion in 2020, driven by France.

## **Operating expenses**

**2020:** underlying operating expenses (restated for the restructuring provision recognised in Q2 19 for EUR 227 million and the restructuring charge recognised in Q4 20 for EUR 157 million, related to the new EUR 450 million cost savings plan between now and 2022/2023), were substantially lower (-7.2%\*) than in 2019. This decline reflects the successful cost savings plan (EUR 500 million) implemented in Global Banking & Investor Solutions in 2018. They were down -7.9%\* on a reported basis.

**Q4 20:** underlying operating expenses were down -9.7%\* (-2.3%\* on a reported basis) vs. Q4 19, with a positive jaws effect in Q4 20.

## **Net cost of risk**

**2020:** the cost of risk amounted to 57 basis points (or EUR 922 million) vs. 13 basis points in 2019. It includes EUR 310 million of S1/S2 provisioning and EUR 612 million of S3 (non-performing loans) provisioning.

**Q4 20:** the commercial cost of risk amounted to 28 basis points (or EUR 104 million), vs. 14 basis points in Q3 20 and 17 basis points in Q4 19. It includes EUR 26 million of S1/S2 (performing/underperforming loans) provisioning and EUR 77 million of S3 (credit-impaired loans) provisioning.

## **Contribution to Group net income**

**2020:** the underlying contribution to Group net income (after linearisation of IFRIC 21 and adjusted for restructuring charges in 2020 and the restructuring provision in 2019) came to EUR 183 million.

**Q4 20:** the underlying contribution to Group net income amounted to EUR 320 million, up +46%\* vs. Q4 19.

Underlying RONE stood at 1.3% in 2020 vs. 7.4% in 2019 and 9.0% in Q4 20 vs. 6.5% in Q4 19.

## 6. CORPORATE CENTRE

<i>In EURm</i>	Q4 20	Q4 19	2020	2019
Net banking income	2	(7)	(339)	(152)
Operating expenses	(202)	(98)	(441)	(94)
<i>Underlying operating expenses</i>	(162)	(110)	(388)	(94)
Gross operating income	(200)	(105)	(780)	(246)
<i>Underlying gross operating income</i>	(160)	(117)	(727)	(246)
Net cost of risk	(22)	2	(22)	(17)
Net profits or losses from other assets	(105)	(145)	(185)	(394)
Impairment losses on goodwill	-	-	(684)	-
Net income from companies accounted for by the equity method	(1)	(155)	0	(152)
<b>Reported Group net income</b>	<b>(290)</b>	<b>(330)</b>	<b>(2,285)</b>	<b>(796)</b>

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury 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 2 million in Q4 20 vs. EUR -7 million in Q4 19 and EUR -339 million in 2020 vs. EUR -152 million in 2019. In 2020, it includes notably the change in fair value of financial instruments corresponding to economic hedges of financial debt but that do not meet IFRS hedge accounting criteria.

Operating expenses totalled EUR -202 million in Q4 20 vs. EUR -98 million in Q4 19. They amounted to EUR -441 million in 2020 vs. EUR -94 million in 2019 (which included an operating tax adjustment for EUR +241 million). In 2020, they include a restructuring charge of EUR 53 million recorded in Q4 20.

Gross operating income totalled EUR -200 million in Q4 20 vs. EUR -105 million in Q4 19 and EUR -780 million in 2020 vs. EUR -246 million in 2019.

Net profits or losses from other assets amounted to EUR -105 million in Q4 20 vs. EUR -145 million in Q4 19 and EUR -185 million in 2020 vs. EUR -394 million in 2019 related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan (in 2020, EUR -101 million in respect of the disposal of SG Finans and EUR -69 million for the finalisation of the disposal of Societe Generale de Banque aux Antilles).

Net income from companies accounted for by the equity method is nil in 2020. In 2019, it included an impairment of EUR -158 million corresponding to the Group's entire minority stake (16.8%) in SG de Banque au Liban.

In 2020, the review of Global Markets & Investor Services' financial trajectory led to the impairment of the associated goodwill for EUR -684 million and deferred tax assets for EUR -650 million.

The Corporate Centre's contribution to Group net income was EUR -290 million in Q4 20 vs. EUR -330 million in Q4 19 and EUR -2,285 million in 2020 vs. EUR -796 million in 2019.

