



(GDR under the symbol “HTSC”)

**ANNOUNCEMENT RELATING TO
REPURCHASE OF A SHARES THROUGH
CENTRALIZED PRICE BIDDING**

Important Notice:

- Purpose of proposed share repurchase: To implement a restricted stock incentive plan
- Quantity of shares to be repurchased: The lower limit of shares to be repurchased is 45,383,250 shares and the upper limit is 90,766,500 shares
- Period of share repurchase: Within 12 months from the date when the Board considers and approves the repurchase plan of A shares
- Price of share repurchase: Not more than RMB28.81 per share
- Source of fund for share repurchase: Self-owned funds of the Company
- Whether the relevant shareholders have any plan to reduce shareholding: As the duration of the special asset management scheme invested in the H shares of the Company will expire, some Directors and senior management of the Company replied to the Company’s inquiry that they had plans to redeem their shares in the special asset management scheme invested in the H shares of the Company in the next three months and six months, and the relevant operations will strictly follow the relevant domestic and overseas regulatory requirements.
- Related risks:
 1. The repurchase plan may be exposed to the risk of failure in its implementation as the price of the Company’s shares may continuously exceed the price range as disclosed in the repurchase plan;
 2. During the implementation of the share repurchase, the Company may not timely raise sufficient funds required for the repurchase due to factors such as macroeconomic control, tightened credit policies, and temporary business needs, leading to the risk that the repurchase plan could not be implemented as scheduled;

3. Due to significant changes in the Company's production and operations, financial position, and objective external conditions, there may be the risk of change or termination of the repurchase plan according to rules;
4. The shares to be repurchased will be used for the restricted stock incentive plan, which is subject to decision-making procedures by the Board of the Company and the general meeting and relevant regulatory approval or filing procedures. If the Company fails to achieve the above purposes, there is a risk that the repurchased shares cannot be granted. In the case of the above-mentioned situation, there is a risk of initiating the cancellation procedure for shares without being granted.

During the repurchase period, the Company will make and implement repurchase decision as and when appropriate based on market conditions, and perform its information disclosure obligation in a timely manner in respect of the progress of the share repurchase. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

In accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Opinions on Supporting Share Repurchase by Listed Companies (《關於支持上市公司回購股份的意見》), the Implementation Rules of Shanghai Stock Exchange for Share Repurchase by Listed Companies (《上海證券交易所上市公司回購股份實施細則》) and other laws, regulations as well as regulatory documents, based on confidence in the sustained and stable development in the future and the reasonable judgment on the value of its shares, the Company intends to repurchase A shares from the secondary market as source of stocks for the restricted stock incentive plan, the details of which are as follows:

I. CONSIDERATION AND IMPLEMENTATION PROCEDURES OF THE REPURCHASE PLAN

On March 30, 2020, the Company convened the fifth meeting of the fifth session of the Board, at which the Resolution on Repurchase of A Shares through Centralized Price Bidding was considered and approved, and independent non-executive Directors unanimously and independently agreed on the resolution.

Pursuant to Articles 29 and 31 of the Articles of Association of Huatai Securities Co., Ltd. ("**Articles of Association**"), the share repurchase plan is not required to be submitted to the general meeting of the Company for consideration and approval.

II. MAJOR CONTENTS OF THE REPURCHASE PLAN

(I) Purposes of the Company's share repurchase

In active response to the policies of the national government and regulatory authorities, the Company intends to repurchase A shares as source of stocks for the restricted stock incentive plan in an effort to enhance investors' confidence, safeguard shareholders' rights and interests, and at the same time, deepen the mixed-ownership reform, establish a market-oriented mechanism for benefits and risks sharing with employees, and further stimulate the vitality of the Company.

(II) Type of shares to be repurchased

The type of shares to be repurchased is the RMB-denominated ordinary shares (A shares) issued by the Company.

(III) Means of the proposed share repurchase

The share repurchase is to be conducted by way of centralized price bidding on the SSE.

(IV) Period of proposed share repurchase

1. The period of the share repurchase shall be no more than 12 months starting from the date when the Board of the Company considers and approves the repurchase plan of A shares. The repurchase term shall expire in advance in the event that one of the following conditions occurs:
 - (1) If, during the repurchase period, the number of shares repurchased or the funds used for the repurchase reached the cap, the repurchase plan would be fully implemented and the repurchase period would expire in advance from that date.
 - (2) If the Board of the Company decided to terminate the repurchase plan, the repurchase period would expire in advance from the date when the Board made the termination decision.

