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22 November 2018

HUATAI SECURITIES CO., LTD.

(a joint stock company established under the laws of the People's Republic of China with limited liability)

Confirmation of Intention to List Global Depository Receipts on the London Stock Exchange

Huatai Securities Co., Ltd. ("**Huatai**" or the "**Company**" or "**HTSC**" (if being referred to in Hong Kong), and together with its subsidiaries, the "**Group**"), a leading technology-enabled securities group in China, today announces its intention to proceed with an offering (the "**Offering**") of up to 82,515,000 global depository receipts (the "**GDRs**") with each GDR representing ten A shares of the Company, each with a fully paid nominal value of RMB1.00 each (the "**A Shares**") (the "**Offer GDRs**"). The Offering therefore represents up to 825,150,000 A Shares of the Company, or 10% of the total ordinary share capital of the Company prior to the Offering. The GDRs are expected to be admitted to listing on the standard segment of the Official List maintained by the United

Kingdom Financial Conduct Authority (the "FCA") and to trading on the Shanghai-London Stock Connect segment of the main market for listed securities of London Stock Exchange plc (the "LSE") (together "Admission"). The Company expects to receive total proceeds from the Offering of not less than US\$500 million. No securities are expected to be sold by existing shareholders of the Company as part of the Offering.

Zhou Yi, Chairman and CEO of Huatai, stated:

"Huatai is a leading technology-enabled securities group in China. By combining our expertise in financial services with cutting edge technologies, we have achieved industry leading position across all of our businesses and established a unique business model characterized by our dynamic business ecosystem, advanced digital capabilities and platforms, and a highly engaging client base.

Over the past 27 years, we have undertaken a series of strategic transformations to support our clients and capture industry opportunities. We established a business that's focused on customer-centric services, technology innovation, corporate governance and globalization. We believe Huatai is well positioned to capitalize on the long-term growth opportunity of the PRC securities industry and are committed to our mission of becoming a first-class integrated financial services group with domestic strengths and global influence.

The Shanghai-London Stock Connect is the first of its kind to directly link the Chinese and European markets and a strategic component of China's capital markets reform. The programme offers us access to one of the deepest and most influential capital markets in the world and provides fungibility between the GDRs and the A Shares. The offering will improve our core competitiveness by supporting the growth of our international business, further expanding our overseas footprint, and strengthening our capital position. We are pleased to be the first issuer to tap this new market of enormous potential and unprecedented opportunity."

Overview of the Offering:

- The Offer GDRs will represent newly issued A Shares of the Company. The Company will also apply to the Shanghai Stock Exchange (the "SSE") for admission to listing of the underlying A Shares which is expected to be effective on the date of Admission of the GDRs on the LSE.
- The Offering is expected to comprise solely an offering of new securities by the Company. No securities are expected to be sold by existing shareholders of the Company as part of the Offering.
- The Offer GDRs are being offered and sold to persons that are institutional investors which are not "US persons" in "offshore transactions" within the meaning of Regulation S under the US Securities Act of 1933, as amended.
- The final Offer Price will be determined following completion of the book-building process.
- The intended use of the net proceeds received from the Offering will be:

- To support the Group's organic and inorganic growth of international businesses and expand overseas footprint;
- To continuously invest in and further strengthen the Group's current key business segments;
- To further strengthen the Group's working capital position and general corporate purposes.
- J.P. Morgan Securities plc, Huatai Financial Holdings (Hong Kong) Limited and Morgan Stanley & Co. International plc are acting as Joint Global Co-ordinators and Joint Bookrunners and Credit Suisse Securities (Europe) Limited is acting as a Joint Bookrunner (together, the "**Joint Bookrunners**").
- The Offering is subject to the receipt of all relevant registrations and regulatory approvals.
- Full details of the Offering will be included in the Prospectus, expected to be published by the Company in due course. It is expected that Admission will take place in mid-December 2018. Investors should rely only on the information contained in the Prospectus when making a decision as to whether to invest in the Offer GDRs.

