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 Ping An Healthcare and Technology Company Limited

with a Daily Leverage of -5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$1.20 per Certificate

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

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

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

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

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

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

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 17 March 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.

16 March 2021

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

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

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

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

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

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

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

Table of Contents

RISK FACTORS

The following are risk factors relating to the Certificates:

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

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

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

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

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

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

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

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 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 sideway 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 Ping An Healthcare and Technology Company Limited (the **"Underlying Stock**")
ISIN:	LU2184320260
Company:	Ping An Healthcare and Technology Company Limited (RIC: 1833.HK)
Underlying Price[3] and Source:	HK$101.90 (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.)[4]:	0.40%
Gap Premium (p.a.)[5]:	5.75%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost[6]:	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	10 March 2021
Closing Date:	16 March 2021

[3] These figures are calculated as at, and based on information available to the Issuer on or about 16 March 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 16 March 2021.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	17 March 2021
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 8 March 2022
Expiry Date:	15 March 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:	14 March 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 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: “**t**” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and

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

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

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

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

Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 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[3]: 0.1734

Final Exchange Rate:	The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 22 to 24 below and the "Description of Air Bag Mechanism" section on pages 47 to 48 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX

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

Specific Definitions relating to the Leverage Inverse Strategy

Description of the Leverage Inverse Strategy

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

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

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

Leverage Inverse Strategy Formula

$\mathbf{LSL_t}$	means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t). Subject to the occurrence of an Intraday Restrike Event, the **Leverage Inverse Strategy Closing Level** as of such Observation Date(t) is calculated in accordance with the following formulae: On Observation Date(1): $\mathrm{LSL_1} = 1000$ On each subsequent Observation Date(t): $\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{SB_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$
$\mathbf{LR_{t-1,t}}$	means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows: $\mathrm{LR_{t\text{-}1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t\text{-}1}} \times \mathrm{Rfactor_t}} - 1\right)$
$\mathbf{FC_{t-1,t}}$	means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows: $\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$
$\mathbf{SB_{t-1,t}}$	means the Stock Borrowing Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows : $\mathrm{SB_{t-1,t}} = -\mathrm{Leverage} \times \frac{\mathrm{CB} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$
CB	means the Cost of Borrowing applicable that is equal to: 3.00%
$\mathbf{RC_{t-1,t}}$	means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows: $\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left\lvert\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right\rvert\right) \times \mathrm{TC}$
TC	means the Transaction Costs applicable (including Stamp Duty) that are equal to: 0.10%
Leverage	-5
$\mathbf{S_t}$	means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

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

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

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

where

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

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

DayCount BasisRate 365

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

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

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

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

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

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

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

(1) for k = 1 :

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

(2) for k > 1 :

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

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

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

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

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

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

(1) for k=0

$$IS_{IR(0)} = S_{IRD-1} \times \text{Rfactor}_{IRD}$$

(2) for k=1 to n

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

(3) with respect to IR(C)

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

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

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

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

IR(C) means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t):

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock

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

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

Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event Observation Period	means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.
Intraday Restrike Event Time	means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 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:	Ping An Healthcare and Technology Company 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 "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 17 March 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 a qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

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

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

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

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

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

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

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

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

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

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

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

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

B) Trading the Certificates before Expiry

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

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

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

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

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

Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Closing Level on Business Day (t) divided by the Leverage Inverse Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

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

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

Underlying Stock:	Ordinary shares of Ping An Healthcare and Technology Company Limited
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**1.20 SGD**
Notional Amount per Certificate:	**1.20 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**5.75%**
Strike Level:	Zero

Hedging Fee Factor

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

HFF(0) = 100%

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

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

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

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

Assuming 2$^{\text{nd}}$ Underlying Stock Business Day falls 3 Calendar Days after 1$^{\text{st}}$ Underlying Stock Business Day:

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

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

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

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7440% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9829%
5/7/2018	99.9658%
6/7/2018	99.9488%
9/7/2018	99.8975%
10/7/2018	99.8805%
11/7/2018	99.8634%
12/7/2018	99.8463%
13/7/2018	99.8293%
16/7/2018	99.7781%
17/7/2018	99.7611%
18/7/2018	99.7440%

Cash Settlement Amount

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

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

= [(1200 x 1) / (1000 x 1) – 0] x 99.7440%

= 119.69%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.69% x 1.20 SGD

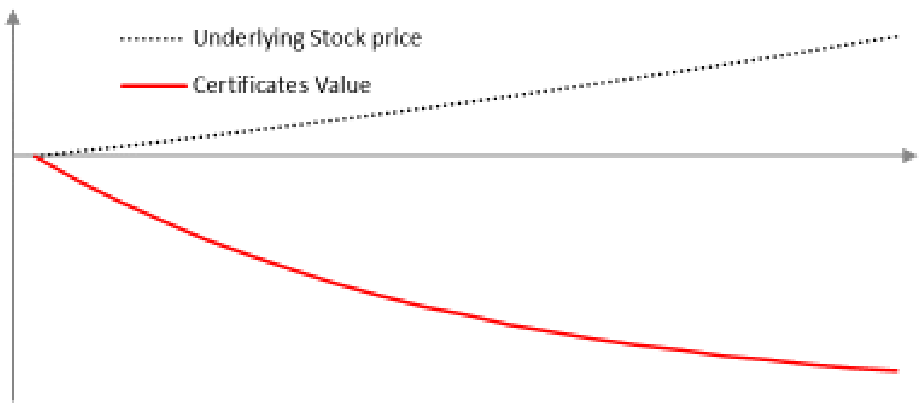
= 1.436 SGD

Illustration on how returns and losses can occur under different scenarios

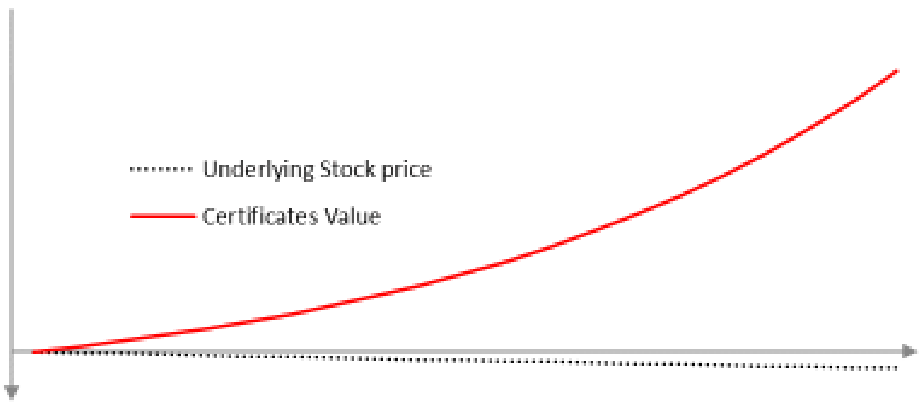
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

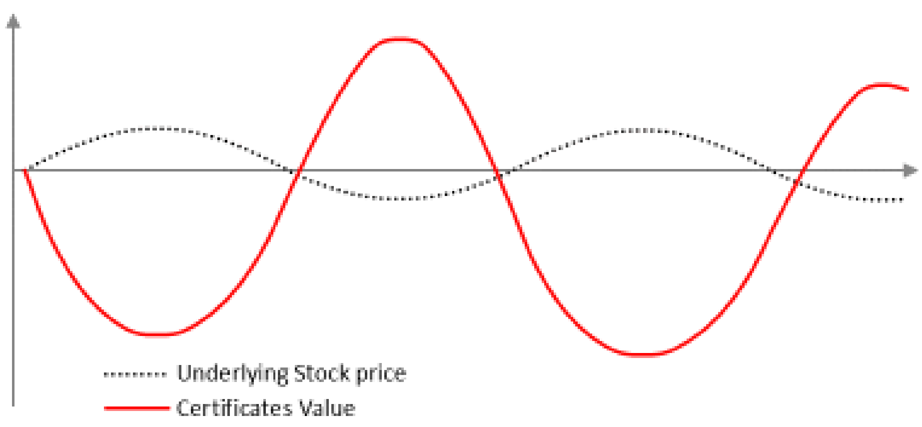
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	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

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	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

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	10.0%	-10.0%	10.0%	-10.0%
Price at end of day	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

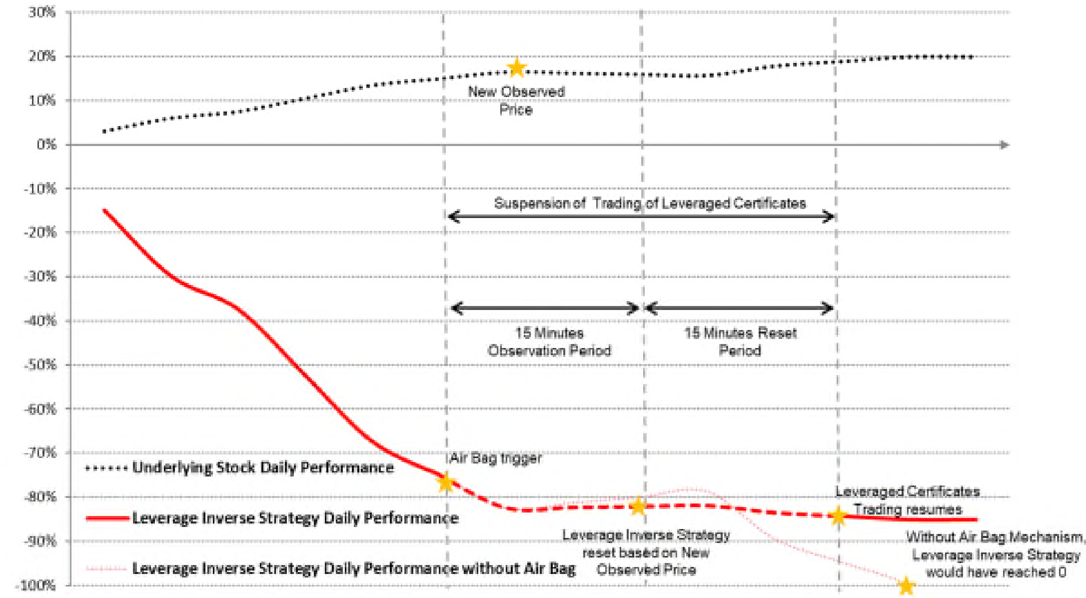
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>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

With **Market Close** defined as:

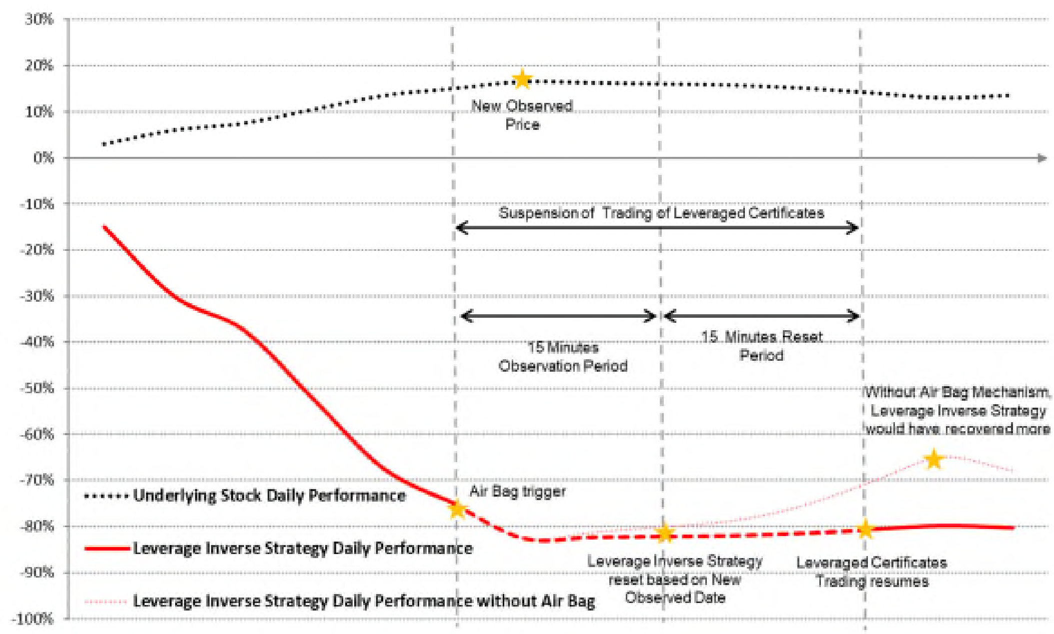
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



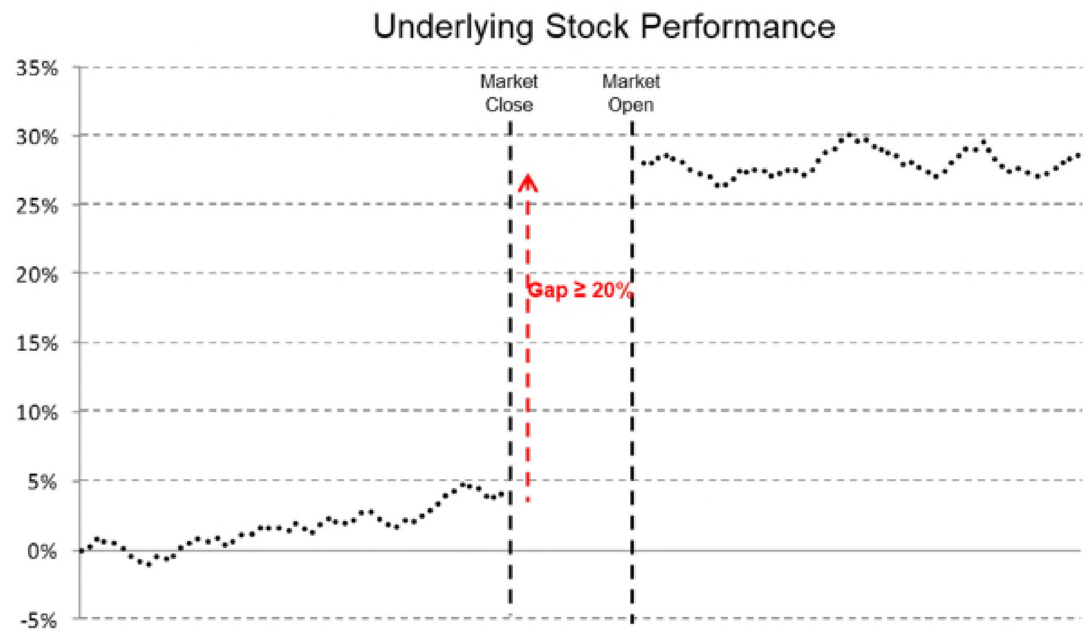
[9] The illustrative examples are not exhaustive.

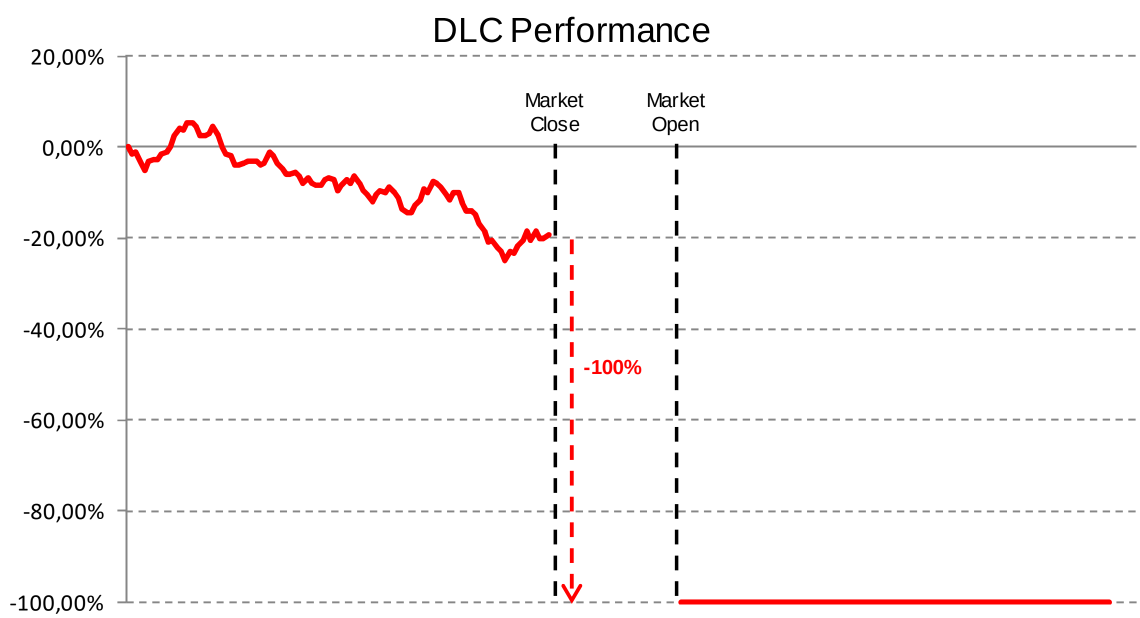
Scenarios where the investor may lose the entire value of the investment

