



(GDR under the symbol: "HTSC")

ANNOUNCEMENT IN RELATION TO THE GRANT OF THE RESTRICTED A SHARES TO INCENTIVE PARTICIPANTS UNDER THE RESTRICTED SHARE INCENTIVE SCHEME OF A SHARES

On March 23, 2021, the Company convened the fourteenth meeting of the fifth session of the Board, at which the Resolution on Adjustment to the Matters Pertaining to the Incentive Scheme of Restricted A Shares of the Company (《關於調整公司A股限制性股票股權激勵計劃相關事項的議案》) and the Resolution on Granting Restricted A Shares to Incentive Participants (《關於向激勵對象授予A股限制性股票的議案》) were considered and approved. The Board believes the granting conditions for the Incentive Scheme of Restricted A Shares of the Company (the “Incentive Scheme”) have been satisfied, and has set out the Grant Date on March 29, 2021, on which date 45,640,000 restricted A Shares will be granted to 813 Incentive Participants at the Grant Price of RMB9.10 per Share.

References are made to the announcement of the Company dated January 4, 2021 (the “**Announcement**”), the circular of the Company dated January 8, 2021 (the “**Circular**”) and the poll results announcement of the 2021 First Extraordinary General Meeting of the Company dated February 8, 2021, in relation to, among other things, the proposed adoption of the Incentive Scheme. Unless otherwise defined in this announcement, terms used in this announcement shall have the same meanings as those defined in the aforesaid Announcement and Circular.

I. EXPLANATION OF THE BOARD REGARDING SATISFACTION OF CONDITIONS OF THE GRANT

According to the provisions on granting conditions for the Restricted Shares in the Incentive Scheme, the conditions to be satisfied for the grant are as follows:

(I) The Company is not involved in any of the following circumstances:

1. An audit report on the financial and accounting report for the latest fiscal year in which the certified public accountant issued a negative opinion or was unable to express an opinion;
2. An audit report on internal control over financial reporting for the latest fiscal year in which the certified public accountant issued a negative opinion or was unable to express an opinion;

3. Within 36 months after listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
4. Equity incentives shall not be implemented as stipulated by relevant laws and regulations;
5. Other circumstances as stipulated by the CSRC.

(II) The Company has satisfied the following conditions:

1. The governance of the Company is duly regulated, and the organization of the general meeting, the Board, the Supervisory Committee, and the management is sound with clear responsibilities. The system for electing and replacing Directors at general meetings is sound, and the Board has sufficient power to select, appraise, and motivate senior management;
2. Non-executive Directors (including independent Directors) account for more than one-half of the number of Directors on the Board. The system of the Remuneration and Appraisal Committee is sound, with comprehensive rules of procedure and under regulated operation;
3. The basic management system is standardized, the internal control system is sound, and the three-system reform is put into effect. A system for the labor and employment, performance appraisal, and salary and welfare is established, which meets the requirements of market competition and in which the management can get promotion or demotion, employees can be employed or dismissed, and revenue can be increased or decreased;
4. The development strategies are clear, asset quality and financial conditions are sound, and operating results are stable. There is not any non-compliance act relating to financial accounting, revenue distribution, and remuneration management during the latest three years;
5. The mechanisms of economic responsibility audit, information disclosure, deferred payment, and recourse and deduction, which are symmetrical to the incentive mechanism, are established and improved;
6. Other conditions required by the securities regulatory authorities.

(III) The Incentive Participant is not involved in any of the following circumstances:

1. has been recognized as an ineligible person by the stock exchange during the latest 12 months;
2. has been recognized as an ineligible person by the CSRC and its delegated institutions during the latest 12 months;
3. has been imposed administrative punishment or market access prohibition by the CSRC and its delegated institutions due to material breach of or non-compliance with laws and regulations during the latest 12 months;

4. has been prohibited to be appointed as directors or senior management of the Company according to the requirements of the Company Law;
5. has been prohibited from participating in incentive schemes of the listed company according to the requirements of laws and regulations;
6. has failed to perform his/her duties effectively or is in serious dereliction of duty or malfeasance as indicated by the results of economic responsibility audit;
7. has violated the relevant national laws and regulations and the Articles of Association;
8. has violated laws and disciplinary regulations and has been punished during his/her term of office by accepting or asking for bribes, committing corruption, theft, leaking business and technical secrets of the Company, and implementing related party transactions that harm the interest and reputation of the Company and have material negative effect on the corporate image of the Company;
9. has failed to perform his/her duties or does not perform his/her duties correctly, which causes a large loss of assets and other serious adverse consequences to the Company;
10. other circumstances as stipulated by the CSRC.