Overview

- Huatai is a leading technology-enabled securities group in China, with a highly collaborative business model, cutting-edge digital platforms, and an extensive and engaging client base.
- The Group operates four principal business segments, namely wealth management, institutional services, investment management and international business.
- Over its 27 years of operating history, the Group has achieved rapid growth by successfully capitalising on the transformation and development opportunities of the PRC securities industry. It has completed a series of successful mergers and acquisitions, completed IPOs of its A Shares on the SSE and H Shares on the Hong Kong Stock Exchange, and navigated through various market and business cycles and regulatory reforms.
- From 2012 to 2017, the Group's number of wealth management customers increased twofold to 12.2 million, and total revenue and other income increased fourfold to RMB31.3 billion. Huatai ranked third among PRC securities firms in terms of net profit attributable to the shareholders of the Company in 2017.
- For the years ended 31 December 2015, 2016 and 2017 and for the nine months ended 30 September 2018, the Group's total revenue and other income was approximately RMB39,415.5 million, RMB24,631.6 million, RMB31,323.4 million and RMB18,445.2 million, respectively, and its profit for the same years/periods was approximately RMB10,797.9 million, RMB6,519.5 million, RMB9,407.9 million and RMB 4,592.9 million, respectively.

Investment Highlights

The Group believes the competitive strengths set out below place it at the forefront of the PRC securities industry. In addition, the Group is expected to benefit from the following favourable developments in the PRC securities industry.

- The increasing adoption of advanced technology in the financial services industry
- The rapid accumulation of personal wealth and increasing needs for wealth management solutions
- Rising demand for financial services from emerging new economy sectors
- Rising participation of institutional investors in the capital markets and increasing demand for specialised institutional client services

A technology-empowered pioneer in China's transforming securities industry

- The Group was one of the first securities firms in China to embrace technology, and invested heavily to develop proprietary technology capabilities. By adopting advanced technologies, the Group has redefined its client service philosophy and transformed its business model.
- The Group adopts a mobile strategy to drive customer growth and deliver first class wealth management services, applies intelligent trading and advanced market data analytics to serve the needs of the increasingly sophisticated institutional investors, and leverages its technology-empowered business model and streamlined middle-and-back office platform to enhance its operating efficiency.
- The Group's technology driven business model has contributed to its leading market positions and uniquely equipped itself to capture opportunities and respond to challenges from the evolving industry and market environment.

Open digital wealth management platform driving efficiency, customer growth and engagement

- The Group has established the most dynamic wealth management platform among PRC securities firms with over 12 million customers. By applying big data and other advanced technologies, the Group has enhanced its service capabilities, achieved superior cost efficiency and secured leading market position.
- The Group was one of the first in the PRC securities industry to introduce a mobile platform in 2010, and continued to upgrade and innovate its mobile offerings to drive customer engagement. According to Analysys, the monthly average users of the Group's mobile app, ZhangLe Fortune Path, has ranked first among PRC securities firms' apps since April 2015, reaching 6.9 million in August 2018 and surpassing the No. 2 player by 2.9 million.
- With the vast amount of data collected across its technology platforms, the Group is able to perform accurate customer

analytics to enhance its service capabilities and support its wealth management advisors. The technology-enabled distribution strategy is highly successful and has driven significant increase in distribution efficiency.

Best-in-class investment banking franchise capturing new economy opportunities

- The Group has developed a substantial client base in new economic sectors and has formed strong relationships with leading players in these industries. Its investment banking business has achieved rapid growth as its clients have grown in significance and scale and as the Group continues to engage with new and fast-growing clients.
- The Group has established a time-tested competitive edge in M&A advisory and equity underwriting. The Group ranked first in the first half of 2018 and in five out of the six previous years by the number of CSRC approved M&A transactions, and has consistently ranked in the top five for equity underwriting in the PRC securities industry since 2015.

Comprehensive asset management platform with significant scale

- As a result of its innovative product offering and strong distribution capabilities, the Group has established one of the largest asset management platforms in the industry. According to AMAC, the Group ranked second among PRC securities firms in terms of average monthly assets under management in 2017, totaling RMB788.6 billion.
- The Group's full-licence asset management platform consists of Huatai Securities Asset Management, Huatai Purple Gold Investment and two fund management associates, namely China Southern Asset Management and Huatai-Pinebridge Fund Management. The Group's significant scale and breadth of product offerings provides it with significant operational leverage and market influence.
- The Group is widely considered as the industry leader in structuring asset-backed securities ("ABS") transactions, and executed a number of innovative transactions based on new types of underlying assets. As at 31 December 2017, the Group had 58 outstanding ABS schemes with a total AUM of RMB62.6 billion, ranking amongst the top three in the PRC securities industry.

Global footprint creating new growth opportunities

- The Group has selectively established an international presence to support the outbound growth by Chinese clients and inbound investments by international investors.
- The Group has built a full-service international platform in Hong Kong through Huatai Financial Holdings. Huatai Financial Holdings has successfully leveraged the Group's client resources in mainland China and comprehensive onshore and offshore service capabilities to engage in cross-border activities.
- The Group has also demonstrated successes in establishing core strengths outside of the Greater China region, primarily through the acquisition of AssetMark in 2016. This acquisition

was the first of its kind by a Chinese securities firm and provides the Group with unique access to the US market.