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

<u>*Scenario 1 – Overnight rise of the Underlying Stock*</u>

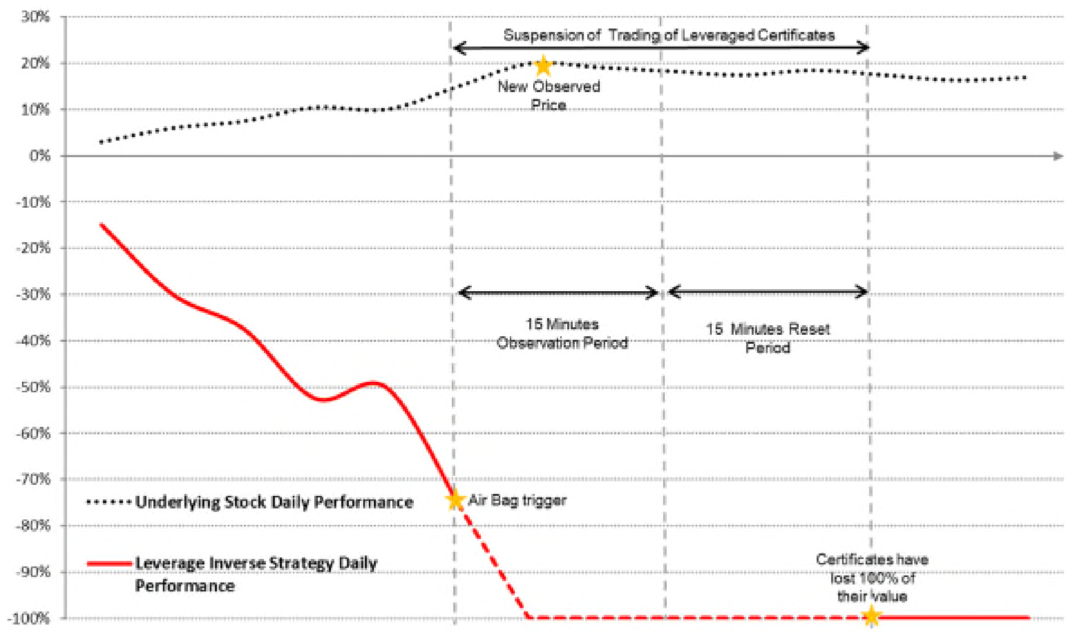
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more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





Scenario 2 – Sharp intraday rise of the Underlying Stock

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



Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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

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

Where:

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

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

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

1. Stock split

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

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

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
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. <u>Share Consolidation</u>

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

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

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	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. <u>Rights Issues</u>

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

S_{t-1} = $100

S_t = $84

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

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

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

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

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

As a consequence:

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

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

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

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

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

R = $0

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

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

As a consequence:

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

S_{t-1}	$\mathrm{S}_{t-1} \times Rfactor_t$	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

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

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

R = $0

M = 0

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

As a consequence:

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

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 http://www.pagd.net/?lang=EN_US. The Issuer has not independently verified any of such information.*

Ping An Healthcare and Technology Company Limited (the "**Company**") is a company engaged in providing medical health products and services. The Company operates four segments. The Health Mall segment provides Chinese and western medicines (over-the-counter medicines), nutritional healthcare, medical equipment and other products. The Consumer Healthcare is involved in providing individual and corporate clients with a range of health services, including physical examination, medical beauty, oral and genetic testing. The Online Medical Services segment provides users with online consultation, referral, registration, online medication purchase and drug delivery services. The services are provided through its products which are Health 360 and Private Doctor Membership. The Health Management and Wellness Interaction segment provides advertising products and services for corporate clients.

The information set out in Appendix I of this document relates to the audited annual results of the Company and its subsidiaries for the year ended 31 December 2020 and has been extracted and reproduced from an announcement by the Company dated 2 February 2021 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	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(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 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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020 OF PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited annual results of the Company and its subsidiaries for the year ended 31 December 2020 and has been extracted and reproduced from an announcement by the Company dated 2 February 2021 in relation to the same.

Independent Auditor's Report

To the Shareholders of Ping An Healthcare and Technology Company Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Ping An Healthcare and Technology Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 131 to 211, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarized as follows:

- Impairment of goodwill
- Provision for sales promotion
- Valuation of Health Membership Plans claim liabilities

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill Refer to note 2.10, 4(a) and 15 to the consolidated financial statements. As at 31 December 2020, the Group held a significant amount of goodwill amounting to RMB969.9 million, of which RMB961.6 million arose from the acquisition of Ping An Wanjia Healthcare Investment Management Co., Ltd. in 2018. Based on management's assessment, there is no impairment charge for goodwill. We focused on this area due to the magnitude of the carrying amount of the asset and the fact that significant judgements were required by management (i) to identify whether any impairment indicators existed for the asset during the year; (ii) to determine the appropriate recoverable amounts, being higher of the fair value less costs of disposal and value in use; and (iii) to select key assumptions to be adopted in the valuation models for the impairment assessments, including forecast revenue growth rate, gross profit margin, terminal growth rate, and discount rate used in the projection period.	We obtained an understanding of the management's internal control and assessment process on goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We validated the key controls in respect of impairment assessments, including the periodic evaluation of impairment indications as to whether indicators of impairment exist by corroborating with the management and market information, the determination of appropriate impairment approaches, the adoption of valuation models and the assumptions and calculation of impairment charge. Management performs annual impairment assessments with the help of valuer of the Group's goodwill by comparing the carrying amounts with the recoverable amounts, which are assessed by using the value-in-use method with the adoption of discounted cash flows for each separately identifiable cash-generating unit ("CGU") for which the goodwill has been allocated. We assessed the competence, capabilities and the objectivity of the external valuer by considering professional experience, industry reputation and our previous experience with the valuer. We assessed the reasonableness of the basis management used to identify separate groups of CGUs containing goodwill, the impairment approaches, and the valuation models used in management's impairment assessments.

Key Audit Matter	How our audit addressed the Key Audit Matter
	We assessed the key assumptions used in valuation model, including forecast revenue growth rate, gross profit margin, terminal growth rate, and discount rate by examining the approved financial forecast models, comparing future prediction against the applicable industry or business data, and understanding the management's operational planning and historical financial information to assess the reasonableness. We also assessed certain key valuation assumptions by reference to independent market analysis with the assistance of our internal valuation specialists. We independently tested the mathematical accuracy of calculation applied in the valuation models and the calculation of impairment charges. Based on the procedures performed, we found the assessment of management for impairment charge of goodwill is appropriate.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for sales promotion Refer to note 4(b), 6 and 30 to the consolidated financial statements. As at 31 December 2020, the carrying amount of provision for sales promotion relating to "healthy reward points" under the Group's mobile platform incentive scheme "step-for-reward" plan amounted to RMB42.0 million, representing 13% of the accrued expenses balance in trade and other payables. Management estimated the provision for sales promotion based on the outstanding quantity of "healthy reward points" rewarded to registered users, simultaneously considering the expected redemption rate and the estimated unit value of each "healthy reward point". We focused on this area due to magnitude of carrying amount for the provision and significant management judgements and estimation involved in the determination of expected redemption rate and the estimated unit value of the points with respect to the "step-for-reward" redemption plan. Both of the assumptions are determined by historical redemption pattern with an adjustment of the change in anticipated redemption behavior of the registered users and the estimated unit value of the points as a result of the upcoming promotion plans to be launched by the Group to encourage the accumulation and consumption of "healthy reward points".	We understood the Group's calculation process of provision and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We also evaluated and validated the Group's control of the "step-for-reward" plan including the changes in quantity of "healthy reward points" resulted from the issuance, redemption, extension and the expiration of the "healthy reward points". We tested controls over the information systems which are used to maintain and record the changes in quantity of "healthy reward points", including testing the information system logic for recording life cycle of points, and checking the computation of remaining quantity generated directly from the Group's information system. We reviewed the key inputs and assumptions in the calculation formula including (1) the outstanding quantity of "healthy reward points" by comparing the data input to the information maintained in the information system which have been tested, (2) the expected redemption rate and the estimated unit value of the points of the "step-for-reward" redemption plan by comparing to historical redemption pattern and historical unit value of each point to information maintained in the information system. We also evaluated and validated the key assumptions used by management to estimate the adjustment of the change in anticipated redemption behavior of the registered users and the estimated unit value of the points, and corroborated the evidence provided by management by reviewing the upcoming promotion plans and promotion budget as approved by senior management. We also tested the redemption pattern subsequent to year end using the information in the system for redemption transactions after year end date to check consistency with management's estimation at year end. We independently tested the mathematical accuracy of calculation applied in the provision models. Based on our audit procedures performed, we did not consider the management's estimation and judgement to be materially in consistent with management's supporting documentation.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Health Membership Plans claim liabilities Refer to note 2.18 and 3.2 to the consolidated financial statements. As at 31 December 2020, the Group held claim liabilities of Health Membership Plans with carrying value of RMB144.6 million, representing 5% of the Group's total liabilities. The valuation of claim liabilities involved complex models and a high degree of judgement by management in setting assumptions including expected loss ratio. We focused on this area due to the high degree of estimation uncertainty and inherent risk. The inherent risk in relation to the valuation of Health Membership Plans claim liabilities is considered significant due to the subjectivity of significant assumptions used.	We understood the valuation process of the Group and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We evaluated and tested the internal controls over data collection and analysis, management's assumptions setting processes. We performed independent modelling analysis for claim liabilities by performing below procedures with the assistance of our actuarial experts including method review, assumption assessment and independent modelling. We also assessed the competence, capabilities and objectivity of management's external actuaries by considering professional experience, industry reputation and our previous experience with them. We assessed the valuation method used in management's estimation, evaluated management's selection of key assumptions by reviewing the reasonableness based on applicable industry experiences and consideration of historical data of the Group. We tested the underlying data used in the valuation models, including comparing recorded revenue to system-generated report which has been tested and the amount of reported claims to accounting records. We also evaluated the overall reasonableness of the Group's claim liabilities through independent modelling calculation with the assistance of our actuarial experts. Based on our audit procedures, we did not consider management's judgements in the valuation of claim liabilities to be insupportable by the evidence we gathered.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Sheung Yuen.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 2 February 2021

Consolidated Income Statement

For the year ended 31 December 2020

(All amounts expressed in RMB thousand unless otherwise stated)

		Year ended 31 December	
	Note	**2020**	2019
Revenue	5	**6,865,987**	5,065,429
Cost of sales	5, 6	**(5,001,573)**	(3,894,000)
Gross profit		**1,864,414**	1,171,429
Selling and marketing expenses	6	**(1,586,627)**	(1,206,673)
Administrative expenses	6	**(1,017,083)**	(1,075,307)
Other income	10	**205,426**	41,895
Other (losses)/gains – net	11	**(385,269)**	109,267
Operating loss		**(919,139)**	(959,389)
Finance income	12	**105,679**	265,897
Finance costs	12	**(5,993)**	(13,208)
Finance income – net	12	**99,686**	252,689
Share of losses of associates and joint ventures	19, 20	**(121,895)**	(27,429)
Loss before income tax		**(941,348)**	(734,129)
Income tax expense	13	**(7,155)**	(12,587)
Loss for the year		**(948,503)**	(746,716)
Loss attributable to:			
– Owners of the Company		**(948,478)**	(733,860)
– Non-controlling interests		**(25)**	(12,856)
		(948,503)	(746,716)
Loss per share attributable to owners of the Company			
– Basic (RMB yuan)	14	**(0.92)**	(0.73)
– Diluted (RMB yuan)	14	**(0.92)**	(0.73)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020
(All amounts expressed in RMB thousand unless otherwise stated)

		Year ended 31 December	
	Note	**2020**	2019
Loss for the year		**(948,503)**	(746,716)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(4,524)**	8,588
Other comprehensive (loss)/income for the year, net of tax		**(4,524)**	8,588
Total comprehensive loss for the year		**(953,027)**	(738,128)
Total comprehensive loss attributable to:			
– Owners of the Company		**(953,002)**	(726,826)
– Non-controlling interests		**(25)**	(11,302)
		(953,027)	(738,128)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

(All amounts expressed in RMB thousand unless otherwise stated)

		As at 31 December	
	Note	**2020**	2019
ASSETS			
Non-current assets			
Goodwill	15	**969,929**	966,763
Right-of-use assets	16	**115,417**	93,986
Property, plant and equipment	17	**166,265**	186,445
Other intangible assets	18	**101,973**	106,209
Investments in associates	19	**382,823**	381,712
Investments in joint ventures	20	**68,660**	127,833
Prepayments and other receivables	23	**76,851**	6,915
Financial assets at amortized cost	24	**571,493**	1,515,885
Financial assets at fair value through profit or loss	25	**15,730**	15,730
Term deposits	26	**837,791**	499,764
Total non-current assets		**3,306,932**	3,901,242
Current assets			
Inventories	21	**160,465**	74,768
Trade receivables	22	**1,058,211**	649,384
Contract assets	5	**102,031**	141,119
Prepayments and other receivables	23	**439,297**	222,845
Financial assets at amortized cost	24	**2,009,785**	575,055
Financial assets at fair value through profit or loss	25	**3,565,775**	1,849,270
Cash and cash equivalents	26	**7,920,375**	4,965,455
Total current assets		**15,255,939**	8,477,896
Total assets		**18,562,871**	12,379,138
EQUITY AND LIABILITIES			
Equity			
Share capital	27	**36**	33
Treasury shares		**(2)**	(2)
Reserves	28	**20,651,792**	13,518,868
Accumulated losses		**(4,818,616)**	(3,870,138)
Total equity attributable to owners of the Company		**15,833,210**	9,648,761
Non-controlling interests		**22,989**	20,726
Total equity		**15,856,199**	9,669,487

Consolidated Statement of Financial Position

As at 31 December 2020

(All amounts expressed in RMB thousand unless otherwise stated)

		As at 31 December	
	Note	**2020**	2019
Liabilities			
Non-current liabilities			
Lease liabilities	16	**39,121**	44,431
Trade and other payables	30	**44**	47
Total non-current liabilities		**39,165**	44,478
Current liabilities			
Trade and other payables	30	**1,862,855**	1,776,526
Contract liabilities	5	**729,808**	837,486
Lease liabilities	16	**74,844**	51,161
Total current liabilities		**2,667,507**	2,665,173
Total liabilities		**2,706,672**	2,709,651
Total equity and liabilities		**18,562,871**	12,379,138

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 131 to 211 were approved by the Board of Directors on 2 February 2021 and were signed on its behalf:

FANG Weihao
Director

Lin Lijun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

(All amounts expressed in RMB thousand unless otherwise stated)

		Attributable to owners of the Company						
	Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2020		**33**	**13,518,868**	**(2)**	**(3,870,138)**	**9,648,761**	**20,726**	**9,669,487**
Loss for the year		**–**	**–**	**–**	**(948,478)**	**(948,478)**	**(25)**	**(948,503)**
Other comprehensive income for the year		**–**	**(4,524)**	**–**	**–**	**(4,524)**	**–**	**(4,524)**
Placing of new shares	29	**3**	**6,869,447**	**–**	**–**	**6,869,450**	**–**	**6,869,450**
Share-based payments	29	**–**	**64,993**	**–**	**–**	**64,993**	**–**	**64,993**
Exercise of share options	29	**–**	**203,008**	**–**	**–**	**203,008**	**–**	**203,008**
Non-controlling interests arising from acquiring control over joint venture	33	**–**	**–**	**–**	**–**	**–**	**2,288**	**2,288**
As at 31 December 2020		**36**	**20,651,792**	**(2)**	**(4,818,616)**	**15,833,210**	**22,989**	**15,856,199**

		Attributable to owners of the Company						
	Note	Share Capital	Reserves	Treasury shares	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2019		33	13,331,702	(2)	(3,132,813)	10,198,920	68,372	10,267,292
Loss for the year		–	–	–	(733,860)	(733,860)	(12,856)	(746,716)
Other comprehensive income for the year		–	7,034	–	–	7,034	1,554	8,588
Share-based payments	29	–	91,805	–	–	91,805	–	91,805
Exercise of share options	29	–	91,953	–	–	91,953	–	91,953
Deemed disposals of non-wholly owned subsidiaries		–	(3,626)	–	–	(3,626)	(29,943)	(33,569)
Acquisition of non-controlling interests in subsidiaries		–	–	–	(3,465)	(3,465)	(6,401)	(9,866)
As at 31 December 2019		33	13,518,868	(2)	(3,870,138)	9,648,761	20,726	9,669,487

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020
(All amounts expressed in RMB thousand unless otherwise stated)

		Year ended 31 December	
	Note	**2020**	2019
Cash flows from operating activities			
Cash used in operations	32(a)	**(1,097,988)**	(491,952)
Income tax paid		**(4,284)**	(12,252)
Net cash used in operating activities		**(1,102,272)**	(504,204)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment and intangible assets		**–**	1,784
Payments for property, plant and equipment and intangible assets		**(73,169)**	(133,023)
Proceeds from acquiring control over joint venture		**5,204**	–
Proceeds from sales of financial assets at fair value through profit or loss		**5,521,888**	1,890,472
Payments for financial assets at fair value through profit or loss		**(7,173,852)**	(3,176,384)
Payments for financial assets at amortized cost		**(500,000)**	(2,070,000)
Interest received from investment in financial assets at amortized cost		**93,376**	–
Payments for investments in associates		**–**	(131,063)
Payments for investments in joint ventures		**(72,968)**	(49,418)
Deemed disposals of subsidiaries, net		**–**	(118,649)
Payments for acquisition of non-controlling interests in subsidiaries		**–**	(9,866)
Interest received from term deposits with initial term of over three months		**–**	251,250
Proceeds of the cash dividends declared by associates		**2,323**	–
Proceeds from term deposits with initial term of over three months		**–**	8,521,540
Payments for term deposits with initial term of over three months		**(300,000)**	(500,000)
Net cash (used in)/generated from investing activities		**(2,497,198)**	4,476,643
Cash flows from financing activities			
Payments for lease liabilities		**(82,274)**	(67,149)
Placing of new shares		**6,869,450**	–
Proceeds from exercise of share options		**134,903**	75,974
Net cash generated from financing activities		**6,922,079**	8,825
Net increase in cash and cash equivalents		**3,322,609**	3,981,264
Cash and cash equivalents at the beginning of the year	26	**4,965,455**	926,485
Effects of exchange rate changes on cash and cash equivalents		**(367,689)**	57,706
Cash and cash equivalents at the end of the year	26	**7,920,375**	4,965,455

The accompanying notes form an integral part of these consolidated financial statements.