The Company will, as authorized by the Board, make and implement the repurchase decision during the repurchase period as and when appropriate based on the market conditions, and in accordance with laws, regulations and requirements of the CSRC and the SSE.

2. The Company shall not repurchase any of its shares during the following periods:
 - (1) within 10 trading days prior to the announcement of regular reports, results forecasts or preliminary financial data of the Company;
 - (2) from the date of occurrence of a significant event that may cause a material impact on the price of the Company's shares or during the decision-making process, to 2 trading days upon the disclosure thereof according to laws; and
 - (3) other circumstances as stipulated by the CSRC and the SSE.
3. During the implementation of the repurchase plan, if the trading of the Company's shares is suspended for more than 10 consecutive trading days due to preparation for the significant events, the implementation of the repurchase plan will be postponed until the resumption of trading and disclosed in a timely manner.

(V) Price of the share repurchase

The price for repurchase of shares of the Company shall not exceed RMB28.81 per share. The maximum repurchase price will be not higher than 150% of the average price of the Company's A shares in 30 trading days before the Board considers and approves the resolution on share repurchase.

In the event of any dividend distribution, conversion of capital reserve into share capital, bonus issue, stock split or reverse stock split during the repurchase period, the Company will adjust the price for share repurchase accordingly pursuant to relevant requirements of the CSRC and the SSE.

(VI) Purpose, quantity, proportion in the Company's total share capital of shares to be repurchased and total funds

Purpose of repurchase	Quantity of shares to be repurchased (0' 000 shares)	Proportion in the total share capital of the Company (%)	Total funds for proposed repurchase	Implementation period of repurchase
Restricted stock incentive plan	4,538.325-9,076.65	0.5-1.0	The total funds for repurchase shall be not more than RMB2.615 billion	Within 12 months from the date when the Board of the Company considers and approves the repurchase plan of A shares

The shares to be repurchased are intended to be used for the source of stocks for the restricted stock incentive plan. The implementation of the equity incentive plan of the Company is subject to regulatory approval or filing procedures pursuant to relevant regulations.

The lower limit of shares to be repurchased by the Company is 45,383,250 shares, i.e., no less than 0.5% of the current total share capital of the Company; the upper limit is 90,766,500 shares, i.e., no more than 1% of the current total shares of the Company; the specific number of shares to be repurchased shall be the actual number of shares repurchased at the expiration of the repurchase period. The total amount of funds the Company intends to use for repurchase does not exceed RMB2.615 billion.

In the event of any conversion of capital reserve into share capital, bonus issue, stock split or reverse stock split during the repurchase period, the Company will adjust the quantity of shares to be repurchased accordingly pursuant to relevant requirements of the CSRC and the SSE.

(VII) Source of funds for the share repurchase

The funds to be used for repurchase are self-owned funds of the Company.

(VIII) Expected changes in the Company's shareholding structure after the share repurchase

If all the repurchased shares are used in the restricted stock incentive plan, the changes in the shareholding structure of the Company are as follows:

Type of shares	Quantity (shares)	Proportion (%)	Increase/ decrease	Quantity (shares)	Proportion (%)
A shares	7,357,604,320	81.06	–	7,357,604,320	81.06
– Outstanding shares	7,357,604,320	81.06	-90,766,500	7,266,837,820	80.06
– Restricted shares	0	0	+90,766,500	90,766,500	1.00
H shares	1,719,045,680	18.94	–	1,719,045,680	18.94
Total	<u>9,076,650,000</u>	<u>100.00</u>	<u>–</u>	<u>9,076,650,000</u>	<u>100.00</u>

(IX) Analysis of possible impacts of the share repurchase on the Company's daily operations, finance, research and development, profitability, solvency, future development and sustained listing status

As of December 31, 2019, the Company recorded total assets of RMB562.181 billion, a year-on-year increase of 52.49%; net assets attributable to the shareholders of the listed company of RMB122.537 billion, a year-on-year increase of 18.52%; and monetary capital (net of deposits of customers) of RMB49.853 billion. The operating income and net profit of the Company in 2019 amounted to RMB24.863 billion and RMB9.057 billion, representing a year-on-year increase of 54.35% and 75.49%, respectively. The profitability of the Company ranking tops than other peers.

Calculating with the cap of the total funds used for share repurchase of RMB2.615 billion, the proportion of funds for repurchase in the total assets of the Company, net assets attributable to the shareholders of the listed company and monetary capital (net of deposits of customers) is 0.47%, 2.13% and 5.25%, respectively. Based on the above financial data, and its stable operations and risk control, the Company believes that the share repurchase will not have a material impact on its operations, finance and future development, nor will it affect its listing status.