## 7. OUTLOOK

The Group is aiming for a decline in underlying operating expenses in relation to 2020, as from 2023. In 2021, it will maintain strict discipline and target a positive jaws effect against the backdrop of an improvement in the economic outlook with a slight increase in its costs.

The 2021 cost of risk is expected to be lower than in 2020.

The Group aims to operate with a CET1 ratio more than 200 basis points above the regulatory requirement, including after the entry into force of the regulation finalising the Basel III reform whose impact is expected to be around EUR 39 billion<sup>(1)</sup> as from 2023, or around 115 basis points<sup>(2)</sup>

In 2021, the CET1 ratio is expected to be at a level significantly higher than 200 basis points above the regulatory requirement.

Regarding its distribution policy for the 2021 financial year, the Board of Directors has confirmed the objective defined before the outbreak of the COVID crisis, i.e. a payout ratio of 50% of underlying Group net income<sup>(3)</sup>, which may include a share buy-back component (up to 10%)<sup>(4)</sup>; the dividend component being paid in cash.

Finally, the Group will present its Global Banking & Investor Solutions' strategy to the market on May 10<sup>th</sup>, 2021 and its focus on CSR in H2.

## 8. CONCLUSION

The year 2020 will have been marked by a global health crisis, the economic and social (confinements and curfews) consequences have affected the Group's business, particularly in the first half of the year. With a significant improvement in H2 (+11% in H2 20 vs. H1 20), the Group's full-year revenues totalled EUR 22,113 million, down -7.6%\* (vs. 2019), confirming the relevance of its diversified business model, the resilience of its franchises and its ability to generate capital.

In this challenging environment, the Group achieved all its financial targets in terms of costs (underlying operating expenses of EUR 16.5 billion), cost of risk (64 basis points, below the target of 70 basis points) and capital (CET1 ratio of 13.4%, i.e. above 12%).

More generally, the Group demonstrated its ability to manage this crisis responsibly throughout the year, by playing its role with its employees, customers and communities.

Moreover, this crisis has proved to be an accelerator of societal trends that the Group had already identified as a priority: Corporate Social Responsibility and digital technology. In 2020, the Group achieved a new milestone in terms of the energy transition by becoming the No. 2 globally in renewable energy financing and No. 1 on the advisory component. Moreover, the Board of Directors has validated a binding objective: the Group's governing bodies will have to include at least 30% women by 2023, ensuring compliance with this objective both in the businesses and the functions. More generally, the Group's extra-financial ratings are among the leaders in the banking sector: highest rating (A1+) assigned by the extra-financial rating agency Vigeo Eiris, position in the first decile of the ISS ESG ranking (C+ Prime), top 14% in the bank MSCI ranking (AA) and first decile of the RobecoSAM ranking with a place of 25th worldwide, after being ranked 1st worldwide on environmental issues in 2019.

In 2021, the Group shall remain fully committed to its priorities (i) its customers (ii) maintaining strict cost discipline, managing the cost of risk and the allocation of capital, (iii) creating value for its shareholders.

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*(1) Including the credit risk, FRTB, operational risk and taking into account the main EU-specific assumptions communicated by the EBA in response to the European Commission's consultation paper (published in December 2020) and excluding the output floor which would not be binding before 2027/2028*

*(2) On a prospective basis in 2023*

*(3) After deducting interest on deeply subordinated notes and undated subordinated notes*

*(4) Subject to the approval of the General Meeting of Shareholders and regulatory bodies*

## 9. 2021 FINANCIAL CALENDAR

### 2021 Financial communication calendar

May 6 <sup>th</sup> , 2021	First quarter 2021 results
May 18 <sup>th</sup> , 2021	General Meeting
May 25 <sup>th</sup> , 2021	Dividend detachment
May 27 <sup>th</sup> , 2021	Dividend payment
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.

## 10. APPENDIX 1: FINANCIAL DATA

### GROUP NET INCOME BY CORE BUSINESS

In EURm	Q4 20	Q4 19	Change	2020	2019	Change
French Retail Banking	104	230	-54.8%	666	1,131	-41.1%
International Retail Banking and Financial Services	376	463	-18.8%	1,304	1,955	-33.3%
Global Banking and Investor Solutions	280	291	-3.8%	57	958	-94.1%
Core Businesses	760	984	-22.8%	2 027	4,044	-49.9%
Corporate Centre	(290)	(330)	+12.1%	(2,285)	(796)	n/s
Group	470	654	-28.1%	(258)	3,248	n/s

