

Press Release

Hong Kong, 24 August 2006

Benefit from China's growth potential with an optimised investment strategy! Enjoy the opportunity to participate in the **Maximum Performance of HSCEI or benefit from a **minimum return of 25%** in Flat market!**

China is still the place to be! Despite the Chinese government's macro economic measures to cool down the overheating economy in mid 2004, China remains the darling of foreign investors and keeps attracting huge capital inflow. To date, China has replaced Japan as the single largest holder of FX Reserve; The HSCEI index has gained over 100% during the past 3 years along with robust GDP growth.

Many investors want to stay invested in the China market or top up their investments on the back of the sustainable GDP growth of 7.5% p.a. projected by Chinese officials in their 11th Five-Year plan. However, many investors are concerned about the volatility of the market brought about by internal macro economic pressures and external factors such as oil prices, global interest rates and geo-political risks, which create uncertainties and volatility to China's economy.

"Last Friday, PBOC increased both the lending and borrowing rate by 27 basis points. Although the impact to the overall economy is not that significant, short to medium term volatility persists and market consensus expects more measures will take place. In these uncertain times, investors may need a way to protect their potential returns." said Andrew Au, Director, Head of Retail Distribution, Hong Kong, Société Générale Equity Derivatives & Structured Products.

China market's volatility remains as one of the highest in the world with an annualized volatility based on quarterly performance of 38% since 1999, the highest among Asian stock markets.

Consistent with Lyxor Asset Management's commitment to help investors build wealth, the Group has launched the Lyxor 3-Happiness China Fund, which provides an optimized investment strategy in investing China. The Fund invests directly in Hang Seng China Enterprises Index (HSCEI) with a "**Capture the best**" feature works in bull market, "**Minimum return of 25%**" works in flat market and "**Cushion**" feature of 110% of final index in case of market drops.

"The merit of the Fund's investment strategy is that it offers an efficient alternative given their flexibility in structuring returns and payoffs in different market environment, investors do not need to market time and can benefit from either the participation in the Maximum Performance of the Index or the minimum return of 25% ". Andrew said.

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Unique Investor's Benefits – help investors to enhance potential return in different market conditions:

| | |
|--------------------|---|
| Bull market | Opportunity to participate in the highest performance achieved by the Index ¹ among the 12 quarterly observation dates ² (i.e. Maximum Performance [^]) |
| Flat market | Benefit from the minimum return of 25% ¹ provided that the Index drops by 10% or less at maturity |
| Bear market | "Cushion" feature with 110% ¹ of the Final Index Level* helps to reduce capital loss if the Index drops by more than 10% at maturity |

At maturity, investors will receive the realization price per unit equals to:

| | |
|--|---|
| If the Final Index Level* \geq 90% | The higher of: 1) US\$12.50 2) US\$10.00 x (100% + Participation Rate ³ x Maximum Performance [^]) |
| If the Final Index Level* < 90% | US\$10.00 x (110% x Final Index Level) |

In the case of market downturn and the Final Index level at Maturity is lower than 90% of initial level, the "Cushion" features of 110% of Final Index level will help to reduce capital loss.

Fund Details:

| Fund Details | |
|--|---|
| Offer period: | Until 26 September 2006 |
| Launch date: | 3 October 2006 |
| Maturity date: | 5 October 2009 |
| Base currency: | US dollar |
| Offer price: | US\$10.00 per unit |
| Minimum investment: | US\$3,000 |
| Initial sales charge⁴: | 0% |
| Realisation fee⁴: | 0% |
| Management fee⁴: | Up-front: 3.00% Annual: 0.25% per annum |
| Dealing deadline: | Every Friday (for redemption only) |
| Manager: | Lyxor Asset Management (100% SG Subsidiary) |

*Investors should note that it is not a capital guaranteed fund.

The Fund will be distributed by Hang Seng Bank Ltd and The Hong Kong and Shanghai Banking Corporation Limited until 26 September 2006.