The shares to be repurchased by the Company are used to implement the restricted stock incentive plan, which is conducive to improving the Company's governance structure, establishing a sound long-term incentive and restraint mechanism, ensuring the realization of its development strategies and business objectives, strengthening its core competitiveness and enhancing its overall value.

(X) Opinions of independent non-executive Directors on the compliance, necessity, rationality and feasibility of the share repurchase

1. The share repurchase of the Company is in line with the Company Law of People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Opinions on Supporting Share Repurchase by Listed Companies (《關於支持上市公司回購股份的意見》), the Circular on Earnest Study and Implementation of the Decision of the Standing Committee of the National People's Congress on Amendments to the Company Law of the People's Republic of China (《關於認真學習貫徹〈全國人民代表大會常務委員會關於修改《中華人民共和國公司法》的決定〉的通知》), the Implementation Rules of Shanghai Stock Exchange for Share Repurchase by Listed Companies (《上海證券交易所上市公司回購股份實施細則》) and other relevant laws and regulations as well as the Articles of Association. The procedures for voting at the Board meeting are in compliance with relevant laws and regulations as well as requirements of the Articles of Association.

2. The Company's implementation of the share repurchase is in line with its actual operating conditions and financial status, and will help the Company set up a sound and long-term incentive mechanism, enhance investors' confidence in its future development and recognition of corporate value, and safeguard the interests of investors. Therefore, the share repurchase is necessary.
3. The Company intends to use its own funds for repurchase. The total funds for the repurchase do not exceed RMB2.615 billion, which are relatively small compared to the total assets of the Company. Therefore, it will not cause a material impact on the Company's daily operations, solvency and profitability, nor will it affect its listing status. The Company's share repurchase is feasible.
4. The share repurchase by way of centralized price bidding will not prejudice the interests of the Company and all shareholders, minority shareholders in particular.

In summary, the independent non-executive Directors believe that the Company's repurchase of A shares is legal and compliant, and that the repurchase plan is feasible and necessary, and in the interests of the Company and all shareholders. Therefore, they have approved the repurchase of A shares.

(XI) Whether the Company's Directors, Supervisors and senior management deal in the shares of the Company within six months before the resolution of the Board on the share repurchase and whether they have conflict of interest with the repurchase plan, whether there is insider trading or market manipulation, and whether there is any plan on increase or decrease in shareholding during the repurchase period

Upon self-examination by the Company, as the duration of the "Changan Assets • Huatai No. 2 Special Asset Management Scheme" (hereinafter referred to as "**Changan Huatai No. 2 Asset Management Scheme**") invested in the Company's H shares will expire in accordance with relevant provisions, Mr. Jiang Jian, member of the Executive Committee of the Company, redeemed 1.1 million shares in "Changan Huatai No. 2 Asset Management Scheme" on 28 February 2020 with the corresponding total amount of RMB1,135,200. In addition to the above, other Directors, Supervisors and senior management of the Company did not purchase or sell the Company's shares within 6 months prior to the Board of Directors passed the resolution regarding the share repurchase.

The Company's Directors, Supervisors and senior management had no conflict of interest with the repurchase plan, did not engage in any insider trading or market manipulation, and had no plan on increase in shareholding in the Company during the period of the repurchase of A shares. As the duration of "Changan Huatai No. 2 Asset Management Scheme" will expire, Mr. Zhou Yi, Director, chief executive officer and chairman of the Executive Committee of the Company, and Mr. Zhu Xuebo, Director of the Company, had plans to redeem the shares of the asset management plan, and the relevant operations will strictly follow the relevant domestic and overseas regulatory requirements. Other Directors, Supervisors and senior management of the Company had no plan to reduce shareholding in the Company.

(XII) Whether the listed company has inquired the Directors, Supervisors, senior management and shareholders holding more than 5% of the shares about the plan to reduce shareholding in the next 3 months and 6 months

On March 26, 2020, the Company has inquired the Directors, Supervisors, senior management and shareholders holding more than 5% of the shares about the plan to reduce shareholding in the Company in the next 3 months and 6 months.

Upon inquiry, as of March 30, 2020, Mr. Zhou Yi, Director, chief executive officer and chairman of the Executive Committee of the Company, and Mr. Zhu Xuebo, Director of the Company, replied that due to the expiration of the duration of “Changan Huatai No. 2 Asset Management Scheme” invested in the Company’s H shares in accordance with relevant provisions, there will be plans to redeem the shares of “Changan Huatai No. 2 Asset Management Scheme” in the next 3 months and 6 months, and the relevant operations will strictly follow the relevant domestic and overseas regulatory requirements. Other Directors, Supervisors, senior management of the Company and shareholders holding more than 5% of the shares have no plan to reduce shareholding in the Company in the next 3 months and 6 months.