### CHANGES Q4 20/Q3 20 – NET BANKING INCOME, OPERATING EXPENSES AND GROSS OPERATING INCOME

Net Banking Income (in EURm)	Q4 20	Q3 20	Change	
French Retail Banking	1,845	1,836	+0.5%	+0.5%*
International Retail Banking and Financial Services	1,919	1,891	+1.5%	+4.1%*
Global Banking and Investor Solutions	2,072	2,034	+1.9%	+2.4%*
Corporate Centre	2	48	-95.8%	-95.6%*
Group	5,838	5,809	+0.5%	+1.6%*

Operating Expenses (in EURm)	Q4 20	Q3 20	Change	
French Retail Banking	(1,443)	(1,292)	+11.7%	+11.7%*
International Retail Banking and Financial Services	(1,018)	(999)	+1.9%	+4.1%*
Global Banking and Investor Solutions	(1,688)	(1,478)	+14.2%	+14.7%*
Corporate Centre	(202)	(56)	x3.6	x3.6*
Group	(4,351)	(3,825)	+13.8%	+14.6%*

Gross operating income (in EURm)	Q4 20	Q3 20	Change	
French Retail Banking	402	544	-26.1%	-26.1%*
International Retail Banking and Financial Services	901	892	+1.0%	+4.1%*
Global Banking and Investor Solutions	384	556	-30.9%	-30.3%*
Corporate Centre	(200)	(8)	n/s	n/s*
Group	1,487	1,984	-25.1%	-23.7%*

## CONSOLIDATED BALANCE SHEET

	31.12.2020	31.12.2019
Cash, due from central banks	168,179	102,311
Financial assets at fair value through profit or loss	429,458	385,739
Hedging derivatives	20,667	16,837
Financial assets measured at fair value through other comprehensive income	52,060	53,256
Securities at amortised cost	15,635	12,489
Due from banks at amortised cost	53,380	56,366
Customer loans at amortised cost	448,761	450,244
Revaluation differences on portfolios hedged against interest rate risk	378	401
Investment of insurance activities	166,854	164,938
Tax assets	5,001	5,779
Other assets	67,341	68,045
Non-current assets held for sale	6	4,507
Investments accounted for using the equity method	100	112
Tangible and intangible assets*	30,088	30,844
Goodwill	4,044	4,627
<b>Total</b>	<b>1,461,952</b>	<b>1,356,495</b>
	31.12.2020	31.12.2019
Central banks	1,489	4,097
Financial liabilities at fair value through profit or loss	390,247	364,129
Hedging derivatives	12,461	10,212
Debt securities issued	138,957	125,168
Due to banks	135,571	107,929
Customer deposits	456,059	418,612
Revaluation differences on portfolios hedged against interest rate risk	7,696	6,671
Tax liabilities	1,223	1,409
Other liabilities*	84,937	85,254
Non-current liabilities held for sale	-	1,333
Liabilities related to insurance activities contracts	146,126	144,259
Provisions	4,775	4,387
Subordinated debts	15,432	14,465
<b>Total liabilities</b>	<b>1,394,973</b>	<b>1,287,925</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity, Group share</b>		
Issued common stocks and capital reserves	22,333	21,969
Other equity instruments	9,295	9,133
Retained earnings	32,076	29,558
Net income	(258)	3,248
<b>Sub-total</b>	<b>63,446</b>	<b>63,908</b>
Unrealised or deferred capital gains and losses	(1,762)	(381)
<b>Sub-total equity, Group share</b>	<b>61,684</b>	<b>63,527</b>
Non-controlling interests	5,295	5,043
<b>Total equity</b>	<b>66,979</b>	<b>68,570</b>
<b>Total</b>	<b>1,461,952</b>	<b>1,356,495</b>

\*The amount has been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16.

## **11. APPENDIX 2: METHODOLOGY**

**1 – The financial information presented in respect of the fourth quarter and 2020 was examined by the Board of Directors on February 9<sup>th</sup>, 2021 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.**

### **2 – Net banking income**

The pillars' net banking income is defined on page 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:

Q4 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>(4,351)</b>	<b>(689)</b>	<b>(94)</b>	<b>0</b>	<b>(125)</b>	<b>470</b>	
(+) IFRIC 21 linearisation	(177)				52	(121)	
(-) Restructuring charges <sup>(1)</sup>	(210)				63	(147)	<i>o/w GBIS (EUR - 157m), Corporate Center (EUR -53m)</i>
(-) Group refocusing plan*		(20)	(101)		(14)	(135)	<i>Corporate center</i>
<b>Underlying</b>	<b>(4,318)</b>	<b>(669)</b>	<b>7</b>	<b>0</b>	<b>(123)</b>	<b>631</b>	