1 General Information

Ping An Healthcare and Technology Company Limited (formerly known as "Glorious Health Limited") (the "Company") was incorporated in the Cayman Islands on 12 November 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in offering online medical and wellness services, such as online medical services, consumer healthcare services, health mall as well as health management and wellness interaction programs through the Group's mobile platform in the People's Republic of China (the "PRC").

Glorious Peace Limited ("Glorious Peace") is the major shareholder of the Company, holding 38.43% of the shareholding interest in the Company as at 31 December 2020.

Prior to the completion of the Group's reorganization as described below, the Group's existing business was carried out through a domestic company and its subsidiaries, incorporated in the PRC, namely Ping An Health Cloud Company Limited ("PAHC"). PAHC and its subsidiaries are collectively defined as the "PRC Operating Entities" thereafter.

The PRC regulations restrict foreign ownership of companies that provide value-added telecommunications services, Internet cultural business, radio and television program production and operation business to the public and operation of online medical institutions which include activities and services operated by the Group. To comply with the relevant PRC laws, the wholly-owned subsidiary of the Company, Kang Jian Information Technology (Shenzhen) Co., Ltd. ("Kang Jian"), has entered into a series of contractual arrangements (the "Contractual Agreements") including the Exclusive Business Cooperation Agreement, Exclusive Equity Option Agreement, Exclusive Asset Option Agreement, Powers of Attorney and Equity Pledge Agreement, with PAHC and its equity holders, which enable Kang Jian and the Company to control PAHC by:

- Governing the financial and operating policies of PAHC;
- Exercising equity holders' voting rights of PAHC;
- Receiving substantially all of the economic interest returns generated by PAHC in consideration for the business support, technical and consulting services provided by Kang Jian. Kang Jian has the obligation to provide financial assistance by way of entrusted bank loans, loans or other means;
- Obtaining an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, all or part of the equity interests or assets in PAHC from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Kang Jian may exercise such options at any time. The right is automatically renewable upon expiry unless it is superseded by a new term confirmed by Kang Jian; and
- Obtaining a pledge over the entire equity interests of PAHC from its respective equity holders as collateral security for all of PAHC's payments due to Kang Jian and to secure performance of PAHC's obligation under the Contractual Arrangements.

1 General Information (Continued)

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of Contractual Arrangements is currently enforceable in the PRC except for certain provisions and does not constitute a breach of the relevant laws and regulations. Accordingly, the subsidiaries controlled through Contractual Agreements were consolidated in the financial statements.

As a result of the Contractual Arrangements, the Group is considered to control PAHC as it has rights to exercise power over PAHC, receive variable returns from its involvement with PAHC, and have the ability to affect those returns through its power over PAHC. Consequently, the Company regarded PAHC and its subsidiaries as controlled entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group.

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 4 May 2018 by way of its initial public offering (the "Listing"). Upon the completion of the Listing, all the issued and unissued ordinary shares with a par value of USD0.00001 each in the share capital of the Company be subdivided into two ordinary shares with a par value of USD0.000005 each. Accordingly, all shares, share options and per share amounts in these consolidated financial statements have been adjusted, where applicable, to reflect the subdivision and adjustments of the ordinary shares.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020.

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

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

New and amended standards and interpretations adopted by the Group (Continued)

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted by the Group

Standards, amendments and interpretations that have been issued but not yet effective for the financial year beginning 1 January 2020 and not been early adopted by the Group as of the reporting period are as follows:

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual improvements to IFRS standards 2018-2020 Cycle	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022

The Group has already commenced an assessment of the impact of the new or revised standards that have been issued but either not yet effective for the financial period beginning 1 January 2020 or not been early adopted by the Group which are relevant to the Group's operation. Except as described below, the Group believes that the application of amendments to IFRSs, amendments to IASs and the new interpretations is unlikely to have a material impact on the Group's statement of financial position and performance as well as disclosure in the future.

IFRS 17

IFRS 17 was issued in May 2017 and will replace the current IFRS 4 "Insurance Contracts". It applies to the measurement of insurance contracts issued, all reinsurance contracts and investment contracts with discretionary participating features. It requires a current measurement model where estimates are re-measured at each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognized as revenue over the coverage period.

The Group entered into a few service contracts that meet the definition of "insurance contract" under IFRS 4. For the year ended 31 December 2020, the Group recorded revenue of RMB818,429 thousand from such service contracts and as at 31 December 2020, the liability arising from such service contracts amounted to RMB369,090 thousand.

The standard is currently mandatorily effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group is in the process of assessing the impact of the adoption of IFRS 17. The Group expects that the impact is significant and the accounting policy regarding the above service contracts will have fundamental changes after the adoption of IFRS 17.

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

Business combination (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.3 Change in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

2.3 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

Structured entities are primarily asset management plans. Asset management plans are managed by asset managers and the plan invests in the funds in the form of debt financing to the other companies. The Group holds equity interest in these asset management plans.

2 Summary of Significant Accounting Policies (Continued)

2.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Investments in associates in the form of ordinary shares are accounted for using the equity method of accounting in accordance with IAS 28. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. The Group's investments in these associates include goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate in the form of ordinary shares is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of losses of associates and joint ventures" in the consolidated statement of comprehensive income.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the consolidated statement of comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

2.5 Joint venture

The Group has assessed the nature of its jointly controlled entities and determined them to be joint ventures. The Group has rights to the net assets of these jointly controlled entities.

Interests in joint venture are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and share of movements in other comprehensive income. Dividends received or receivable from joint venture are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.7 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is RMB since the Company's primary subsidiaries were incorporated and are operating in the PRC and these subsidiaries considered RMB as their functional currency. The consolidated financial statements is presented in RMB, which is the Company's functional and the Group's presentation currency (unless otherwise stated).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in other comprehensive income in the statements of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the statement of comprehensive income within "Other (losses)/gains – net".

2 Summary of Significant Accounting Policies (Continued)

2.8 Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of comprehensive income in the year in which the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

Category	Expected useful life	Estimated residual value rate
Office and telecommunication equipment	3-5 years	5%
Leasehold improvements	Over the shorter of economic useful lives and terms of the leases	–

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2 Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

(b) Other intangible assets

The Group's other intangible assets mainly include software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. The useful lives of intangible assets are assessed by the period of bringing economic benefits for the Group.

Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2 Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets (Continued)

(b) Other intangible assets (Continued)

If the period of bringing economic benefits cannot be determined, intangible assets will be classified as indefinite intangible assets. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(i) Software

Acquired computer and mobile software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer and mobile software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2 Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets (Continued)

(b) Other intangible assets (Continued)

(ii) Licenses

Licenses include online drug sales license and other licenses. They are initially recognized and measured at cost or estimated fair value of intangible assets acquired through business combinations.

(iii) The useful lives of intangible assets are set as below:

	Expected useful life
Software	3-5 years
Online drug sales license	Indefinite useful lives
Other licenses	5 years

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of comprehensive income.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs of disposal and its value in use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2 Summary of Significant Accounting Policies (Continued)

2.10 Impairment of non-financial assets (Continued)

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

2.11 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2 Summary of Significant Accounting Policies (Continued)

2.11 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses) – net. Interest income from these financial assets is included in other gains/(losses) using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) – net and impairment expense are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 22 for further details.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2 Summary of Significant Accounting Policies (Continued)

2.13 Inventories

Inventories are mainly merchandise and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average costing method. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Treasury shares

Le An Xin (PTC) Limited ("Le An Xin") was set up as a special vehicle for the purpose of holding the ordinary shares for the Company's employees under the equity-settled share-based compensation plan ("the Share Option Plan") which will be awarded to employees in the future. As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the contributions of the eligible directors, employees and other persons (collectively, the "Grantees"), the directors of the Company consider that it is appropriate to consolidate Le An Xin.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(a) Contract liabilities of Health Membership Plans

Contract liabilities of "Health Guard 360" plans, "Private Doctor Membership" plans and other similar health plans ("Health Membership Plans") comprise unearned revenue liabilities and claim liabilities.

2 Summary of Significant Accounting Policies (Continued)

2.18 Trade and other payables (Continued)

(a) Contract liabilities of Health Membership Plans (Continued)

Contract liabilities of Health Membership Plans are measured based on reasonable estimates of the payments that the Group will make to fulfill the relevant obligations under the contracts. These estimates represent the difference between expected future cash outflows and inflows under such contracts.

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfill the obligations under the contracts, and mainly include: (a) guaranteed benefits or claims under the contracts; (b) reasonable expenses necessary for maintaining and serving the contracts, obligation handling, including membership maintenance expenses, claim expenses, etc.

- Expected future cash inflows represent cash inflows from assuming contractual obligations.

A reasonable estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

Unearned revenue liabilities

Unearned revenue liabilities are recognised at inception of Health Membership Plans which are amortized over the contract coverage period. The unearned revenue liabilities represent revenue received for risks that have not yet expired. At inception of the contract, it represents revenue received or receivable minus relevant acquisition costs. Acquisition costs related to the sale of new Health Membership Plans such as handling charges and commissions, tax and surcharges and other incremental costs are recorded as expenses in profit or loss against an equal and opposite amount of earned revenue being recognised. Subsequent to initial recognition, unearned revenue liabilities are released on a 1/365 basis over the contract coverage period. When any deficiency arises from performing the liability adequacy tests as described below, unearned revenue liabilities have to be adjusted to reflect the deficiency.

Claim liabilities

Claim liabilities include incurred and reported claim liabilities, incurred but not reported ("IBNR") claim liabilities and claim expense liabilities.

Incurred and reported claim liabilities represent for the claims incurred and reported to the Group. The Group uses case-by-case method to measure incurred and reported claim liabilities based on a reasonable estimate of the ultimate claim amount and the margin factor.

IBNR claim liabilities represent the claims incurred but not reported to the Group. The Group uses expected loss ratio method to measure IBNR claim liabilities based on a reasonable estimate of the ultimate claim amount and the margin factor.

Claim expense liabilities represent related obligation handling costs. The Group measures claim expense liabilities based on a reasonable estimate of necessary claim expenses in the future. The Group uses ratio allocation method to measure claim expense liabilities.

Liability adequacy tests

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of unearned revenue liabilities. If, after applying a risk margin, the amount of expected present value of cash outflows minus the expected present value of cash inflows exceeds the carrying amount of the unearned revenue liabilities, the entire deficiency is recognised in profit or loss of the period in which the deficiency arises. Unearned revenue liabilities may have to be adjusted if there is any deficiency arising from the performance of these tests.

2 Summary of Significant Accounting Policies (Continued)

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the consolidated statement of financial position.

(b) Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(c) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(d) Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

2.20 Share-based payments

An equity-settled share-based compensation plan was granted to the employees, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum, an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

2 Summary of Significant Accounting Policies (Continued)

2.21 Revenue recognition

Revenues are recognized when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the good and service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalized and presented as contract assets and subsequently amortized when the related revenue is recognized.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The following is a description of the accounting policy for the principal revenue streams of the Group.

2 Summary of Significant Accounting Policies (Continued)

2.21 Revenue recognition (Continued)

(a) *Online medical services*

Online medical services consist primarily of online consultation, hospital referral and appointment, inpatient arrangement and second opinion services provided by the AI-assisted in-house medical team of the Group. During the year, this revenue stream is primarily derived from (1) online medical services to corporate customers; (2) online medical services provided to individual customers; (3) Health Membership Plans.

Revenue from online medical services is recognized on a gross basis as the Group is regarded as the primary obligor as long as such services are provided by its own employees since the Group has the ability to determine the pricing of the services, nature of services and is responsible for providing the services by its employees. Commission revenue is recognized on a net basis when such services are provided by contracted external doctors.

<u>Online medical services to corporate customers</u>

The Group offers customized service to corporate customers, including their customers and employees. The service provided to corporates' end customers is primarily derived from transactions with Ping An Life Insurance Company of China, Ltd. ("Ping An Life") and Ping An Health Insurance Company of China, Ltd. ("Ping An Health"). The Group charges corporate customers on an annual basis at a fixed fee regardless of the usage of the services and overall headcount or based on a fixed fee per individual headcount per annum.

The packages of services provided include online consultation services with involvement of medical experts and traditional Chinese medicine doctors as well as telephone consultations, occasionally healthcare products for packages provided individually. The transaction price is allocated between the online medical services and healthcare products offered based on their relative stand-alone selling prices.

The corporate customers' end customers or employees are entitled to the services under online medical services free of charge whenever the agreement with the Group is effective while after activation when the packages of service provided individually, which is typically for a period of one year.

The revenue of the healthcare products is recognized when the products are delivered while the revenue of online medical services is recognized over the one-year contract period since the Group is obligated to provide a kind of standby service on a when-and-if-available basis to customers.

Since the corporate customers are usually required to make payments upon subscription of services, the Group records payment due from the corporate customers as receivable when the corporate customers are obligated to pay for the service based on the contracts or head count of the users within the service scope for the coming year and the corresponding unsatisfied performance obligation is recorded as contract liabilities. In other cases, as the contract payments are non-cancellable and non-refundable, the Group records a receivable from corporates after the services are rendered as the payment is in arrears and its right to consideration is unconditional.

Incremental costs incurred to obtain these contracts, if recoverable, are capitalized and presented as contract assets and are subsequently amortized when the related revenue is recognized.

2 Summary of Significant Accounting Policies (Continued)

2.21 Revenue recognition (Continued)

(a) Online medical services (Continued)

Online medical services provided to individual customers

The Group also offers a wide range of online medical services to individual users at various retail prices through its mobile app, including electronic prescription services and corresponding sales of medical products.

Since individual customers are usually required to make payments in advance for the online medical services and medical products, the unsatisfied performance obligation is recorded as contract liabilities accordingly. The revenue of the online medical services is recognized when such services are rendered, which is usually immediately upon the payments are made. The revenue of the medical products which are provided by the Group are recognized when such products are delivered, while net of sales are recognized in profit or loss when such products are delivered through the Group's cooperative retail pharmacies.

Health Membership Plans

The Group has launched Health Membership Plans, which mainly include "Health Guard 360" plans, "Private Doctor Membership" and other similar health plans.

Based on the deeply cooperation with commercial insurance companies, "Health Guard 360" plans and similar health plan integrates services relating to online consultations, offline medical treatments and express pharmaceutical delivery to the insurance policyholders who had chosen to join this membership plan. The services include online medical services such as hospital appointment and inpatient arrangement at hospitals, domestic and overseas second opinion services, and follow-up visit arrangements, and most services will be fulfilled when the insurable event occurs.

As for "Private Doctor Membership", the Group provides paying users with one-to-one exclusive private doctors, including comprehensive healthcare services, such as real-time consultations, second medical opinion, arrangement for offline outpatient treatment and chronic disease management.

The inception date for the Health Membership Plans which are in conjunction with insurance policyholders is prescribed in the contracts and the duration for the membership plan is usually one year which co-relates the validity period of insurance contacts. For other contracts, the inception date usually starts after activation and the duration lasts for one year.

Health Membership Plans demonstrate certain features of an insurance contract defined in IFRS 4, where one party accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, which falls in the scope of application of IFRS 4.

Accordingly, revenue of Health Membership Plans is recognized based on the total transaction amount stated in the contracts when the contract is issued and the related insurance risk is undertaken by the Group, the economic benefits associated with the insurance contract will probably flow to the Group and when the revenue can be measured reliably. The related liabilities of Health Membership Plans are recorded in "Trade and other payables", the measurement of such liabilities is explained in Note 2.18.

If the products fail to fulfill certain features of an insurance contract, the revenue of services in the products is recognized upon the individual service is rendered to customers.

2 Summary of Significant Accounting Policies (Continued)

2.21 Revenue recognition (Continued)

(b) *Consumer healthcare*

The Group provides a variety of standardized service packages that integrate services provided by various healthcare institutions to meet the health-related needs of the users, such as health check-ups, genetic testing and beauty care. Consumer healthcare of the Group principally generates revenue from selling the standardized service packages to individual customers or corporate customers. Different types of service packages provide the customers with a specific number of times of services for each service offered in the package.

Service packages are considered to consist of multiple elements of services and products as individual services within the packages are regarded as separate performance obligations. The transaction price is allocated to each of the services and healthcare products in the service package based on their relative stand-alone selling prices.

Revenue of health products is recognized when the products are delivered while revenue of services is recognized upon the individual service is rendered to customers.

The Group sells the consumer healthcare packages either to individuals on a retail basis or to corporate customers for the benefit of their employees on a wholesale basis. The consumer healthcare service packages are offered to corporate customers through the sales team of the Group, and to individual customers through health mall or individual agents. Such individual agents have entered into agency agreements with Ping An Insurance (Group) Company of China, Ltd. ("Ping An") and its subsidiaries ("Ping An Group") and agreed to market Ping An Group's products only (the "Life Insurance Agents"). The Group has entered into product and service referral arrangement with the Life Insurance Agents. The Life Insurance Agents are not employed by Ping An Group and have referred the products and services to customers without Ping An Group's participation. Payments for consumer healthcare packages are settled by retail customers before delivery of service packages while payments for corporate customers can be settled in arrears after delivery depending on whether there is credit granted to the corporate customers.

The Group pays compensation to the Life Insurance Agents at a pre-agreed percentage of the sales of products or services referred by the agents. The compensation paid for selling the service packages are capitalized and presented as contract assets, which are subsequently amortized to profit and loss when the relevant revenue is recognized.