(XIII) Relevant arrangements for cancellation or transfer according to laws after share repurchase

The shares to be repurchased are intended to be used for the restricted stock incentive plan. If the Company fails to achieve the above-mentioned purpose within 36 months after the publication of repurchase results and announcement of changes in shares, the unused shares repurchased will be cancelled, which will be implemented specifically in accordance with relevant laws, regulations and policies.

(XIV) Relevant arrangements of the Company for preventing damages to the interests of creditors

The shares to be repurchased are intended to be used as the source of stocks for the restricted stock incentive plan, which will not affect the Company’s normal operations and will not cause the Company to become insolvent. If the Company fails to achieve or partially achieves the above purposes, the Company will cancel the unused shares from the repurchase upon consideration at the general meeting, and go through the legal procedure of notifying creditors of the cancellation of shares, so as to fully protect the creditors’ legitimate rights and interests.

(XV) Authorization for dealing with the share repurchase

In order to effectively coordinate specific matters in the process of share repurchase, the Board authorized Mr. Zhou Yi, chief executive officer and chairman of the Executive Committee, and Mr. Zhang Hui, member of the Executive Committee and secretary to the Board, to jointly or separately handle matters related to the share repurchase with full authority, to the extent permitted by relevant laws, regulations and regulatory documents as well as following the framework and principles of the share repurchase plan approved by the Board, including but not limited to:

1. Formulating a specific plan for the share repurchase to the extent permitted by the laws, regulations and regulatory documents as well as based on the specific situation of the Company and the market;

2. In case of changes in the policies of regulatory authorities on share repurchase or in market conditions, the authorized person will adjust accordingly relevant matters such as the specific plan for share repurchase, except for matters that shall be subject to voting at the Company's Board meeting and general meeting in accordance with relevant laws, regulations, regulatory documents and the Articles of Association;
3. Setting up a repo-specific securities account or other related securities accounts;
4. Deciding to engage relevant intermediary agencies;
5. Determining the repurchase timing, price and quantity in detail according to the actual situation, and implementing the specific repurchase plan;
6. Handling other matters not listed above but necessary for the share repurchase.

The above authorizations shall remain valid from the date of approval by the Board until the completion of the above matters.

III. UNCERTAINTY RISK IN RELATION TO THE REPURCHASE PLAN

- (I) The repurchase plan may be exposed to the risk of failure in its implementation as the price of the Company's shares may continuously exceed the price range as disclosed in the repurchase plan;
- (II) During the implementation of the share repurchase, the Company may not timely raise sufficient funds required for the repurchase due to factors such as macroeconomic control, tightened credit policies, and temporary business needs, leading to the risk that the repurchase plan could not be implemented as scheduled;
- (III) Due to significant changes in the Company's production and operations, financial position, and objective external conditions, there may be the risk of change or termination of the repurchase plan according to rules;
- (IV) The shares to be repurchased will be used for the restricted stock incentive plan, which is subject to decision-making procedures by the Board of the Company and the general meeting and relevant regulatory approval or filing procedures. If the Company fails to achieve the above purposes, there is a risk that the repurchased shares cannot be granted. In the case of the above-mentioned situation, there is a risk of initiating the cancellation procedure for shares without being granted.

During the repurchase period, the Company will make and implement repurchase decision as and when appropriate based on market conditions, and perform its information disclosure obligation in a timely manner based on the progress of the share repurchase. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITION

In this announcement, the following expression has the meaning set out below unless the context otherwise requires.

“Board”	the Board of the Company
“Company”	a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司(Huatai Securities Co., Ltd.), converted from its predecessor 华泰证券有限责任公司(Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as “HTSC”, and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance under the approved Chinese name of “華泰六八八六股份有限公司” and the English name of “Huatai Securities Co., Ltd.”; the H shares of which have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since June 1, 2015 (Stock Code: 6886); the A shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688); the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), and unless the context otherwise requires, including its predecessor
“CSRC”	the China Securities Regulatory Commission
“Director”	the Director of the Company
“Executive Committee”	the Executive Committee of the Company
“PRC” or “China”	the People’s Republic of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SSE”	the Shanghai Stock Exchange
“Supervisor”	the Supervisor of the Company
“%”	per cent

By order of the Board
Zhang Hui
Joint Company Secretary

Jiangsu, the PRC, March 30, 2020