2020 (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>(16,714)</b>	<b>(3,306)</b>	<b>(12)</b>	<b>(684)</b>	<b>(1,204)</b>	<b>(258)</b>	
(-) Group refocusing plan*		(20)	(178)		(14)	(212)	<i>Corporate center</i>
(-) Goodwill impairment*				(684)		(684)	<i>Corporate center</i>
(-) DTA impairment*					(650)	(650)	<i>Corporate center</i>
(-) Restructuring charges <sup>(1)</sup>	(210)				63	(147)	<i>o/w GBIS (EUR - 157m), Corporate Center (EUR -53m)</i>
<b>Underlying</b>	<b>(16,504)</b>	<b>(3,286)</b>	<b>166</b>	<b>0</b>	<b>(603)</b>	<b>1,435</b>	

Q4 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Net income from companies under equity method	Income tax	Group net income	Business
<b>Reported</b>	<b>(4,503)</b>	<b>(371)</b>	<b>(125)</b>	<b>(154)</b>	<b>(230)</b>	<b>654</b>	
(+) IFRIC 21 linearisation	(152)				36	(112)	
(-) Restructuring provision*	(60)				20	(40)	o/w RBDF (EUR - 55m), IBFS (EUR - 5m)
(-) Write-off of Group minority stake in SG de Banque au Liban*				(158)		(158)	Corporate center
(-) Group refocusing plan*			(137)		2	(135)	Corporate center
<b>Underlying</b>	<b>(4,595)</b>	<b>(371)</b>	<b>12</b>	<b>4</b>	<b>(216)</b>	<b>875</b>	

2019 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Net income from companies under equity method	Income tax	Group net income	Business
<b>Reported</b>	<b>(17,727)</b>	<b>(1,278)</b>	<b>(327)</b>	<b>(129)</b>	<b>(1,264)</b>	<b>3,248</b>	
(-) Restructuring provision*	(316)				83	(233)	o/w RBDF (EUR - 55m), IBFS (EUR - 34m), GBIS (EUR - 227m)
(-) Write-off of Group minority stake in SG de Banque au Liban*				(158)		(158)	Corporate center
(-) Group refocusing plan*		(18)	(386)		(18)	(422)	Corporate center
<b>Underlying</b>	<b>(17,411)</b>	<b>(1,260)</b>	<b>59</b>	<b>29</b>	<b>(1,329)</b>	<b>4,061</b>	

(\*) exceptional items

(1) Restructuring charges including restructuring provisions and various restructuring charges

## 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)		Q4 20	Q4 19	2020	2019
French Retail Banking	Net Cost Of Risk	276	149	1,097	467
	Gross loan Outstandings	222,926	197,813	212,185	194,359
	Cost of Risk in bp	50	30	52	24
International Retail Banking and Financial Services	Net Cost Of Risk	287	158	1,265	588
	Gross loan Outstandings	128,965	137,222	132,082	136,303
	Cost of Risk in bp	89	46	96	43
Global Banking and Investor Solutions	Net Cost Of Risk	104	66	922	206
	Gross loan Outstandings	147,508	157,528	160,918	161,865
	Cost of Risk in bp	28	17	57	13
Corporate Centre	Net Cost Of Risk	22	(2)	22	17
	Gross loan Outstandings	14,044	9,714	11,611	9,403
	Cost of Risk in bp	62	(13)	20	17
Societe Generale Group	Net Cost Of Risk	689	371	3,306	1,278
	Gross loan Outstandings	513,443	502,277	516,797	501,929
	Cost of Risk in bp	54	29	64	25