Effective risk management enabled by technology and talent

- The Group has fully integrated technology into its enterprise risk management platform to provide risk monitoring, warning and prevention across various business lines covering different risk types.
- Behind the advanced systems and technologies, the Group has a well-established governance structure and a highly effective team to oversee and implement its risk management and internal control.

Visionary management team and diverse shareholder base

- The Group is led by a visionary senior management team with a diverse background across financial and technology industries. The team has on average over eight years of experience with the Group.
- The Group adopts a market-driven remuneration structure that rewards performance and results. Its recruiting strategy is focused on identifying the best talent with relevant experience to establish a cross-industry and cross-border pool of talents.
- The Group has embarked on a programme of ownership reform since 2018 and has introduced two strategic investors, namely Alibaba and Suning, to establish a more diverse shareholder base. A diverse and balanced shareholder and board structure is intended to enhance its governance and transparency, and brings new visions and support to its future strategies.

Business Strategies

The Group is committed to becoming a first-class integrated financial services group with domestic strengths and global influence.

Strengthen technology leadership to drive future growth

- The Group will continue to invest in technology and strengthen its research and development capabilities and to leverage technology to improve client services quality and operational efficiency.
- The Group is working on further integrating technology with its business operations and increasing the connectivity of its front, middle and back offices.

Enhance client centricity to generate long-term value

- The Group believes in long-term and deep relationship with clients. The Group intends to strengthen its client-centric philosophy and increase focus on execution to promptly identify and serve its client needs.
- By continuing to enhance client relationship and increase the depth and breadth of its platforms to serve the clients' evolving needs, the Group intends to realise the full potential of its comprehensive business model and generate greater long-term value.

Continue to pursue product and service innovation

- Based on its insights into market and industry trends and deep understanding of evolving client needs, the Group will proactively explore new business opportunities and strengthen its product and service innovation capabilities to provide differentiated value propositions to its clients.

Strategically expand international business

- The Group intends to expand the capital base and further develop its international business.
- In addition, the Group will gradually increase its business presence in the United States and enter into the UK and European markets and explore international business opportunities in potential areas such as investment banking, asset management and wealth management.

Attract, retain and develop first class talent

- The Group will continue to attract and retain the best talent with financial, technology, and other background by providing competitive remuneration packages and incentive structure.
- The Group will continue to provide a well designed training programme to keep its staff updated with latest trends and knowledge, and enhance their career development path.

Management and Corporate Governance

The Board of Directors is responsible for the general management of the Company and is accountable to the general meeting of shareholders. The Company's Board of Directors currently consists of 12 Directors, comprising two executive Directors, five non-executive Directors and five independent non-executive Directors.

The senior management team consists of Mr. ZHOU Yi (Chairman & CEO), Mr. MA Zhaoming (Vice President), Mr. SUN Hanlin (Vice President), Mr. WU Zufang (Vice President), Mr. JIANG Jian (Vice President), Ms. SHU Ben'e (Chief Financial Officer), Ms. LI Yun (Chief Compliance Officer & General Legal Counsel), Mr. ZHANG Hui (Secretary to the Board of Directors) and Mr. WANG Chong (Chief Risk Officer).

Corporate Information

Huatai Securities Co., Ltd. is a joint stock company with limited liability established pursuant to the Company Law of the People's Republic of China.

The Company's registered office is located at No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province 210019, People's Republic of China.

For further information, please visit <http://www.htsc.com.cn> or contact:

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In any member state of the European Economic Area (the "**EEA**") (each, a "**Relevant Member State**"), this announcement and any offer if made subsequently is only addressed to and directed at persons who are "qualified investors" ("**Qualified Investors**") within the meaning of the Prospectus Directive (Directive 2003/71/EC and any amendments thereto, including Directive 2010/73/EU), and any implementing measures in each Relevant Member State (the "**Prospectus Directive**").

In addition, in the United Kingdom this announcement is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) high net worth entities who fall within Article 49(2)(a) to (d) of the Order, or (iii) to whom it may otherwise lawfully be communicated (all such persons being referred to as "**relevant persons**").

This announcement is directed only at relevant persons in the United Kingdom and Qualified Investors in any other member state of the EEA and must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this announcement relates is available only to and will only be engaged with (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, Qualified Investors.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made.