The service packages are non-refundable. The customers have to activate the service packages via the Group's online platform before the expiry date as pre-printed in the packages. Once the service packages are activated, the customers can consume the services within one year after activation. Breakage for the service packages is the extent to which outstanding performance obligations are not required because the customer does not take up all the services or goods within the valid period. During the reporting period, with limited historical data for estimating breakage, the Group cannot reasonably estimate the amount of such breakage. Accordingly, the Group recognizes breakage amount as revenue upon the expiry date which is the later of expiry date pre-printed in the service package or one year after activation.

2 Summary of Significant Accounting Policies (Continued)

2.21 Revenue recognition (Continued)

(b) *Consumer healthcare* (Continued)

The online consultation services and hospital appointment services are performed by service team of the Group. The Group is also continually expanding the network with healthcare institutions which provide offline services. Consumer healthcare customers can select the healthcare institutions from the Group's pre-determined list of service providers through the Group online platform. The Group has the sole discretion to select the healthcare institutions and the purchase prices are negotiated separately with healthcare institutions. Since the Group has the ability to determine the pricing of the products or services and has the sole discretion to determine the healthcare institutions, to take responsibility for monitoring the quality of services provided and to negotiate the service terms, the Group is regarded as the primary obligor and therefore, it recognizes revenue from consumer healthcare on a gross basis.

The Group records contract liabilities for purchases from customers who made payments for service packages before rendering of services since there is unsatisfied performance obligation owing to customers. For those customers who purchase service packages with credit terms, the Group records a receivable when its right to consideration is unconditional, which is normally upon service packages are delivered to customers. The contract liabilities are recognized as revenue over the period during which the individual services are rendered or goods are transferred to customers.

(c) *Health mall*

The Group's health mall provides diversified and evolving product offerings, including (i) healthcare products such as medicines, health supplements and medical devices, (ii) wellness products such as fitness equipment, accessories and personal care products, as well as (iii) other products. Health mall revenue stream of the Group principally generates revenue from selling the products by the Group ("direct sales"), or from the commission income earned from third-party merchants ("marketplace"). The Group generates revenue from mobile app, WAP website as well as plug-ins of Ping An mobile apps.

The Company operates health mall under two business models, mainly direct sales model and marketplace model.

Direct sales

Under direct sales model, the Group procures merchandise from suppliers and sells products directly to consumers through the platform. The suppliers consist primarily of distributors in the PRC. The Group is entitled to determine pricing and adjust offerings of products.

In this business model, the Group either manages its own inventories or has suppliers to manage inventories and arranges delivery within 48 hours once the order is placed. In the former situation, the Group manages inventories by adjusting inventories level based on fluctuations in supply and price, seasonality, popularity of a particular product and also taken into consideration the shelf life of pharmaceutical products. The Group either makes sales promotion plans or reports inventories write-downs depending on the status of inventories. The Group also provides after-sales services, attends customers' complaints and responds to return requests. The Group generally requires the suppliers to cooperate with the Group in attending to customers' complaints and responding to return requests.

2 Summary of Significant Accounting Policies (Continued)

2.21 Revenue recognition (Continued)

(c) *Health mall* (Continued)

Direct sales (Continued)

Under direct sales model, since the Group has sole discretion in determining the pricing, and has the obligation to fulfill the order, provide after-sales services, attend to customers' complaints and respond to return requests, the Group considers it as a principal and recognizes revenue under direct sales model based on the gross amount of products sales. The Group recognizes revenue net of discounts and return allowances upon the time when the products are delivered to customers. Return allowances, which reduce net revenue, are estimated based on historical experiences. The Group offers its customers an unconditional right of return for a period of seven days for sales from its platform upon receipt of products. The Group recognizes sales revenue from platform when products are delivered to customers while historical returns are insignificant.

Payments for the ordered products are generally made upon orders placed by individual customers in platform and goods are dispatched within 48 hours after orders are placed. External logistics companies are responsible for delivery to customers. In certain cases, direct sales in sales mall are also sold to corporate customers with credit terms ranging from 5 days to 30 days.

The Group also sells prepaid health mall cards to corporate customers under credit terms. The Group has unconditional rights to receive the consideration after the prepaid health mall cards are delivered to customers, and therefore, the Group recognizes receivables and contract liabilities accordingly. The contract liabilities are recognized as revenue when the products are delivered to customers.

Marketplace

The Group also provides an online marketplace that enables third-party vendors to sell their products to customers in the Group's online platform. The marketplace vendors consist primarily pharmacy chains and overseas shopping service providers. The commission fees are generally charged as a percentage of the merchandise sales depending on the product category and terms negotiated with the vendors.

Marketplace vendors manage inventories on their own and the vendors are responsible for product delivery as well. Delivery of products is required within 24 hours after order placing for pharmacy chains or 96 hours after order placing for overseas shopping. The vendors are also responsible for after sales services, attending to customers' complaints and responding to return requests. Revenue related to commissions is recognized on a net basis and when the orders are placed and payments are made by customers while historical returns on sales from platform are insignificant. Payments with third-party vendors are usually settled on a monthly basis for the commissions earned during the period.

2 Summary of Significant Accounting Policies (Continued)

2.21 Revenue recognition (Continued)

(d) Health management and wellness interaction

The Group devises various wellness programs, tools and activities and introduces personalized content to its users to help maintain healthy lifestyle. Revenue from health management and wellness interaction is principally generated from providing advertising services and comprehensive wellness management services to corporate customers.

Advertising services

The Group mainly offers three types of advertisements, namely, display, search and sponsored stories through its mobile app. Display advertising involves placing images or rich media content alongside its platform. Search advertising places text-based advertisements alongside user query results. Sponsored story advertising delivers promotional marketing messages through editorial content in its platform. Advertising fee is charged primarily on per thousand impression, per click or per display duration basis. Revenue from advertisements of number of impressions or clicks is recognized based on the actual number and unit price agreed in the contract while revenue from advertisements of display duration is recognized over the period during which the advertisements are displayed.

The advertisers are usually required to pay for the advertisement in advance. The contracts are non-cancellable and non-refundable. The Group records receivables and contract liabilities correspondingly when the advertising contracts are signed with customers since the Group has unconditional rights to payments of advertising services which are due according to the contract terms. The contract liabilities are recognized as revenue when the advertisements are displayed or services are provided.

Wellness management services

The Group provides customized comprehensive health management services to the employees of corporate customers, mainly including healthcare course recommendation, psychological counselling services, sub-health management, disease intervention management and other services. The Group enters into agreements with the corporate customers that commit to regularly provide service and push related information to their employees during usually one year.

The Group charges corporates at a fixed fee taking into consideration of the expected usage of the services and head count of employees. Since the corporate customers are usually required to make payments upon subscription of services, the Group records contract liabilities as there is unsatisfied performance obligation owing to customers. The revenue of this service is recognized when the performance obligation is satisfied over the contract period.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Leases are recognized as a right-of-use asset and a corresponding liability at the date when the leased asset is available for use by the Group.

2 Summary of Significant Accounting Policies (Continued)

2.22 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipments, vehicles and buildings and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

2 Summary of Significant Accounting Policies (Continued)

2.23 Interest income

Interest income on financial assets at amortized cost is calculated by the effective interest method. Interest income is presented as finance income and other income where it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.24 Dividend income

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

2.25 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

2.26 Tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 Summary of Significant Accounting Policies (Continued)

2.26 Tax (Continued)

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk

The Group's activities expose it to a variety of financial risks: financial risk including market risk (comprising currency risk, price risk and interest rate risk), credit risk, liquidity risk and insurance risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1 Financial risk

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks, which arise from foreign exchange rates (currency risk), market prices (price risk) and market interest rates (interest rate risk).

Foreign Currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk assumed by the Group mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group mainly operates in the PRC with most of the transactions settled in RMB.

The group's exposure to foreign currency risk at the end of the reporting period was as follow:

	31 December 2020			
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RMB equivalent total
Cash and cash equivalents	**1,921,869**	**5,816,650**	**181,856**	**7,920,375**
Financial assets at fair value through profit or loss	**1,866,165**	**1,715,340**	**–**	**3,581,505**
	3,788,034	**7,531,990**	**181,856**	**11,501,880**

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.1 Financial risk (Continued)

(a) Market risk (Continued)

Foreign currency risk (Continued)

	31 December 2019			
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RMB equivalent total
Cash and cash equivalents	3,275,687	1,600,912	88,856	4,965,455
Financial assets at fair value through profit or loss	892,240	972,760	–	1,865,000
	4,167,927	2,573,672	88,856	6,830,455

The aggregate net foreign exchange loss was recognized in consolidated statement of comprehensive income and included in other gains/(losses) – net.

Sensitivities

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity. The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

The Group is primarily exposed to changes in USD/RMB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial assets.

Currency	Changes in exchange rate	Impact on profit and equity	
		31 December 2020	31 December 2019
USD	**+ 5%**	**376,599**	133,567
USD	**– 5%**	**(376,599)**	(133,567)

Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include investment classified as financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

3 Management of Financial Risk and Insurance Risk (Continued)

3.1 Financial risk (Continued)

(a) *Market risk* (Continued)

Price risk (Continued)

To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by senior management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of financial assets at fair value through profit or loss at the end of each reporting period. If equity prices of the respective instruments held by the Group had been 5% (2019: 5%) higher/lower as at 31 December 2020, profit of loss for the year would have been approximately RMB145,868 thousand (31 December 2019: RMB86,277 thousand) higher/lower,excluding the wealth management product issued by a bank with principal guaranteed which is redeemable upon request by holders and barely exposed to significant price risk.

Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

All of the Group's financial assets at fair value through profit or loss are equity investments which do not expose the Group to interest rate risk. The Group has no significant interest-bearing assets except for cash and cash equivalents, term deposits and financial assets at amortized cost, details of which have been disclosed in Note 24 and Note 26.

(b) *Credit risk*

The Group's credit risk is mainly associated with cash and cash equivalents, term deposits, financial assets at amortized cost, trade receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's cash and cash equivalents, term deposits are mainly deposited in reputable banks and financial institutions which are generally considered to be relatively stable. The Group considers that there is no significant credit risk and is not subject to any material losses due to the default of the other parties.

As to financial assets at amortized cost, which mainly includes debt investment schemes, the Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risk and rate of return of investment and considering the internal and external credit rating information comprehensively. The group applies expected credit losses prescribed by IFRS 9, to make provision for financial assets at amortized cost.

The Group's trade receivables mainly come from customers. The Group mitigates credit risk by setting a shorter credit period, arranging the instalment payment or prepayment method.

For other receivables, the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and historical experience.

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.1 Financial risk (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents and marketable securities to mitigate its liquidity risk. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are undiscounted contractual cash flows.

	As at 31 December 2020					
	On demand	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Undated**	**Total**
Liabilities						
Lease liabilities	**–**	**76,626**	**44,566**	**–**	**–**	**121,192**
Trade and other payables	**–**	**1,280,325**	**–**	**–**	**44**	**1,280,369**
	–	**1,356,951**	**44,566**	**–**	**44**	**1,401,561**

	As at 31 December 2019					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities						
Lease liabilities	–	53,820	55,165	–	–	108,985
Trade and other payables	–	1,321,620	–	–	47	1,321,667
	–	1,375,440	55,165	–	47	1,430,652

3 Management of Financial Risk and Insurance Risk (Continued)

3.2 Insurance risk

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of contract liabilities of Health Membership Plans. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected;
- Severity risk – the possibility that the cost of the events will differ from those expected;
- Development risk – the possibility that changes may occur in the amount of the Group's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of Health Membership Plans as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of business developing strategies and guidelines.

Key assumptions

Claim liabilities are mainly based on assumptions of expected loss ratio which is determined after considering industry benchmark, experience data, and margin factors. These assumptions are made in respect of average claim costs, obligation handling costs and obligation fulfilling ratio. The Group develops its average claim cost, obligation handling costs and obligation fulfilling ratio based on industry analysis and the Group's historical claim payments experience. Additional judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.2 Insurance risk (Continued)

Sensitivities

The claim liabilities for Health Membership Plans are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim, its subsequent notification and eventual settlement, the outstanding claim liabilities are not known with certainty at the end of the reporting period.

To illustrate the sensitivities of ultimate claim costs, while other assumptions remain unchanged, a 5% increase in average claim costs would increase claim liabilities of Health Membership Plans as at 31 December 2020 by RMB6,580 thousand (31 December 2019: RMB3,120 thousand).

Contract liabilities of Health Membership Plans

	31 December 2020	31 December 2019
Unearned revenue liabilities	**224,460**	152,933
Claim liabilities	**144,630**	57,333
	369,090	210,266

Movements of contract liabilities of Health Membership Plans

Movements of unearned revenue liabilities

	Contract liabilities
As at 31 December 2019	152,933
Increase	851,752
Decrease	(780,225)
As at 31 December 2020	**224,460**

Movements of claim liabilities

	Contract liabilities
As at 31 December 2019	57,333
Increase	99,150
Decrease	(11,853)
As at 31 December 2020	**144,630**

3 Management of Financial Risk and Insurance Risk (Continued)

3.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3.4 Fair value estimation

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments that there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include financial assets at fair value through profit or loss.

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchies. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

(a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");

(b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and

(c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.4 Fair value estimation (Continued)

Determination of fair value and fair value hierarchy (Continued)

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	As at 31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	**–**	**2,923,391**	**658,114**	**3,581,505**

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	–	1,849,270	15,730	1,865,000

During the year, there were no transfers among different levels of fair values measurement.

Valuation techniques

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include historical volatility and estimated time period prior to the listing of the unquoted equity instruments, etc. The fair value of the unquoted equity investments is not significant to the Group.

4 Critical Accounting Estimates and Judgments

The Group makes estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgments and accounting estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Recoverability of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, other intangible assets and investments in associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on fair value less costs of disposal or value-in-use calculations. These calculations require the use of judgements and estimates.

Judgement is required to identify any impairment indicators existing for any of the Group's goodwill, other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial position and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income.

(b) Provision for sales promotion

As disclosed as promotion expenses in Note 6(b), the Group provides "healthy reward points" for free to the users of the Group's mobile platform, including those who are not existing service buyers of the Group. Registered users may earn "healthy reward points" through the "step-for-reward" plan mainly based on the walk steps counted by the Group's mobile platform. As at 31 December 2020, the outstanding "healthy reward points" will all expire before 30 September 2021. The users can use the "healthy reward points" to redeem goods in the health mall of the Group's mobile platform without any minimum purchase amount requirements in the "step-for-reward" redemption plan. Costs of "healthy reward points" awarded based on the users' walk steps are included in promotion expenses which are recorded upon the issuance of points to users, and such outstanding "healthy reward points" are recognized as provision for sales promotion recorded under "accrual expenses". Significant estimates on the expected redemption rate by the users and unit value of each "healthy reward point" in the "step-for-reward" redemption plan is required to be made by the Group through analysis of historical redemption pattern with an adjustment of the change in anticipated redemption behavior of the registered users and the estimated unit value of the points when evaluating the provision for sales promotion.

4 Critical Accounting Estimates and Judgments (Continued)

(c) Valuation of Health Membership Plans contract liabilities

At the end of the reporting period, when measuring the contract liabilities of Health Membership Plans, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the contracts, based on information currently available at the end of the reporting period.

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of Health Membership Plans contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows. Refer to Note 2.21(a) for the accounting policies and estimates.

The major assumptions needed in measuring claim liabilities include expected loss ratio and can be used to predict the future cost of claims. The assumptions are based on the Group's historical claim payments experience and industry experiences, taking into consideration changes in the Group's policies such as the underwriting policy, expenses and obligation handling, and changing trends in external enviroments such as economic conditions, regulations and legislation. The Group determined the risk margin assumptions for claim liabilities based on the industry experience ranged from 2.5% to 3%.

(d) Uncertain tax positions

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In assessing whether such unused tax losses can be utilized in the future, the Group needs to make judgments and estimates on the ability of each of its subsidiary to generate taxable income in the future years. Based on current information available and the tax planning strategies, the Group considered there is uncertainty regarding whether the unused tax losses could be utilized before expiration. Thus, the Group currently has not recognized any deferred tax assets resulting from operating loss and deductible temporary differences.

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information

(a) Disaggregation of revenue from contracts with customers

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by CODM. CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Online medical services (formerly named "Family doctor services")
- Consumer healthcare
- Health mall
- Health management and wellness interaction

CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment which is used by management as a basis for the purpose of resource allocation and assessment of segment performance. The selling and marketing expenses and administrative expenses are not included in the measurement of the segments' performance. Other income, other gains/(losses) – net, finance income – net, share of losses of associates and joint ventures, and income tax expense are also not allocated to individual operating segments.

Revenues from external customers reported to CODM are measured as segment revenue, which is derived from the customers in each segment. Cost of sales primarily comprises cost of medical service fee, inventories consumed, salary and compensation expenses, and others.

The segment information provided to CODM is measured in a manner consistent with that applied in these financial statements. There was no information on separate segment assets or segment liabilities provided to CODM, as CODM does not use such information to allocate resources to or evaluate the performance of the operating segments.