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	Q4 20	Q4 19	2020	2019
Shareholders' equity Group share	61,684	63,527	61,684	63,527
Deeply subordinated notes	(8,830)	(9,501)	(8,830)	(9,501)
Undated subordinated notes	(264)	(283)	(264)	(283)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	19	4	19	4
OCI excluding conversion reserves	(942)	(575)	(942)	(575)
Dividend provision	(467)	(1,869)	(467)	(1,869)
<b>ROE equity end-of-period</b>	<b>51,201</b>	<b>51,303</b>	<b>51,201</b>	<b>51,303</b>
<b>Average ROE equity</b>	<b>51,294</b>	<b>51,415</b>	<b>52,088</b>	<b>50,586</b>
Average Goodwill	(3,928)	(4,544)	(4,172)	(4,586)
Average Intangible Assets	(2,477)	(2,327)	(2,432)	(2,243)
<b>Average ROTE equity</b>	<b>44,889</b>	<b>44,544</b>	<b>45,484</b>	<b>43,757</b>
Group net Income (a)	470	654	(258)	3,248
Underlying Group net income (b)	631	875	1,435	4,061
Interest on deeply subordinated notes and undated subordinated notes (c)	(164)	(178)	(611)	(715)
Cancellation of goodwill impairment (d)	0	85	684	200
<b>Ajusted Group net Income (e) = (a)+ (c)+(d)</b>	<b>306</b>	<b>561</b>	<b>(185)</b>	<b>2,733</b>
<b>Ajusted Underlying Group net Income (f)=(b)+(c)</b>	<b>467</b>	<b>697</b>	<b>824</b>	<b>3,346</b>
<b>Average ROTE equity (g)</b>	<b>44,889</b>	<b>44,544</b>	<b>45,484</b>	<b>43,757</b>
ROTE [quarter: (4*e/g), 12M: (e/g)]	2.7%	5.0%	-0.4%	6.2%
<b>Average ROTE equity (underlying) (h)</b>	<b>45,050</b>	<b>44,619</b>	<b>47,177</b>	<b>43,983</b>
Underlying ROTE [quarter: (4*f/h), 12M: (f/h)]	4.1%	6.2%	1.7%	7.6%

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

<b>In EURm</b>	<b>Q4 20</b>	<b>Q4 19</b>	<b>Change</b>	<b>2020</b>	<b>2019</b>	<b>Variation</b>
French Retail Banking	<b>11,186</b>	11,165	+0.2%	<b>11,427</b>	11,263	+1.5%
International Retail Banking and Financial Services	<b>10,112</b>	10,675	-5.3%	<b>10,499</b>	11,075	-5.2%
Global Banking and Investor Solutions	<b>14,287</b>	13,943	+2.5%	<b>14,302</b>	15,201	-5.9%
Core Businesses	<b>35,585</b>	35,783	-0.6%	<b>36,228</b>	37,539	-3.5%
Corporate Centre	<b>15,709</b>	15,632	+0.5%	<b>15,860</b>	13,047	+21.6%
Group	<b>51,294</b>	51,415	-0.2%	<b>52,088</b>	50,586	+3.0%

## 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	2020	2019	2018
Shareholders' equity Group share	61,684	63,527	61,026
Deeply subordinated notes	(8,830)	(9,501)	(9,330)
Undated subordinated notes	(264)	(283)	(278)
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	19	4	(14)
Bookvalue of own shares in trading portfolio	301	375	423
<b>Net Asset Value</b>	<b>52,910</b>	<b>54,122</b>	<b>51,827</b>
Goodwill	(3,928)	(4,510)	(4,860)
Intangible Assets	(2,484)	(2,362)	(2,224)
<b>Net Tangible Asset Value</b>	<b>46,498</b>	<b>47,250</b>	<b>44,743</b>
Number of shares used to calculate NAPS**	848,859	849,665	801,942
Net Asset Value per Share	62.3	63.7	64.6
Net Tangible Asset Value per Share	54.8	55.6	55.8

\*\* The number of shares considered is the number of ordinary shares outstanding as at December 31<sup>st</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)	2020	2019	2018
Existing shares	853,371	834,062	807,918
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	2,987	4,011	5,335
Other own shares and treasury shares		149	842
Number of shares used to calculate EPS**	850,385	829,902	801,741
Group net Income	(258)	3,248	4,121
Interest on deeply subordinated notes and undated subordinated notes	(611)	(715)	(719)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	(869)	2,533	3,402
EPS (in EUR)	(1.02)	3.05	4.24
Underlying EPS* (in EUR)	0.97	4.03	5.00

(\*) 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 December 31<sup>st</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.

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## Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable and responsible 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)

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**REGISTERED OFFICE OF THE ISSUER**

**SG Issuer**  
16, Boulevard Royal  
L-2449 Luxembourg  
Luxembourg

**REGISTERED OFFICE OF THE GUARANTOR**

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**ISSUER'S AUDITORS**

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

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

**GUARANTOR'S AUDITORS**

**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