To the fullest extent permitted under applicable laws, the Company and each of the Joint Bookrunners and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

This announcement was prepared and the analyses contained in it based, in part, on certain assumptions made by and information obtained from the Company and/or from other sources. None of the Joint Bookrunners, the Company or any of their respective affiliates, directors, officers, employees, advisors or agents, accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, in relation to the truth, fairness, reasonableness, adequacy, accuracy or completeness of the information, statements or opinions, whichever their source, contained in this announcement (or whether any information has been omitted from the announcement) or any oral information provided in connection herewith, or any data it generates and accepts no responsibility, obligation or liability (whether direct or indirect, in contract or otherwise) in relation to any of such information. The information and opinions contained in this announcement are provided as at the date of this announcement, are subject to change without notice and do not purport to contain all information that may be required to evaluate the Company. The information in this announcement is in draft form and has not been independently verified. The Joint Bookrunners, the Company and their respective affiliates, directors, officers, employees, advisors and agents expressly disclaim any and all liability which may be based on this announcement and any errors therein or omissions therefrom.

Any subscription or purchase of Offer GDRs in the proposed Offering should be made solely on the basis of information contained in the

Prospectus which may be issued by the Company in connection with the Offering. The information in this announcement is subject to change. Before subscribing for or purchasing any Offer GDRs, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus if published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement shall not form the basis of or constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Offer GDRs or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The date of Admission may be influenced by a variety of factors which include market conditions. There is no guarantee that the proposed Offering will proceed or that Admission will occur. You should not base your financial decision on the Company's intentions in relation to Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the proposed Offering. The value of GDRs can decrease as well as increase. Past performance is not a guide to future performance. Information in this announcement cannot be relied upon as a guide to future performance. Before purchasing any securities in the Company, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the final form Prospectus, if published. Potential investors should consult a professional advisor as to the suitability of the proposed Offering for the person concerned.

None of the Joint Bookrunners, the Company or any of their respective affiliates, directors, officers, employees, advisors or agents, accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, that any transaction has been or may be effected on the terms or in the manner stated in this announcement, or as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any.

The Joint Bookrunners and their affiliates are acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Credit Suisse Securities (Europe) Limited are each authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Huatai Financial Holdings (Hong Kong) Limited is licensed by the Securities and Futures Commission of Hong Kong.

In connection with the Offering, the Joint Bookrunners and/or any of their respective affiliates and/or funds managed by affiliates of the Company acting as an investor for its or their own account(s) may subscribe for Offer GDRs and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Offer GDRs, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, any references in the Prospectus, if published, to the Offer GDRs being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Joint Bookrunners and/or any of their respective affiliates and/or funds managed by affiliates of the Company acting in such capacity. In addition, certain of the Joint Bookrunners or their affiliates may enter into financing or hedging arrangements (including swaps or contracts for differences) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of GDRs. Neither the Joint Bookrunners, the Company nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In connection with the Offering, J.P. Morgan Securities plc (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action and, in particular, the Stabilising Manager's ability to undertake stabilisation action depends on it being able to agree deferred settlement arrangements with one or more investors in order to allow it to over-allot GDRs. Any stabilisation action may begin on the date of adequate public disclosure of the final price of the Offer GDRs and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter (the "**Stabilisation Period**"). Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager does not intend to disclose the extent of any over-allotments made and/or stabilisation transactions concluded in relation to the Offering.

In connection with the Offering, the Stabilising Manager may, for stabilisation purposes and subject to the deferred settlement arrangements described above, over-allot GDRs up to a maximum of 15% of the total number of GDRs comprised in the Offering. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by it during the Stabilisation Period, the Stabilising Manager will enter into over-allotment arrangements pursuant to which the Stabilising Manager may purchase or procure purchasers for additional GDRs up to a maximum of 15% of the total number of GDRs comprised in the Offering (the "**Over-allotment GDRs**") at the Offer Price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional trading of the GDRs on the London Stock Exchange. Any Over-allotment GDRs made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the GDRs,

will be purchased on the same terms and conditions as the GDRs being issued or sold in the Offering and will form a single class for all purposes with the other GDRs.

Information to Distributors

Solely for the purposes of the product governance requirements contained within (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer GDRs have been subject to a product approval process, which has determined that such Offer GDRs are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer GDRs may decline and investors could lose all or part of their investment; the Offer GDRs offer no guaranteed income and no capital protection; and an investment in the Offer GDRs is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer GDRs.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer GDRs and determining appropriate distribution channels.