The revenue segment information reported to CODM for reporting period is as follows:

	For the year ended 31 December 2020				
	Online medical services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
Revenue from customers	1,565,455	1,382,901	3,713,859	203,772	6,865,987
Medical related services	1,171,755	1,380,111	28,045	35,958	2,615,869
Sales of goods	392,746	2,790	3,675,700	–	4,071,236
Commission income	954	–	10,114	–	11,068
Advertising and other services	–	–	–	167,814	167,814
Cost of sales	(686,435)	(808,769)	(3,458,473)	(47,896)	(5,001,573)
Gross Profit	**879,020**	**574,132**	**255,386**	**155,876**	**1,864,414**

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2019				
	Online medical services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
Revenue from customers	858,021	1,112,356	2,902,186	192,866	5,065,429
Medical related services	670,301	1,107,989	31,069	–	1,809,359
Sales of goods	186,795	4,367	2,848,698	–	3,039,860
Commission income	925	–	22,419	–	23,344
Advertising and other services	–	–	–	192,866	192,866
Cost of sales	(479,092)	(711,978)	(2,667,360)	(35,570)	(3,894,000)
Gross Profit	378,929	400,378	234,826	157,296	1,171,429

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers in the PRC.

As at 31 December 2020, most of the non-current assets of the Group were located in the PRC.

(b) Contract assets and liabilities

The Group has recognized the following revenue-related contract assets and liabilities:

	Year ended 31 December	
	2020	2019
Contract assets		
Online medical services	**6,486**	75,390
Consumer healthcare	**95,545**	65,729
	102,031	141,119
Contract liabilities		
Online medical services	**155,846**	212,752
Consumer healthcare	**461,335**	530,872
Health mall	**25,863**	74,948
Health management and wellness interaction	**86,764**	18,914
	729,808	837,486

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

(b) Contract assets and liabilities (Continued)

(i) Significant changes in contract assets and liabilities

Contract assets representing the compensation paid for obtaining the contracts for the online medical services and consumer healthcare business. The decrease in the contract assets are mainly attributable to the increase of activation rate of the Health Membership Plans.

The changes of contract liabilities of each segment are as follows:

(a) Online medical services

The decrease is mainly attributable to the increase of activation rates of the Health Membership Plans.

(b) Consumer healthcare

The decrease is mainly attributable to the activation rates of standardized service packages are higher than last year while the sales are similar to last year.

(c) Health Mall

The decrease is mainly attributable to the decrease of the sales of "Healthy Life Pass" prepaid cards.

(d) Health management and wellness interaction

The increase is mainly attributable to the increase of the sales of wellness management services.

(ii) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized during the year relates to carried-forward contract liabilities:

	Year ended 31 December	
	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Online medical services	**212,752**	67,613
Consumer healthcare	**524,783**	400,058
Health mall	**74,948**	92,695
Health management and wellness interaction	**18,914**	31,605
	831,397	591,971

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

(b) Contract assets and liabilities (Continued)

(iii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations as at 31 December 2020 and 2019:

	At 31 December	
	2020	2019
Online medical services	**155,846**	212,752
Consumer healthcare	**461,335**	530,872
Health mall	**25,863**	74,948
Health management and wellness interaction	**108,874**	95,264
	751,918	913,836

Management expects that more than 97% of the transaction price allocated to the unsatisfied contracts as at 31 December 2020 will be recognized as revenue during the next reporting period.

(iv) Assets recognized from incremental costs to obtain a contract

In addition to the contract balances disclosed above, the Group has also recognized an asset in relation to incremental costs to obtain a contract. This is presented within contract assets in the statement of financial position.

	Year ended 31 December	
	2020	2019
Asset recognized from costs incurred to obtain a contract at 31 December 2020 and 2019		
Online medical Services	**6,486**	75,390
Consumer healthcare	**95,545**	65,729
	102,031	141,119
Amortization recognized as selling and marketing expenses for provision of services during the period		
Online medical Services	**440,203**	21,849
Consumer healthcare	**208,387**	143,876
	648,590	165,725

In adopting IFRS 15, the Group recognized an asset in relation to compensation charged for products and service referred from external agencies which is incremental cost incurred to obtain a contract. The asset is amortized over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. There were no impairment losses recognized on any contract assets.

(All amounts expressed in RMB thousand unless otherwise stated)

6 Expenses by Nature

	Year ended 31 December	
	2020	2019
Cost of merchandise	**3,737,050**	2,778,607
Employee benefit expenses (Note 7)	**1,181,354**	1,087,029
Direct sale and business development fee (Note a)(Note b)	**959,586**	818,094
Cost for service fee paid to vendors	**866,124**	769,227
Consulting expenses	**209,941**	153,340
Change of contract liabilities of Health Membership Plans	**158,824**	152,283
Depreciation of right-of-use assets	**73,587**	63,227
Depreciation of property, plant and equipment	**68,852**	57,350
Postage and communication expenses	**66,489**	36,782
Travelling and convention expenses	**31,550**	37,938
Amortization of other intangible assets	**27,338**	25,131
Tax and surcharges	**14,236**	18,024
Leasing expenses	**11,399**	22,410
Remuneration of the auditors	**3,422**	6,618
Others	**195,531**	149,920
	7,605,283	6,175,980

Notes:

(a) The direct sale and business development fee includes commission expenses, advertising expenses and promotion expenses.

(b) The reversal of promotion expenses of RMB102,521 thousand recognized in 2020, compared to an expense charge of RMB36,711 thousand in 2019. On 4 December 2015,the Group launched a "step-for-reward" redemption plan, the details of the plan are disclosed in Note 4(b). In December 2019, the Group announced and launched a new "step-for-reward" mutual aid plan and started its trial operation whose continuance was subject to the condition of a minimum number of participants. Costs of "healthy reward points" were included in promotion expenses which were recorded upon the issuance of points to users, and such outstanding "healthy reward points" were recognized as provision for sales promotion. In 2020, the walk steps of the registered users dropped remarkably due to the wide spread of Coronavirus Disease 2019 ("COVID-19"), therefore the number of subscribers of "step-for-reward" mutual aid plan were less than participation threshold of the mutual aid plan. Under such circumstances, the Group decided to abort the "step-for-reward" mutual aid plan and the outstanding "healthy reward points" were converted into the "step-for-reward" redemption plan. The unit value of the "healthy reward points" for the mutual aid plan was higher than the estimated unit value of each "healthy reward points" in "step-for-reward" redemption plan. Meanwhile, the expected redemption rate of the "step-for-reward" redemption plan also dropped significantly as a combined consequence of COVID-19 and plan termination.

7 Employee Benefit Expenses (Including directors' remuneration)

	Year ended 31 December	
	2020	2019
Wages, salaries and bonuses	**876,324**	763,068
Welfare and other benefits	**240,037**	232,156
Share-based payments (Note 29)	**64,993**	91,805
	1,181,354	1,087,029

(All amounts expressed in RMB thousand unless otherwise stated)

8 Directors' Remuneration

(i) Directors' and the chief executive's emoluments

	Year ended 31 December 2020	2019
Salaries and other short term employee benefits after tax	**8,842**	15,300
Individual income tax	**3,645**	5,641
	12,487	20,941

The remuneration of each director for the year ended 31 December 2020 is set out as follows:

	Year ended 31 December 2020				
	Wages, salaries and bonuses	Pension costs – defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total	Individual income tax
Executive directors					
– Fang Weihao[1] (Chairman)	3,245	4	130	3,379	568
– Wang Tao[2]	3,602	2	297	3,901	2,816
Non-executive directors					
– Cai Fang Fang	–	–	–	–	–
– Yao Jason Bo	–	–	–	–	–
– Tan Sin Yin	–	–	–	–	–
– Lin Lijun[3]	–	–	–	–	–
– Pan Zhongwu[3]	–	–	–	–	–
– Wang Wenjun[4]	–	–	–	–	–
– Dou Wenwei[4]	–	–	–	–	–
Independent non-executive directors					
– Tang Yunwei	375	–	–	375	87
– Guo Tianyong	375	–	–	375	87
– Liu Xin	375	–	–	375	87
– Chow Wing Kin Anthony	437	–	–	437	–
	8,409	6	427	8,842	3,645

(All amounts expressed in RMB thousand unless otherwise stated)

8 Directors' Remuneration (Continued)

(i) Directors' and the chief executive's emoluments (Continued)

The remuneration of each director for the year ended 31 December 2019 is set out as follows:

	Year ended 31 December 2019				
	Wages, salaries and bonuses	Pension costs – defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total	Individual income tax
Executive directors					
– Wang Tao[2] (Chairman)	13,198	33	581	13,812	5,401
Non-executive directors					
– Cai Fang Fang	–	–	–	–	–
– Yao Jason Bo	–	–	–	–	–
– Tan Sin Yin	–	–	–	–	
– Wang Wenjun[4]	–	–	–	–	–
– Dou Wenwei[4]	–	–	–	–	–
– Lee Yuan Siong[5]	–	–	–	–	–
– Law Siu Wah Eddie[6]	–	–	–	–	–
Independent non-executive directors					
– Tang Yunwei	352	–	–	352	80
– Guo Tianyong	352	–	–	352	80
– Liu Xin	352	–	–	352	80
– Chow Wing Kin Anthony	432	–	–	432	–
	14,686	33	581	15,300	5,641

Notes:

1. *Appointed as executive director since May 2020.*
2. *Resigned from executive director since May 2020.*
3. *Appointed as non-executive directors since February 2020.*
4. *Resigned from non-executive directors since February 2020.*
5. *Resigned from non-executive directors since November 2019.*
6. *Resigned from non-executive directors since December 2019.*
7. *No director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office. No director waived or has agreed to waive any emoluments during the years ended 31 December 2020 and 2019.*

(All amounts expressed in RMB thousand unless otherwise stated)

8 Directors' Remuneration (Continued)

(ii) Directors' retirement benefits

There was no retirement benefits paid to the directors during 2020 and 2019.

(iii) Directors' termination benefits

There was no termination benefits paid to directors during 2020 and 2019.

(iv) Consideration provided to third parties for making available directors' services

There was no payment to third parties for making available directors' services during 2020 and 2019.

(v) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate and connected entities with such directors

There was no loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate and connected entities with such directors entered into by the Company or subsidiary undertaking of the Company during 2020 and 2019.

(vi) Directors' material interests in transactions, arrangements or contracts

There was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

9 Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group include two directors during the year ended 31 December 31 2020 (2019: one), and their emoluments are reflected in the analysis shown in Note 8. The emoluments payable to the remaining three (2019: four) individuals during the year ended 31 December 2020, are as follows:

	Year ended 31 December	
	2020	2019
Wages, salaries and bonuses	**10,032**	14,074
Pension costs – defined contribution plans	**68**	86
Other social security costs, housing benefits and other employee benefits	**865**	1,172
Share-based payments	**6,098**	12,100
	17,063	27,432

(All amounts expressed in RMB thousand unless otherwise stated)

9 Five Highest Paid Individuals (Continued)

The number of highest paid non-director individuals whose remuneration fell within the following bands is set out below:

	Year ended 31 December 2020	2019
Nil to RMB1,000,000	**–**	–
RMB1,000,001 to RMB2,000,000	**–**	–
RMB2,000,001 to RMB3,000,000	**1**	–
RMB3,000,001 to RMB4,000,000	**–**	–
RMB4,000,001 to RMB5,000,000	**–**	1
RMB5,000,001 to RMB6,000,000	**1**	–
RMB6,000,001 to RMB10,000,000	**1**	3
	3	4

During the years ended 31 December 2020 and 2019, no director or the five highest paid individuals received any emolument from the Group as an inducement to join or leave the Group or as compensation for loss of office.

10 Other Income

	Year ended 31 December 2020	2019
Interest on financial assets at amortized cost	**99,474**	–
Government grants	**63,063**	38,931
Short-term investments placed with banks	**42,889**	2,964
	205,426	41,895

11 Other (Losses)/Gains – Net

	Year ended 31 December 2020	2019
Net foreign exchange (losses)/gains	**(367,699)**	40,135
Gains on disposal of financial assets at fair value through profits or loss	**17,056**	31,935
Net gains on disposals and deemed disposals of joint ventures	**3,166**	–
Net gains on disposals and deemed disposals of subsidiaries	**–**	34,304
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(1,438)**	23,451
Impairment losses of financial assets	**(30,955)**	(22,803)
Others	**(5,399)**	2,245
	(385,269)	109,267

(All amounts expressed in RMB thousand unless otherwise stated)

12 Finance Income - Net

	Year ended 31 December	
	2020	2019
Finance income		
Interest income	**105,679**	265,897
Finance costs		
Interest expenses on lease liabilities	**(5,993)**	(13,208)
	99,686	252,689

13 Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2020 is analyzed as follows:

	Year ended 31 December	
	2020	2019
Current income tax	**7,155**	12,587

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	Year ended 31 December	
	2020	2019
Loss before income tax	**(941,348)**	(734,129)
Tax calculated at PRC statutory income tax rate of 25%	**(235,337)**	(183,532)
Tax effects of		
– Differential income tax rates applicable to overseas subsidiaries (Note a) (Note b)	**132,468**	(13,411)
– Expenses not deductible for tax purposes	**153,670**	74,442
– Tax losses and temporary differences for which no deferred income tax asset was recognized	**39,951**	127,203
– PRC withholding income tax	**3,003**	9,479
– Adjustments for current tax of prior periods	**(718)**	–
– Previously unrecognized tax losses now recouped to reduce current tax expense	**(15,653)**	(1,594)
– Previously unrecognized temporary differences now recouped to reduce current tax expense	**(70,229)**	–
Income tax expense	**7,155**	12,587

13 Income Tax Expense (Continued)

The unused tax losses as at 31 December 2020 are analyzed as follows:

	At 31 December	
	2020	2019
Unused tax losses for which no deferred tax asset has been recognized	**2,900,296**	3,322,632
Potential tax benefit @ 25%	**694,702**	760,686
Potential tax benefit @ 16.5%	**20,045**	44,782

Notes:

(a) *Cayman Islands and Tax*
The Company is incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.

(b) *Hong Kong Income Tax*
Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the reporting period.

(c) *PRC Corporate Income Tax ("CIT")*
The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the reporting period, based on the existing legislation, interpretations and practices in respect thereof.

(d) *PRC Withholding Tax ("WHT")*
According to the New Corporate Income Tax Law ("New CIT Law"), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. WHT of the Group was levied on interests income received on the loans provided by the Company to PAHC.

The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at 31 December 2020 (31 December 2019: nil).

14 Loss Per Share

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 December 2017 has been retroactively adjusted for the share subdivision.

(a) Basic loss per share for the year ended 31 December 2020 are calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

The calculation of loss per share is based on the following:

	Year ended 31 December	
	2020	2019
Loss attributable to the owners of the Company	**(948,478)**	(733,860)
Weighted average number of ordinary shares in issue ('000)	**1,029,290**	1,000,996
Basic loss per share (RMB yuan)	**(0.92)**	(0.73)

(All amounts expressed in RMB thousand unless otherwise stated)

14 Loss Per Share (Continued)

(b) Diluted earnings or loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred losses for the year ended 31 December 2020, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2020 are same as basic loss per share.

15 Goodwill

	As at 1 January 2020	Increase	Decrease	As at 31 December 2020
Ping An Wanjia Healthcare (Investment Management Co., Ltd.) ("Wanjia Healthcare") (Note a)	**961,644**	–	–	**961,644**
Jiangxi Pingan Good Doctor Pharmacy Company Limited ("Jiangxi Nabaite") (Note b)	**5,119**	–	–	**5,119**
Pingan Yingjian Medical Management (Shanghai) Limited ("Pingan Yingjian") (Note c)	–	**3,166**	–	**3,166**
Total	**966,763**	**3,166**	–	**969,929**
Less: Impairment losses	–	–	–	–
Net book value	**966,763**	**3,166**	–	**969,929**

Notes:

(a) *Goodwill amounted to RMB961,644 thousand arising from the acquisition of 100% equity interests in Wanjia Healthcare in October 2018. On 30 April 2019, management of the Group decided to reorganize the business operational structure of Wanjia Healthcare and the decision resulted in change of management's reporting structure where the whole CGU was integrated with online medical services segment and consumer healthcare segment of the Group in order to better realize the synergy of combination and economies of scale. The reorganization changed the composition of CGU to which goodwill had been allocated.*

Because the goodwill allocated to Wanjia Healthcare cannot be arbitrarily identified or associated with an asset group at a level lower than Wanjia Healthcare, on the same date of the reorganization, approximately RMB582,398 thousand and RMB379,246 thousand of goodwill respectively were reallocated to the online medical services segment and the consumer healthcare segment. The reallocation was performed using a relative value approach on the basis of the relative values of the two portions of Wanjia Healthcare before they were integrated with the segments of the Group.

As of 31 December 2020, management prepared a value-in-use assessment by using cash flow projections based on business plan for the purposes of impairment review covering an eight-years period. Under paragraph 33(b) of IAS 36, a period longer than five years can be used if it is justifiable. Given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that the Group's business is expected to reach a steady and stable terminal growth state likely after an eight-years period. As the pioneer in the online healthcare industry, management believes they are better positioned to forecast cash flows for an extended period over 5 years. The expected annual growth rates over the eight-years forecast period are based on the Group's past performance and management's expectation of future market and business developments.

As of 31 December 2020, for online medical services segment, key assumptions for goodwill used for value-in-use calculations include annual growth rates ranging from 10% to 26%, and gross margin ranging from 64% to 65%, while for the consumer healthcare segment, annual growth rates ranging from 7% to 25%, and gross margin ranging from 41% to 44%. As of 31 December 2020, the discount rate used for online medical services segment of 21.06% and the discount rate used for consumer healthcare segment of 20.05% are pre-tax rates and reflect market assessments of the time value and the specific risks relating to the industry. The budgeted gross margin was determined by management based on past performance and its expectation for market development.

(All amounts expressed in RMB thousand unless otherwise stated)

15 Goodwill (Continued)

Notes: (Continued)

Based on the result of the goodwill impairment testing, for online medical services segment, the estimated recoverable amount exceeded its carrying amount by approximately RMB1,755,226 thousand and for the consumer healthcare segment the excess was approximately RMB1,013,173 thousand as of 31 December 2020. The following table shows the amount by which the assumption of annual revenue growth rate would need to change individually for the estimated recoverable amount to be equal to the carrying amount for each segment.