Lyxor Asset Management is one of the leaders in structured asset management. Since 1998, the Group has developed an award winning range of structured funds to cater to the dynamic needs of investors in Hong Kong and in Asia.

Lyxor AM named:

“Best Managed Accounts Platform”

- ▶ Albourne (2004 & 2006)

“Asset Manager of the Year”

- ▶ AsiaRisk (2004)

“Best Investment Platform”

- ▶ Hedge Funds Review (2005)

“Best Capital Guaranteed Product”

- ▶ The Asset (2005)
 - ▶ Reverso Capital Guaranteed Fund Series (2005)
 - ▶ Fun-Ride Guaranteed Fund & Currencies Series (2003)
 - ▶ Swing Guaranteed Fund Series (2002)

For more information, please contact:

Société Générale Corporate & Investment Banking

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Société Générale

Société Générale is one of the largest financial services groups in the euro-zone. The Group employs more than 103,000 people worldwide in three key businesses:

- Retail Banking & Financial Services: Société Générale serves more than 20 million individual customers worldwide.
- Global Investment Management & Services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (EUR 1,516 billion, June 2006) and under management (EUR 397.2 billion, June 2006).
- Corporate & Investment Banking: Société Générale ranks among the leading banks worldwide in euro capital markets, derivatives and structured finance.

Société Générale is included in the five major socially-responsible investment indexes. www.socgen.com

Société Générale Corporate & Investment Banking

Present in over 45 countries across Europe, the Americas and Asia, Société Générale Corporate & Investment Banking is a reference bank specialising in:

- Euro capital markets. A top ten player in debt and equity segments (bonds, securitisations, syndicated loans, equity-linked and equity issues).
- Derivatives. Among the world leaders in equity derivatives and in many interest rate, credit, foreign exchange and commodities derivatives.
- Structured finance. A worldwide leader in export, project and structured commodity finance.

Combining innovation and quality of execution, Société Générale Corporate & Investment Banking provides corporates, financial institutions and investors with value-added integrated financial solutions.

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Société Générale Corporate & Investment Banking in Asia-Pacific

Backed by worldwide expertise and an extensive network in 13 countries in Asia Pacific, Société Générale Corporate & Investment Banking has built prime corporate & investment banking operations in the region to become a leading regional player in capital markets, derivatives, and structured finance. Société Générale Corporate & Investment Banking combines in Asia Pacific both global and local strengths to provide corporate clients, financial institutions and private investors with value-added integrated financial solutions.

Société Générale Equity Derivatives and Structured Products

Société Générale has a proven track record and a leading market reputation in equity derivatives and structured products. It was named "Equity Derivatives House of the Year 2003 & 2004" and "Equity Derivatives House of the Year 2005 for Europe and the Americas" by The Banker, "Equity Derivatives House of the Year 2001, 2003 & 2005" by Asia Risk, "Equity Derivatives House of the Year 2005" by Structured Products Magazine, "Equity Derivatives House of the Year 2003" by Asiamoney, "Equity Derivative House of the Year 2001, 2004 & 2005" by IFR Magazine, "Equity Derivatives House of the Year 2002, 2003, 2004 & 2005" by The Asset, and "Equity Derivatives House of the Year 2001, 2002, 2004 and 2005" by Risk Magazine, "Equity Derivatives House of the Year 2005" by Structured Product and "Best European Equity Derivatives Provider 2005" by Global Finance. SG is well qualified to provide the necessary risk management techniques required for pricing and hedging these types of complex derivatives.

Lyxor Asset Management ("Lyxor")

Lyxor is a 100% subsidiary of SG, fully dedicated to structured funds activities. Its mission is to facilitate access to innovative structured investments: equity and index derivative instruments and capital guaranteed or leverage products. Lyxor was named Asset Manager of the Year by AsiaRisk Magazine in 2004. As of March 2006, Lyxor managed close to USD 66.4 billion of assets through more than 1,370 funds, and employed more than 180 people.

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