CGU	Change required for carrying amount to equal recoverable amount(in percent) 2020
Online medical services	Assuming the annual growth rate for each year during the eight-year period decreased by 3.07% and shall be no less than the terminal growth rate of 3.00%
Consumer healthcare	Assuming the annual growth rate for each year during the eight-year period decreased by 2.61% and shall be no less than the terminal growth rate of 3.00%

(b) *Goodwill amounted to RMB5,119 thousand arising from the acquisition of 100% equity interests in Jiangxi Nabaite in April 2016.*

(c) *The goodwill's addition arose from the acquisition of control over Pingan Yingjian in April 2020 (Note 33).*

(All amounts expressed in RMB thousand unless otherwise stated)

16 Leases

(a) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	At 31 December 2020	At 1 January 2020
Right-of-use assets		
Properties	**115,417**	93,986
	115,417	93,986
Lease liabilities		
Current	**74,844**	51,161
Non-current	**39,121**	44,431
	113,965	95,592

Addition to the cost of right-of-use assets during the 2020 financial year were RMB95,018 thousand.

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	Year ended 31 December 2020	2019
Depreciation of right-of-use assets		
Properties	**(73,587)**	(63,227)
Finance costs	**(5,993)**	(13,208)

(All amounts expressed in RMB thousand unless otherwise stated)

17 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
As at 1 January 2020			
Cost	**255,583**	**74,340**	**329,923**
Accumulated depreciation	**(111,449)**	**(32,029)**	**(143,478)**
Net book amount	**144,134**	**42,311**	**186,445**
Year ended 31 December 2020			
Opening net book amount	**144,134**	**42,311**	**186,445**
Additions	**33,159**	**11,186**	**44,345**
Acquisition of a subsidiary	**2,763**	**1,566**	**4,329**
Disposal	**(2)**	**–**	**(2)**
Depreciation charge	**(51,356)**	**(17,496)**	**(68,852)**
Closing net book amount	**128,698**	**37,567**	**166,265**
As at 31 December 2020			
Cost	**297,371**	**87,343**	**384,714**
Accumulated depreciation	**(168,673)**	**(49,776)**	**(218,449)**
Net book amount	**128,698**	**37,567**	**166,265**
As at 1 January 2019			
Cost	212,618	46,184	258,802
Accumulated depreciation	(67,798)	(18,531)	(86,329)
Net book amount	144,820	27,653	172,473
Year ended 31 December 2019			
Opening net book amount	144,820	27,653	172,473
Additions	47,562	28,156	75,718
Disposals and deemed disposals of subsidiaries	(3,263)	–	(3,263)
Disposal	(1,133)	–	(1,133)
Depreciation charge	(43,852)	(13,498)	(57,350)
Closing net book amount	144,134	42,311	186,445
As at 31 December 2019			
Cost	255,583	74,340	329,923
Accumulated depreciation	(111,449)	(32,029)	(143,478)
Net book amount	144,134	42,311	186,445

(All amounts expressed in RMB thousand unless otherwise stated)

18 Other Intangible Assets

	Software	Licenses	Total
As at 1 January 2020			
Cost	**94,626**	**57,472**	**152,098**
Accumulated amortization	**(17,069)**	**(9,251)**	**(26,320)**
Accumulated impairment	**–**	**(19,569)**	**(19,569)**
Net book amount	**77,557**	**28,652**	**106,209**
Year ended 31 December 2020			
Opening net book amount	**77,557**	**28,652**	**106,209**
Additions	**23,059**	**–**	**23,059**
Acquisition of a subsidiary	**43**	**–**	**43**
Amortization	**(19,757)**	**(7,581)**	**(27,338)**
Closing net book amount	**80,902**	**21,071**	**101,973**
As at 31 December 2020			
Cost	**117,734**	**57,472**	**175,206**
Accumulated amortization	**(36,832)**	**(16,832)**	**(53,664)**
Accumulated impairment	**–**	**(19,569)**	**(19,569)**
Net book amount	**80,902**	**21,071**	**101,973**
As at 1 January 2019			
Cost	58,034	54,672	112,706
Accumulated amortization	(4,530)	(2,560)	(7,090)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	53,504	32,543	86,047
Year ended 31 December 2019			
Opening net book amount	53,504	32,543	86,047
Additions	42,501	2,800	45,301
Disposals and deemed disposals of subsidiaries	(8)	–	(8)
Amortization	(18,440)	(6,691)	(25,131)
Closing net book amount	77,557	28,652	106,209
As at 31 December 2019			
Cost	94,626	57,472	152,098
Accumulated amortization	(17,069)	(9,251)	(26,320)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	77,557	28,652	106,209

(All amounts expressed in RMB thousand unless otherwise stated)

19 Investments in Associates

	At 1 January 2020	Profit/Cash dividends declared by associates	Share of profit in associates	At 31 December 2020
Ningbo Chengyi Partnership Enterprise L.P. ("Chengyi")	**249,720**	**–**	**1,526**	**251,246**
Shanghai Hydee Software Corp., Ltd. ("Hydee")	**131,992**	**(2,323)**	**1,908**	**131,577**
	381,712	**(2,323)**	**3,434**	**382,823**

The investments in associates as at 31 December 2020 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Ghengyi	Ningbo	Equity investment management	50%	33%
Hydee	Shanghai	Software and information technology services	20%	20%

Summarized financial information of the Group's major associates.

	Chengyi Year ended 31 December		Hydee Year ended 31 December	
	2020	2019	**2020**	2019
The associate's total assets	**353,342**	350,279	**240,085**	212,037
The associate's total liabilities	**(37)**	(33)	**(92,714)**	(141,228)
The associate's profit/(loss)	**3,058**	(562)	**9,540**	8,192

As at 31 December 2020, the Group did not recognize any impairment loss on its investments in associates.

(All amounts expressed in RMB thousand unless otherwise stated)

20 Investments in Joint Ventures

	At 1 January 2020	Additional investment	Converted from a joint venture to a subsidiary	Share of loss in associates	Share of other comprehensive income	At 31 December 2020
Good Doctor Technology Limited	**97,666**	**–**	**–**	**(83,532)**	**(1,060)**	**13,074**
Health Technologies Corp. (Note a)	**27,260**	**72,968**	**–**	**(41,178)**	**(3,464)**	**55,586**
Pingan Yingjian (Note b)	**2,907**	**–**	**(2,288)**	**(619)**	**–**	**–**
	127,833	**72,968**	**(2,288)**	**(125,329)**	**(4,524)**	**68,660**

Notes:

(a) *On 30 July 2020, Yu Kang Limited and SoftBank Corp. respectively injected additional capital of JPY1,100,000,000 (equivalent to approximately RMB72,968 thousand) to Health Technologies Corp..*

(b) *Pingan Yingjian was consolidated by the Group from April 2020, the details of the business combination are disclosed in note 33.*

The investments in joint ventures as at 31 December 2020 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Good Doctor Technology Limited	Cayman	Medical services	63%	51%
Health Technologies Corp.	Japan	Medical services	50%	50%

Summarized financial information of the Group's major joint ventures.

	Good Doctor Technology Limited Year ended 31 December		Health Technologies Corp. Year ended 31 December	
	2020	2019	**2020**	2019
The joint venture's total assets	**66,416**	160,163	**129,284**	75,241
The joint venture's total liabilities	**(89,202)**	(47,161)	**(17,034)**	(21,000)
The joint venture's loss	**(132,590)**	–	**(82,356)**	(51,132)
The joint venture's other comprehensive income	**(1,683)**	–	**(6,928)**	6,816

As at 31 December 2020, the Group did not recognize any impairment loss on its investments in joint ventures.

(All amounts expressed in RMB thousand unless otherwise stated)

21 Inventories

	At 31 December 2020	2019
Inventories in warehouse	**152,958**	74,768
Inventories held with distributors on consignment	**7,507**	–
Less: impairment provision	**–**	–
	160,465	74,768

22 Trade Receivables

	At 31 December 2020	2019
Online medical services	**255,872**	278,010
Consumer healthcare	**94,332**	147,433
Health mall	**646,559**	174,143
Health management and wellness interaction	**99,675**	67,142
	1,096,438	666,728
Less: Loss allowance	**(38,227)**	(17,344)
	1,058,211	649,384

(a) Aging analysis of trade receivables based on invoice date is as follows:

	At 31 December 2020	2019
Up to 3 month	**744,081**	285,273
3 to 6 months	**111,651**	108,577
6 months to 1 year	**72,487**	155,980
1 to 2 years	**146,914**	108,664
More than 2 years	**21,305**	8,234
	1,096,438	666,728
Less: Loss allowance	**(38,227)**	(17,344)
	1,058,211	649,384

Approximately 85% of trade receivables aged more than one year are due from related parties.

(b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(All amounts expressed in RMB thousand unless otherwise stated)

23 Prepayments and Other Receivables

	At 31 December	
	2020	2019
Included in current assets		
Advance payments	**210,089**	43,321
Exercise cost of share options	**83,600**	15,495
Recoverable value-added tax	**48,578**	42,180
Deposits	**35,940**	29,411
Interests receivable	**20,177**	53,673
Prepaid expenses	**7,977**	6,817
Amounts due from related parties (Note a)	**5,900**	8,850
Others	**27,036**	23,098
	439,297	222,845
Included in non-current assets		
Other receivable	**76,851**	6,915

Notes:

(a) *During the year, the amounts due from related parties were of a non-trade nature.*

(b) *As at 31 December 2020, the carrying amounts of deposits and other assets (excludes advance payments and recoverable value-added tax), were approximate to their fair values. Deposits and other assets were neither past due nor impaired. Their recoverability was assessed with reference to the credit status of the counterparties and credit history.*

(All amounts expressed in RMB thousand unless otherwise stated)

24 Financial Assets at Amortized Cost

	At 31 December 2020	2019
Included in current assets		
Debt schemes	**2,020,215**	577,121
Less: provision for impairment losses	**(10,430)**	(2,066)
	2,009,785	575,055
Included in non-current assets		
Debt schemes	**577,749**	1,520,779
Less: provision for impairment losses	**(6,256)**	(4,894)
	571,493	1,515,885

25 Financial Assets at Fair Value Through Profit or Loss

	At 31 December 2020	2019
Included in current assets		
Equity investments		
Wealth management products	**642,384**	775,303
Investment funds	**2,923,391**	1,073,967
	3,565,775	1,849,270
Included in non-current assets		
Equity investments in unlisted companies	**15,730**	15,730

(All amounts expressed in RMB thousand unless otherwise stated)

26 Cash and Cash Equivalents and Term Deposits

(a) Cash and cash equivalents

	At 31 December 2020	2019
Cash	**97**	1
Cash at bank	**7,881,530**	2,373,282
Short-term bank deposits with initial term within three months	**–**	2,570,000
Other cash equivalents	**38,748**	22,172
	7,920,375	4,965,455

Cash and cash equivalents are denominated in the following currencies:

	At 31 December 2020	2019
USD	**5,816,650**	1,600,912
HKD	**181,856**	88,856
RMB	**1,921,869**	3,275,687
	7,920,375	4,965,455

(b) Term deposits

	At 31 December 2020	2019
Term deposits with initial term of over one year	**838,373**	500,000
Less: Loss allowance of term deposits	**(582)**	(236)
	837,791	499,764

Term deposits are denominated in the following currencies:

	At 31 December 2020	2019
USD	**–**	–
RMB	**838,373**	500,000
	838,373	500,000

The weighted average effective interest rate of the term deposits of the Group for the year ended 31 December 2020 is 4.23% (year ended 31 December 2019: 4.26%).

(All amounts expressed in RMB thousand unless otherwise stated)

27 Share Capital

	Number of shares	USD
Authorized		
Ordinary shares of USD0.000005 each at 1 January 2020 and 31 December 2020	10,000,000,000	50,000

	Number of shares	USD	Equivalent to RMB
Issued			
Ordinary shares of USD0.000005 each at 1 January 2020	1,067,294,200	5,336	33,282
Newly issued ordinary shares (Note a)	80,000,000	400	2,712
Ordinary shares of USD0.000005 each at 31 December 2020 (Note b)	1,147,294,200	5,736	35,994

Notes:

(a) *On 9 October 2020, 80,000,000 new ordinary shares were placed to not fewer than six placees at a price of HK$98.2 per placing share, which were issued at par value of USD0.000005 per share.*

(b) *As at 31 December 2020, 1,147,294,200 ordinary shares were all issued and fully paid.*

28 Reserves

	At 31 December 2020	2019
Other reserves		
– share-based payments – value of employee services (Note 29)	**220,271**	243,779
Reorganization (Note a)	**350,000**	350,000
Share premium		
– share premium from capital injection (Note b)	**19,662,022**	12,792,575
– share-based payments – value of employee services (Note 29)	**124,648**	36,147
– proceeds from exercise of share options (Note 29)	**295,965**	92,957
Exchange differences on translation of foreign operations	**(1,116)**	3,408
Other	**2**	2
	20,651,792	13,518,868

Notes:

(a) *PAHC was incorporated on 20 August 2014 with issued share capital of RMB350,000,000 divided into 350,000,000 ordinary shares of RMB1 each. After the Reorganization, PAHC is controlled by Kang Jian through the Contractual Arrangements. The share capital of RMB350,000,000 is treated as a deemed distribution from the owners.*

(b) *On 9 October 2020, the Group placed 80,000,000 new ordinary shares to not fewer than six placees at a price of HK$98.2 per placing share, and raised gross proceeds of HK$7,856,000,000. The excess over the par value of 80,000,000 ordinary shares was credited to the share premium account with aggregate amounts of approximately RMB6,869,447,135.*

(All amounts expressed in RMB thousand unless otherwise stated)

29 Share-Based Payments

On 26 December 2014, an equity-settled share-based compensation plan was granted to the employees with the objective to recognize and reward the contribution of the eligible directors, employees and other persons (collectively, the "Grantees") for the growth and development of the Group. The share options granted under the Share Option Plan are valid and effective for 10 years from the grant date. Upon the establishment of the Share Option Plan, 35,000,000 shares have been reserved by two shareholders of the Company, namely Glorious Peace and Bang Qi Jian. Under the Share Option Plan, a special purpose vehicle named Hong Qi Jian Limited ("Hong Qi Jian"), was set up by Glorious Peace and Bang Qi Jian to hold shares contributed by Glorious Peace and Bang Qi Jian.

Le An Xin was incorporated on 17 October 2017 as a vehicle to replace Hong Qi Jian to hold the 35,000,000 ordinary shares for the Company's employees under the Share Option Plan, with no changes to the rest of the conditions and the Grantees of the Share Option Plan. As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the services to be rendered by the Grantees, the directors of the Company consider that it is appropriate to consolidate Le An Xin. The total number of shares pursuant to the Share Option Plan is 70,000,000 after considering the effect of the share subdivision (Note 1).

Subject to the Grantees continuing to be a service provider, 100% of these options will be vested over 4 years upon fulfilling the service conditions and non-market performance conditions prescribed in the share option agreement.

The options should be exercised no earlier than 180 days before the Company successfully completes an initial public offering and the Company's shares get listed in the stock exchange ("IPO and Listing") and no later than 30 days after the IPO and Listing. The vesting date is determined by the Board of Directors of the Company. On 20 January 2018, amendments to the Share Option Plan were approved by the directors of the Company and the vesting date was changed to no earlier than 180 days before IPO and Listing or no earlier than 12 months after IPO and Listing. On 31 May 2019, amendments to the Share Option Plan were approved by the directors of the Company to modify the vesting conditions of the nil-priced share options granted after 27 February 2019. The options vest in full or in part depending on the satisfaction of specified performance conditions, including growth rate of the share price of the Company and KPIs achievement of the Group as a whole and of the Grantees. The amendments impact the grant date fair value of nil-priced share option since the market condition need to be considered.

Movements in the number of share options granted to employees are as follows:

	Number of share options At 31 December	
	2020	2019
At the beginning of the year	**37,857,318**	44,293,574
Granted	**3,426,000**	6,935,000
Exercised (Note a)	**(11,817,721)**	(9,234,258)
Forfeited	**(3,661,356)**	(4,136,998)
At the end of the year	**25,804,241**	37,857,318

Note:

(a) *During the year ended 31 December 2020, 11,817,721 ordinary shares were exercised (year ended 31 December 2019: 9,234,258 ordinary shares) at the total consideration of RMB203,007 thousand. The exercise price range from RMB0 each to RMB32 each.*

(All amounts expressed in RMB thousand unless otherwise stated)

29 SHARE-BASED PAYMENTS (Continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

			Number of share options At 31 December	
Grant Year	Expiry Year	Exercise price	2020	2019
2014	2024	0.50	**806,105**	1,801,803
2015	2025	0.75	**3,553,262**	6,409,912
2016	2026	5.00	**677,250**	1,513,650
2017	2027	23.50-32.00	**13,203,809**	22,786,953
2019	2029	0-30.95	**3,391,740**	5,345,000
2020	2030	0	**4,172,075**	–
			25,804,241	37,857,318

Before the Listing, the Company had used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate. Based on fair value of the underlying ordinary share, the Company had used Binomial option-pricing model to determine the fair value of the share options as at the grant date.

After the Listing, the fair value of the awarded share options was calculated by reference to the market price of the Company's shares at the respective grant date.

The weighted average fair value of awarded share options granted during the year ended 31 December 2020 was HK$74.46 per share (equivalent to approximately RMB64.42 yuan per share) (year ended 31 December 2019: HK$23.12 per share (equivalent to approximately RMB19.71 yuan per share)).

For those nil-priced options with market-based performance conditions, the fair value is calculated using a Monte-Carlo simulation model. The Monte-Carlo simulation model reflected the historical volatility of the Company's share price and those of all other companies to which the Company's performance would be compared, over a period equal to the vesting period of the awards.

Key assumptions are set as below:

	At 31 December 2020
Share price	**HK$102.9**
Risk-free interest rate	**0.28%**
Volatility	**44.7%**
Dividend yield	**0%**

During the year ended 31 December 2020, the Group recorded share-based payments of approximately RMB64,993 thousand (year ended 31 December 2019: RMB91,805 thousand) related to the Share Option Plan.

The remaining contractual life of share options outstanding as at 31 December 2020 is 6.9 years(As at 31 December 2019: 7.1 years).

(All amounts expressed in RMB thousand unless otherwise stated)

30 Trade and Other Payables

	At 31 December 2020	2019
Included in current liabilities		
Wages payable	**448,518**	380,931
Trade payables (Note a)	**390,605**	268,952
Contract liabilities of Health Membership Plans	**369,090**	210,266
Accrued expense	**326,792**	610,779
Tax payables	**134,012**	74,775
Amounts due to suppliers	**118,744**	127,112
Amounts due to related parties	**61,728**	30,784
Others	**13,366**	72,927
	1,862,855	1,776,526
Included in non-current liabilities		
Amounts due to related parties	**44**	47

(a) Aging analysis of trade payables is as follows:

	At 31 December 2020	2019
Up to 3 month	**358,437**	208,428
3 to 6 months	**6,021**	48,086
6 months to 1 year	**9,605**	6,121
1 to 2 years	**16,542**	6,317
	390,605	268,952

31 Dividends

No dividends have been paid or declared by the Company during the year ended 31 December 2020 (year ended 31 December 2019: nil).

(All amounts expressed in RMB thousand unless otherwise stated)

32 Cash Flow Information

(a) Cash used in operations

	Year ended 31 December 2020	2019
Loss for the year	**(948,503)**	(746,716)
Depreciation and amortization	**169,777**	145,708
Impairment losses of financial assets	**30,955**	22,803
Fair value gains on financial assets at fair value through profit or loss	**(15,618)**	(55,386)
Share of losses of associates and joint ventures	**121,895**	27,429
Share option expenses	**64,993**	91,805
Finance income – net	**(173,821)**	(255,653)
Net gains on disposals and deemed disposals of subsidiaries	**–**	(34,304)
Net gains on disposals and deemed disposals of joint ventures	**(3,166)**	–
Net foreign exchange gains/(losses)	**367,689**	(40,135)
Change of inventories	**(85,697)**	(36,198)
Increase in trade receivables and other assets	**(601,891)**	(304,711)
Decrease/increase in trade payables and other liabilities	**(28,885)**	681,154
	(1,102,272)	(504,204)

33 Business Combination

On 24 April 2015, Pingan Yingjian was established by the Group and Human Health Holdings Limited ("Human Health") through their subsidiary, PAHC and Yingjian Enterprise Management Consulting (Shanghai) Company Limited. Upon its establishment, Pingan Yingjian was owned by the Group and Human Health in proportion to their respective equity interests of 50%. According to the original article of association, the resolutions of the board of directors and shareholders could only be passed under mutual agreement of the two parties, and accordingly, Pingan Yingjian was regarded as a joint venture of the Group. With the growth of business scale and resources of the Group in the healthcare industry, the Group and Human Health entered into a negotiation in early 2020 that the Group would obtain control of Pingan Yingjian without any cash consideration in order that the Group would be able and willing to actively participate in the future business development of Pingan Yingjian. On 7 April 2020, a resolution of the board of shareholders to revise the articles of association was passed whereby PAHC is empowered to make final decisions and to hold decisive voting rights in the board of directors. Since then, Pingan Yingjian becomes a subsidiary of the Group.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:	
Cash paid	**–**
Fair value of PAHC's equity interest in Pingan Yingjian held before the business combination	**5,454**
Total purchase consideration	**5,454**

(All amounts expressed in RMB thousand unless otherwise stated)

33 Business Combination (Continued)

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value
Cash and cash equivalents	5,204
Trade receivables	272
Prepayments and other receivables	1,790
Inventories	925
Property, plant and equipment	4,329
Other intangible assets	43
Trade and other payables	(7,987)
Net identifiable assets acquired	**4,576**
Less: non-controlling interests	(2,288)
Add: goodwill	3,166
Net assets acquired	**5,454**

(a) Acquisition-related costs

Acquisition-related costs of RMB70,000 yuan were included in administrative expenses in profit or loss.

(b) Non-controlling interest

The Group has chosen to recognize the non-controlling interest at its fair value for this acquisition. The fair value of the non-controlling interest in Pingan Yingjian, an unlisted company, was estimated by applying a discounted cash flow. The fair value estimates are based on:

(i) an assumed discount rate of 15%

(ii) annual growth rates ranging from 4% to 25% and gross margin ranging from 37% to 42%

(iii) long-term sustainable growth rate of 3%

(c) Revenue and profit contribution

The acquired business contributed revenues of RMB22,718 thousand and net loss of RMB276 thousand to the Group for the period from 7 April 2020 to 31 December 2020.

34 Related Party Transactions

Save as those disclosed in the other notes, the following significant transactions were carried out between the Group and its related parties during the year. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies of the transactions with related parties are determined on the basis of mutual negotiations between the relevant parties.

(a) Names and relationships with related parties

Name of related parties	Relationship with the Company
Ping An	Ultimate parent company of Glorious Peace
Ping An Life	Controlled by Ping An
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty")	Controlled by Ping An
Ping An Bank Co.,Ltd. ("Ping An Bank")	Controlled by Ping An
Ping An Health	Controlled by Ping An
Ping An Trust Co., Ltd. ("Ping An Trust")	Controlled by Ping An
Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity")	Controlled by Ping An
Shenzhen Ping An Financial Services Co., Ltd. ("Financial Services")	Controlled by Ping An
Ping An Fund Management Co., Ltd. ("Ping An Fund")	Controlled by Ping An
Ping An Securities Co., Ltd. ("Ping An Securities")	Controlled by Ping An
Ping An Technology (Shenzhen) Co., Ltd. ("Ping An Technology")	Controlled by Ping An
Ping An International Financial Leasing Company Limited ("Ping An Financial Leasing")	Controlled by Ping An
Shenzhen Wanlitong Network Information Technology Co., Ltd. ("Shenzhen Wanlitong")	Controlled by Ping An
Shenzhen Ping An Communication Technology Co., Ltd. ("Ping An Communication Technology")	Controlled by Ping An
Shanghai An Yi Tong Electronic Commerce Co., Ltd. ("An Yi Tong")	Controlled by Ping An
Ping An Wealth Management Co., Ltd. ("Ping An Wealth Management")	Controlled by Ping An
Shenzhen Ping An Huitong Investment Management Co., Ltd. ("Ping An Huitong")	Controlled by Ping An
Ping An Pay Technology Service Co., Ltd. ("Ping An Pay Tech")	Controlled by Ping An
YouWan Technology Co., Ltd. ("YouWan Technology ")	Controlled by Ping An
Shenzhen Pingan Yuanxin Investment Development Holding Co., Ltd. ("Ping An Yuanxin")	Controlled by Ping An
Shenzhen Pingan Decheng Investment Co., Ltd. ("Ping An Decheng")	Controlled by Ping An
Shanghai Zean Investment Management Co., Ltd. ("Zean Investment")	Controlled by Ping An
Ping An Asset Management Co., Ltd. ("Ping An Asset Management")	Controlled by Ping An
Hefei Ping An Hao Yi Hospital Co., Ltd. ("Hefei Hao Yi")	Controlled by Ping An
Chongqing Ping An Hao Yi Jingwei Comprehensive Clinic Co., Ltd. ("Chongqing Hao Yi")	Controlled by Ping An
Ping An Hao Yi (Wuhan) Comprehensive Clinic Co., Ltd. ("Wuhan Hao Yi")	Controlled by Ping An
Nanchang Ping An Hao Yi Health Examination Center Co., Ltd. ("Nanchang Hao Yi")	Controlled by Ping An
Shenzhen Ping An Real Estate Investment Co., Ltd ("Ping An Real Estate")	Controlled by Ping An
Good Doctor Technology Limited	Joint venture of the Group
Health Technologies Corp.	Joint venture of the Group

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(b) Significant transactions with related parties

	Year ended 31 December	
	2020	2019
Trademark licensing		
Ping An	–	–
Provision of products and services		
(included in contract liabilities and revenue)		
Ping An Life	**1,585,963**	1,438,578
Ping An Property & Casualty	**402,722**	412,782
Ping An Bank	**288,610**	89,861
Ping An Health	**63,500**	159,057
Ping An Trust	**36,097**	25,527
Ping An Annuity	**34,271**	37,389
Financial Services	**27,556**	14,317
Good Doctor Technology Limited	**17,939**	–
Ping An Fund	**16,126**	6,599
Health Technologies Corp.	**15,297**	–
Ping An Securities	**13,097**	7,676
Ping An Technology	**8,068**	5,870
Ping An Financial Leasing	**6,326**	4,479
Ping An	**1,748**	1,707
Services purchasing		
Ping An Bank	**306,146**	92,997
Shenzhen Wanlitong	**60,950**	39,693
Ping An Communication Technology	**43,438**	37,291
Ping An Technology	**38,323**	25,592
Financial Services	**23,464**	15,272
Ping An Property & Casualty	**22,539**	3,563
An Yi Tong	**14,947**	10,808
Ping An Wealth Management	**10,237**	–
Ping An	**10,170**	8,802
Hefei Hao Yi	**9,967**	3,135
Chongqing Hao Yi	**9,174**	2,396
Ping An Huitong	**6,802**	1,874
Ping An Annuity	**6,584**	12,633
Wuhan Hao Yi	**6,193**	7,660
Nanchang Hao Yi	**5,617**	8,486
Property leasing		
Zean Investment	**26,659**	25,131
Deposit interests		
Ping An Bank	**44,530**	92,444

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(b) Significant transactions with related parties (Continued)

	Year ended 31 December	
	2020	2019
Investment income		
Ping An Yuanxin	**66,903**	–
Ping An Bank	**33,230**	2,784
Ping An Asset Management	**8,581**	1,570

Trademark licensing

The Group enters into a trademark licensing framework agreement with Ping An (the "Trademark Licensing Framework Agreement"), pursuant to which Ping An grants to the Group non-exclusive and non-transferable licenses for the use of certain trademarks owned by Ping An that are either registered or for which registration applications have been filed in the PRC or Hong Kong on a royalty-free basis. The initial term of the Trademark Licensing Framework Agreement commenced on 15 November 2017 and ends on 14 November 2022.

Provision of products and services

The Group provides various types of products and services to Ping An Group, including, but not limited to: (1) online medical services comprising online consultation, hospital referral and appointment, inpatient arrangement and second opinion services; (2) "Healthy Life Pass" prepaid cards and health check-up service package; (3) products in the health mall; and (4) advertising services and comprehensive wellness management services. Fees are paid to the Group by Ping An Group in respect of the provision of such products and services.

The products and services fees the Group charges to Ping An Group are determined on the basis of mutual negotiations between the relevant parties. For the various types of services provided by the Group to Ping An Group, the service fee is determined on a cost-plus margin basis.

Services purchasing

Ping An Group provides a wide spectrum of services to the Group, including but not limited to consulting services, business promotion services, settlement services, insurance services, online traffic diversion services and customer referral services. The Group, in return, pays service fees to Ping An Group. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement are agreed between the relevant parties separately.

The services fees paid by the Group to Ping An Group are determined on the following basis: (1) through bidding procedure according to the internal rules and procedures of the Group; and (2) if no tendering and bidding process is required under the Group's internal rules, through mutual negotiations between the parties based on historical fees of such services and comparable market rates. The terms are no less favorable to the Group than terms of services available to independent third parties (if applicable) to the Group.

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(b) Significant transactions with related parties (Continued)

Property leasing

The Group leases properties from Ping An Group for office use.

The monthly rents payable by the Group during the leasing term are determined based on mutual negotiations between the relevant parties.

Financial service

Ping An Group provides deposit service, financing service and wealth management service to the Group.

The deposit interest rates and the borrowing interest rates are determined which are no less favorable than (1) those available to the Group from independent third parties; and (2) those offered by Ping An Group to independent third parties for deposits under similar or comparable terms. The investment income received by the Group are in line with the average investment income generated by similar types of wealth management services of Ping An Bank provided to independent third parties under similar terms and conditions.

(c) Year end balances with related parties

	At 31 December 2020	2019
Cash and cash equivalents and term deposits		
Ping An Bank	**7,258,899**	3,763,166
Ping An Pay Tech	**25,077**	15,492
Financial assets at fair value through profit or loss		
Ping An Asset Management	**1,146,416**	651,570
Ping An Trust	**55,601**	–
Ping An Bank	**40,156**	123,733
Trade receivables		
Ping An Property & Casualty	**307,484**	91,851
Ping An Life	**294,837**	215,000
Ping An Bank	**46,721**	25,513
Ping An Health	**43,893**	161,482
Good Doctor Technology Limited	**19,015**	4,999
Health Technologies Corp.	**16,215**	–
Ping An Annuity	**5,755**	8,662
Ping An Financial Leasing	**3,516**	1,397
Trade and other payables		
Ping An Communication Technology	**18,653**	3,227
Ping An Technology	**18,205**	4,140
Ping An Property & Casualty	**8,171**	7,535
Ping An Health	**4,621**	7,267
Ping An Huitong	**3,746**	–
Financial Services	**3,380**	4,040

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(c) Year end balances with related parties (Continued)

	At 31 December 2020	2019
Prepayments and other receivables		
Ping An Annuity	**3,879**	4,158
Ping An Property & Casualty	**2,534**	2,439
YouWan Technology	**2,182**	38
Ping An Life	**1,613**	535
Ping An Health	**1,462**	1,267
Interests receivables		
Ping An Bank	**19,495**	45,334
Debt schemes		
Ping An Real Estate	**1,512,366**	–
Ping An Decheng	**497,418**	–
Ping An Yuanxin	**–**	1,515,885
Deposits		
Zean Investment	**7,417**	4,565
Ping An Life	**183**	183

Apart from the interest receivables generated from term deposits and financial assets at fair value through profit or loss calculated based on deposit interest rates due from Ping An Bank, the other balances including other prepayments and other receivables, trade receivables and deposits due from related parties are unsecured, interest-free and repayable on demand.

All balances due to related parties are unsecured, interest-free and repayable on demand.

(d) Key management personnel compensations

Key management includes directors (executive and non-executive) and senior officers. The compensations paid or payable to key management for employee services are shown below:

	Year ended 31 December 2020	2019
Wages, salaries and bonuses	**24,841**	31,875
Welfare and other benefits	**2,069**	2,384
Share-based payments	**8,524**	21,513
	35,434	55,772

35 Contingencies

The Group did not have any material contingent liabilities as at 31 December 2020.

36 Subsequent Events

There were no material subsequent events during the period from 31 December 2020 to the approval date of these consolidated financial statements by the Board of Directors on 2 February 2021.

(All amounts expressed in RMB thousand unless otherwise stated)

37 Comparative Figures

Certain comparative figures have been reclassified or restated to conform to the consolidated financial information's presentation.

38 Financial Statement and Reserve Movement of the Company

(a) Financial position of the Company

	As at 31 December	
	2020	2019
ASSETS		
Non-current assets		
Prepayments and other receivables	**2,979,452**	3,236,956
Investment in joint ventures	**128,657**	–
Total non-current assets	**3,108,109**	3,236,956
Current assets		
Prepayments and other receivables	**9,451,096**	7,754,050
Financial assets at fair value through profit or loss	**1,715,340**	972,760
Cash and cash equivalents	**5,957,332**	1,655,677
Total current assets	**17,123,768**	10,382,487
Total assets	**20,231,877**	13,619,443
EQUITY AND LIABILITIES		
Equity		
Share capital	**36**	33
Reserves	**19,957,987**	12,885,532
Retained earnings	**195,050**	704,560
Total equity	**20,153,073**	13,590,125
Liabilities		
Non-current liabilities		
Trade and other payables	**44**	47
Total non-current liabilities	**44**	47
Current liabilities		
Trade and other payables	**78,760**	29,271
Total current liabilities	**78,760**	29,271
Total liabilities	**78,804**	29,318
Total equity and liabilities	**20,231,877**	13,619,443

The financial statement of the Company was approved by the Board of Directors on 2 February 2021 and was signed on its behalf.

FANG Weihao
(Director)

LIN Lijun
(Director)

(All amounts expressed in RMB thousand unless otherwise stated)

38 Financial Statement and Reserve Movement of the Company (Continued)

(b) Income statement of the Company

	Year ended 31 December	
	2020	2019
Selling and marketing expenses	**–**	(743)
Administrative expenses	**(25,905)**	(46,134)
Other income	**5,258**	–
Other gains – net	**(571,744)**	139,460
Operating (loss)/profit	**(592,391)**	92,583
Finance income	**85,884**	32,244
(Loss)/profit before income tax	**(506,507)**	124,827
Income tax expense	**(3,003)**	(9,479)
(Loss)/profit for the year	**(509,510)**	115,348

(c) Reserve movement of the Company

	Reserves	Retained earnings
As at 1 January 2020	**12,885,532**	**704,560**
Loss for the year	**–**	**(509,510)**
Placing of new shares	**6,869,447**	**–**
Exercise of share options	**203,008**	**–**
As at 31 December 2020	**19,957,987**	**195,050**
As at 1 January 2019	12,793,579	589,212
Profit for the year	–	115,348
Exercise of share options	91,953	–
As at 31 December 2019	12,885,532	704,560

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities

(a) Subsidiaries

As at 31 December 2020, the Company had direct or indirect interests in the following subsidiaries:

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/Place of operations	Notes
			31 December 2020	31 December 2019		
Directly owned:						
Glorious Delight	Hong Kong/ 14 November 2014	HKD0	**100%**	100%	Investment Holding/ Hong Kong	
Le An Xin (Note 29)	British Virgin Islands ("BVI")/ 17 October 2017	USD0	**–**	–	Investment Holding/ BVI	
Good Doctor Online Healthcare Limited	Cayman Islands/ 23 July 2018	USD1	**100%**	100%	Investment Holding/ Cayman Islands	
Yu Kang Limited	Hong Kong/ 12 December 2018	HKD1	**100%**	100%	Investment Holding/ Hong Kong	
Indirectly owned:						
Kang Jian	the PRC/ 13 February 2015	USD440,050,000	**100%**	100%	Investment Holding/ the PRC	
Zhongyikang	the PRC/ 14 December 2006	RMB5,000,000	**100%**	100%	Medicine Marketing/ the PRC	
Shanghai Pingan Health Culture Communication Company Limited	the PRC/ 21 November 2016	RMB3,000,000	**100%**	100%	Technology Service/ the PRC	
Controlled by the Company pursuant to the Contractual Agreements:						
PAHC	the PRC/ 20 August 2014	RMB350,000,000	**100%**	100%	Development and Operation of Apps/ the PRC	
Jiangxi Nabaite	the PRC/ 24 January 2014	RMB2,000,000	**100%**	100%	Medicine Marketing/ the PRC	
Hefei Kuaiyijie Medical Electronic Commerce Company Limited	the PRC/ 29 March 2005	RMB15,000,000	**100%**	100%	Technology Development/ the PRC	
Qingdao Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 24 April 2017	RMB10,000,000	**100%**	100%	Hospital/the PRC	
Hefei Ping An Kangjian Internet Hospital Company Limited	the PRC/ 21 September 2017	RMB150,000	**100%**	100%	Hospital/the PRC	
Jiangsu Nabaite Pharmacy Company Limited	the PRC/ 11 October 2017	RMB10,000,000	**100%**	100%	Medicine Marketing/ the PRC	

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group 31 December 2020	31 December 2019	Principal activities/Place of operations	Notes
Controlled by the Company pursuant to the Contractual Agreements (Continued):						
Shanghai Hao Yi Smart Technology Company Limited	the PRC/ 21 November 2017	RMB71,400,000	**70%**	70%	Technology Development/ the PRC	
Yinchuan Pingan Internet Hospital Company Limited	the PRC/ 12 March 2018	RMB3,000,000	**100%**	100%	Hospital/the PRC	
Wanjia Healthcare	the PRC/ 4 July 2016	RMB400,000,000	**100%**	100%	Technology Development/ the PRC	
Shanghai Pingan Wanjia Healthcare Management Company Limited	the PRC/ 8 December 2016	RMB100,000,000	**100%**	100%	Technology Development/ the PRC	
Shenzhen Pingan Wanjia Healthcare Investment Company Limited	the PRC/ 11 August 2016	RMB30,000,000	**100%**	100%	Investment Holding/ the PRC	
Xiamen Pingan Wanjia Healthcare Investment Company Limited	the PRC/ 6 December 2016	RMB20,000,000	**100%**	100%	Investment Holding/ the PRC	
Xiamen Siming Wanjia Enjoyment Outpatient Service Department Company Limited	the PRC/ 26 July 2017	RMB11,000,000	**100%**	100%	Clinic/the PRC	
Shenzhen Anan Outpatient Service Department	the PRC/ 20 June 2017	RMB400,000	**100%**	100%	Clinic/the PRC	
Guang Dong Y.C. Insurance Agency Company Limited	the PRC/ 10 February 2011	RMB50,000,000	**100%**	100%	Insurance Agency/ the PRC	
Guangzhou Jifan Biotechnology Company Limited	the PRC/ 23 July 2015	RMB100,000	**100%**	100%	Medicine Marketing/ the PRC	
Pingan (Nantong) Internet Hospital Company Limited	the PRC/ 15 November 2018	RMB10,000	**100%**	100%	Hospital/the PRC	
Hainan Ping An Healthcare and Technology Company Limited	the PRC/ 15 October 2019	RMB110,000	**100%**	100%	Medicine Marketing/ the PRC	
Hebei Nabaite Pharmacy Company Limited	the PRC/ 28 December 2019	RMB4,200,000	**100%**	100%	Medicine Marketing/ the PRC	

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group 31 December 2020	31 December 2019	Principal activities/Place of operations	Notes
Controlled by the Company pursuant to the Contractual Agreements (Continued):						
Pingan Yingjian Medical Management (Shanghai) Limited ("Pingan Yingjian")	the PRC/ 24 April 2015	RMB35,000,000	**50%**	50%	Medical Service/ the PRC	(i)
Shanghai Yingjian Clinics Co., Ltd ("Shanghai Yingjian")	the PRC/ 12 December 2016	RMB10,000,000	**50%**	50%	Clinic/the PRC	(i)
Fuzhou Kangjian Medical Technology Company Limited	the PRC/ 8 April 2020	RMB50,000,000	**100%**	0%	Technology Development/ the PRC	(ii)
Guangxi Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 13 April 2020	RMB2,040,000	**51%**	0%	Hospital/the PRC	(iii)
Pingan Good Doctor Nanjing Medical Technology Company Limited	the PRC/ 20 May 2020	RMB900,000	**100%**	0%	Technology Development/ the PRC	(ii)
Shenyang Kangjian Intelligent Internet Hospital Company Limited	the PRC/ 22 May 2020	RMB1,200,000	**100%**	0%	Hospital/the PRC	(ii)
Chengdu Ping An Kangjian Internet Hospital Management Company Limited	the PRC/ 14 January 2020	RMB11,600,000	**100%**	0%	Hospital/the PRC	(ii)
Taiyuan Pingan Internet Hospital Company Limited	the PRC/ 30 April 2020	RMB0	**100%**	0%	Hospital/the PRC	(ii)
Shanghai Pingan Good Doctor No.8 Internet Hospital Company Limited	the PRC/ 11 June 2020	RMB300,000	**100%**	0%	Hospital/the PRC	(ii)
Weihai Kangjian Internet Hospital Co., Ltd.	the PRC/ 6 July 2020	RMB500,000	**100%**	0%	Hospital/the PRC	(ii)
Tianjin Pingan Kangjian Internet Hospital Co., Ltd.	the PRC/ 27 September 2020	RMB0	**100%**	0%	Hospital/the PRC	(ii)
Harbin Haoyikang Internet Hospital Co., Ltd.	the PRC/ 4 September 2020	RMB0	**100%**	0%	Hospital/the PRC	(ii)
Zhengzhou Pingan Internet Hospital Co., Ltd.	the PRC/ 10 September 2020	RMB0	**100%**	0%	Hospital/the PRC	(ii)

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group 31 December 2020	31 December 2019	Principal activities/Place of operations	Notes
Controlled by the Company pursuant to the Contractual Agreements (Continued):						
Hangzhou Kangyijian Medical Technology Co., Ltd.	the PRC/ 13 August 2020	RMB0	**100%**	0%	Technology Development/ the PRC	(ii)
Guangzhou Kangjian Internet Hospital Co., Ltd.	the PRC/ 2 December 2020	RMB0	**100%**	0%	Hospital/the PRC	(ii)
Chongqing Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 10 December 2020	RMB0	**100%**	0%	Hospital/the PRC	(ii)
Ping An Health (Jiangsu) Internet Co., Ltd.	the PRC/ 17 November 2020	RMB30,000,000	**100%**	0%	Hospital/the PRC	(ii)
Kunming Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 24 December 2020	RMB0	**100%**	0%	Hospital/the PRC	(ii)

* *All of the subsidiaries of the Company established in the PRC were limited liability company.*

Notes:

(i) *During the period, Pingan Yingjian was consolidated by the Group, the details of the business combination are disclosed in note 33. Shanghai Yingjian is a wholly-owned subsidiary of Pingan Yingjian.*

(ii) *Those companies are wholly-owned subsidiaries of PAHC and established in current year.*

(iii) *The Group established Guangxi Pingan Good Doctor Internet Hospital Co., Ltd pursuant to a business Co-operation agreement with Digital Guangxi Group Co. Ltd ("Digital Guangxi") signed on 13 April 2020, according to which the Group and Digital Guangxi owned 51% and 49% of the equity interests respectively.*

(b) Structured entities

As at 31 December 2020, the Group consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Ping An Huitong Jinyu No.17 Assets Management	100%	1,500,000	Investment in debts
Ping An Huitong Jinyu No.19 Assets Management	100%	570,000	Investment in debts
Ping An Huitong Jinyu No.22 Assets Management	100%	500,000	Investment in debts

* *The asset manager of above three asset management plans is Shenzhen Ping An Huitong Investment Management Company Limited, which is controlled by Ping An.*

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.

SOCIETE GENERALE

RESULTS AT DECEMBER 31ST 2020

Press release
Paris, February 10th 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%(1)* 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(1)** (-5.2%(1) 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%(2)**, 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."

---

(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%*
Underlying operating expenses(1)	*(4,318)*	*(4,595)*	*-6.0%*	*-3.0%**	*(16,504)*	*(17,411)*	*-5.2%*	*-2.8%**
Gross operating income	1,487	1,710	-13.0%	-7.8%*	5,399	6,944	-22.2%	-18.8%*
Underlying gross operating income(1)	*1,520*	*1,618*	*-6.0%*	*-0.1%**	*5,609*	*7,260*	*-22.7%*	*-19.5%**
Net cost of risk	(689)	(371)	+85.7%	+92.4%*	(3,306)	(1,278)	x 2.6	x 2.7*
Underlying net cost of risk (1)	*(669)*	*(371)*	*+80.3%*	*+86.8%**	*(3,286)*	*(1,260)*	*x 2.6*	*x 2.7**
Operating income	798	1,339	-40.4%	-36.4%*	2,093	5,666	-63.1%	-61.6%*
Underlying operating income(1)	*851*	*1,247*	*-31.7%*	*-26.8%**	*2,323*	*6,000*	*-61.3%*	*-59.8%**
Net profits or losses from other assets	(94)	(125)	+24.8%	+24.9%*	(12)	(327)	+96.3%	+96.3%*
Underlying net profits or losses from other assets(1)	*7*	*12*	*-41.7%*	*-40.7%**	*166*	*59*	*x 2.8*	*X2.8**
Net income from companies accounted for by the equity method	3	(154)	n/s	n/s	3	(129)	n/s	n/s
Underlying net income from companies accounted for by the equity method(1)	3	4	n/s	n/s	3	29	n/s	n/s
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%*
Reported Group net income	470	654	-28.1%*	-17.6%*	(258)	3,248	n/s	n/s
Underlying Group net income(1)	*631*	*875*	*-27.9%*	*-20.3%**	*1,435*	*4,061*	*-64.7%*	*-63.9%**
ROE	2.4%	3.7%			-1.7%	5.0%		
ROTE	2.7%	5.0%			-0.4%	6.2%		
Underlying ROTE (1)	*4.1%*	*6.2%*			*1.7%*	*7.6%*		

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

Societe Generale's Board of Directors, which met on February 9th, 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%(1) at December 31st 2020 (3.1% at December 31st 2019). The Group's gross coverage ratio for doubtful outstandings stood at 52%(2) at December 31st 2020 (56% at December 31st 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 31st 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(1)	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 18th, 2021, in accordance with the methodology recommended by the European Central Bank (ECB). The dividend will be detached on May 25th, 2021 and paid on May 27th, 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 14th, 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 1st, 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 31st, 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 31st, 2020. The net amount of customer loan outstandings at December 31st, 2020, including lease financing, was EUR 440 billion (EUR 430 billion at December 31st, 2019) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 451 billion, vs. EUR 410 billion at December 31st, 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 31st, 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 31st, 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 31st, 2019.

At December 31st, 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 31st, 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%(1) at end-December 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 18.9%(1) (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(2) as from 2023, or around 115 basis points(3)

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%(1) at December 31st, 2020 (4.3% at end-December 2019).
With a level of 30.6%(1) of RWA and 9.2%(1) of leveraged exposure at end-December 2020, the Group's TLAC ratio is above the FSB's requirements for 2020. At December 31st, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF(4) (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".

---

(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

In EURm	Q4 20	Q4 19	Change	2020	2019	Change
Net banking income	1,845	1,957	-5.7%	7,315	7,746	-5.6%
Net banking income excl. PEL/CEL	*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%
Reported Group net income	104	230	-54.8%	666	1,131	-41.1%
RONE	3.7%	8.2%		5.8%	10.0%	
Underlying RONE (1)	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[(1)] 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%(1) lower and commissions declined by -5.7%(1).

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%(1) 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%(1)).
Commissions were 3.3%(1) lower than in Q4 19 but picked up compared to Q3 20 (+2.5%(1)), 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%.

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

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	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*
Reported Group net income	376	463	-18.8%*	-11.7%*	1,304	1,955	-33.3%*	-27.1%*
RONE	14.9%	17.3%			12.4%	17.7%		
Underlying RONE (1)	*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(1) 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(1) 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%).

---

(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
Reported Group net income	280	291	-3.8%*	-1.6%*	57	958	-94.1%*	-94.0%*
RONE	7.8%	8.3%			0.4%	6.3%		
Underlying RONE (1)	*9.0%*	*6.5%*			*1.3%*	*7.4%*		

(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

In EURm	Q4 20	Q4 19	2020	2019
Net banking income	2	(7)	(339)	(152)
Operating expenses	(202)	(98)	(441)	(94)
Underlying operating expenses	*(162)*	*(110)*	*(388)*	*(94)*
Gross operating income	(200)	(105)	(780)	(246)
Underlying gross operating income	*(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)
Reported Group net income	(290)	(330)	(2,285)	(796)

(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(1) as from 2023, or around 115 basis points(2)

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(3) , which may include a share buy-back component (up to 10%)(4) ; the dividend component being paid in cash.

Finally, the Group will present its Global Banking & Investor Solutions' strategy to the market on May 10th, 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.

---

(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 6th, 2021	First quarter 2021 results
May 18th, 2021	General Meeting
May 25th, 2021	Dividend detachment
May 27th, 2021	Dividend payment
August 3rd, 2021	Second quarter and first half 2021 results
November 4th, 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
Total	**1,461,952**	**1,356,495**

	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
Total liabilities	**1,394,973**	**1,287,925**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
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
Sub-total	**63,446**	**63,908**
Unrealised or deferred capital gains and losses	(1,762)	(381)
Sub-total equity, Group share	**61,684**	**63,527**
Non-controlling interests	5,295	5,043
Total equity	**66,979**	**68,570**
Total	**1,461,952**	**1,356,495**

**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 9th, 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 31st, 2019 (pages 423 et seq. of Societe Generale's 2020 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses.
The Cost/Income Ratio is defined on page 43 of Societe Generale's 2020 Universal Registration Document.

4 - IFRIC 21 adjustment

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

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

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

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

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

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

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

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**
Reported	**(4,503)**	**(371)**	**(125)**	**(154)**	**(230)**	**654**	
(+) 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*
Underlying	**(4,595)**	**(371)**	**12**	**4**	**(216)**	**875**	

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
Reported	(17,727)	(1,278)	(327)	(129)	(1,264)	3,248	
*(-) 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*
Underlying	(17,411)	(1,260)	59	29	(1,329)	4,061	

(*) 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)
ROE equity end-of-period	51,201	51,303	51,201	51,303
Average ROE equity	51,294	51,415	52,088	50,586
Average Goodwill	(3,928)	(4,544)	(4,172)	(4,586)
Average Intangible Assets	(2,477)	(2,327)	(2,432)	(2,243)
Average ROTE equity	44,889	44,544	45,484	43,757
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
Ajusted Group net Income (e) = (a)+ (c)+(d)	306	561	(185)	2,733
Ajusted Underlying Group net Income (f)=(b)+(c)	467	697	824	3,346
Average ROTE equity (g)	44,889	44,544	45,484	43,757
ROTE [quarter: (4*e/g), 12M: (e/g)]	2.7%	5.0%	-0.4%	6.2%
Average ROTE equity (underlying) (h)	45,050	44,619	47,177	43,983
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)

In EURm	Q4 20	Q4 19	Change	2020	2019	Variation
French Retail Banking	**11,186**	11,165	+0.2%	**11,427**	11,263	+1.5%
International Retail Banking and Financial Services	**10,112**	10,675	-5.3%	**10,499**	11,075	-5.2%
Global Banking and Investor Solutions	**14,287**	13,943	+2.5%	**14,302**	15,201	-5.9%
Core Businesses	**35,585**	35,783	-0.6%	**36,228**	37,539	-3.5%
Corporate Centre	**15,709**	15,632	+0.5%	**15,860**	13,047	+21.6%
Group	**51,294**	51,415	-0.2%	**52,088**	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
Net Asset Value	52,910	54,122	51,827
Goodwill	(3,928)	(4,510)	(4,860)
Intangible Assets	(2,484)	(2,362)	(2,224)
Net Tangible Asset Value	46,498	47,250	44,743
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 31st, 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 31st, 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.

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

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

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

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable 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 or visit our website www.societegenerale.com

---

REGISTERED OFFICE OF THE ISSUER

SG Issuer
16, Boulevard Royal
L-2449 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

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

GUARANTOR'S AUDITORS

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

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

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

LEGAL ADVISERS TO THE ISSUER
(as to Singapore law)

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