(IV) The operation results of the Company shall have reached the following conditions:

The ratio of the cash dividend amount for 2019 to the net profit attributable to shareholders of the parent company for the same year shall not be less than 30%; the operating revenue for 2019 shall not be lower than the average value (RMB18.048 billion) for 2016-2018 and not lower than the 50th percentile of the comparable enterprises; the profit margin of operating revenue after deducting non-recurring profits and losses for 2019 shall not be lower than the average value of 31.88% for 2016-2018 and not lower than the 50th percentile of the comparable enterprises; and the amount of investment in financial technology innovation for 2019 shall increase by 5% or more compared with 2018, and the classified evaluation result of securities companies for 2019 shall be Class A under Category A or above and there is no occurrence of material non-compliance with laws and regulations.

II. PARTICULARS OF THE GRANT OF RESTRICTED SHARES

- (I) Grant Date: March 29, 2021;
- (II) Number of Restricted Shares granted: 45,640,000 restricted A Shares;
- (III) Number of Incentive Participants granted: 813 individuals;
- (IV) Grant Price: RMB9.10 per Share;
- (V) Source of Shares: ordinary A Shares repurchased by the Company from secondary market;

(VI) Validity period, lock-up period and unlocking of the Incentive Scheme:

The validity period of the Incentive Scheme shall commence from the date of completion of registration of the granted Restricted Shares and end on the date when all the Restricted Shares granted to the Incentive Participants are fully unlocked (excluding those subject to voluntary lock-up or reduction restriction over Directors and senior management) or repurchased and deregistered, for a maximum of six years.

The unlocking period and unlocking schedule of each period of the Restricted Shares granted under the Incentive Scheme are set out below:

Unlocking Arrangement	Unlocking Period	Unlocking proportion
The first unlocking period	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 36 months from the date of completion of registration for the grant of the Restricted Shares	33%
The second unlocking period	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 48 months from the date of completion of registration for the grant of the Restricted Shares	33%
The third unlocking period	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 60 months from the date of completion of registration for the grant of the Restricted Shares	34%

(VII) List of the Incentive Participants and the grant situation

The specific number and allocation of the Restricted Shares granted under the Incentive Scheme are as follows:

Name	Position	Number of Restricted Shares to be granted (10,000 shares)	Percentage to the total number of Restricted Shares to be granted (%)	Percentage to existing total share capital (%)
Zhou Yi	Chief Executive Officer, Chairman of the Executive Committee and Executive Director	72.00	1.58%	0.008%
Li Shiqian	Member of the Executive Committee	60.00	1.31%	0.007%
Sun Hanlin	Member of the Executive Committee	60.00	1.31%	0.007%
Jiang Jian	Member of the Executive Committee	60.00	1.31%	0.007%
Zhang Hui	Member of the Executive Committee, Secretary to the Board	60.00	1.31%	0.007%
Chen Tianxiang	Member of the Executive Committee	60.00	1.31%	0.007%
Jiao Xiaoning	Chief Financial Officer	50.00	1.10%	0.006%
Jiao Kai	Chief Compliance Officer, General Legal Counsel	50.00	1.10%	0.006%
Wang Chong	Chief Risk Officer	50.00	1.10%	0.006%
Other core key employees (804 persons)		4,042.00	88.56%	0.445%
Total		4,564.00	100.00%	0.503%

Note: Any discrepancies in the above table between the total shown and the sum of the breakdown figures are due to rounding.

III. OPINION OF THE INDEPENDENT DIRECTORS

In the opinion of the independent Directors:

- (I) The conditions stipulated under the Incentive Scheme for granting restricted A Shares to the Incentive Participants have been satisfied;
- (II) The Company is subject to no circumstances where the implementation of the Incentive Scheme is prohibited under the laws, regulations and normative documents including the Administrative Measures for the Share Incentives, the Document 175 and the Document 171, and therefore is qualified to implement the Incentive Scheme;
- (III) The Incentive Participants in respect of this grant have satisfied the employment requirements as stipulated under the Company Law and other laws and regulations, normative documents as well as the Articles of Association, have all met the scope and conditions for the Incentive Participants under the Administrative Measures for the Share Incentives, the Document 175, the Document 171 and other laws and regulations, normative documents as well as the Incentive Scheme, and are not subject to any circumstances where a person is prohibited to be an Incentive Participant. The Incentive Participants of the Incentive Scheme are legally and validly qualified;
- (IV) The consideration and voting procedures of this grant proposal of the Company are in accordance with the requirements of the Administrative Measures for the Share Incentives, the Document 175 and other laws, regulations and normative documents as well as the Incentive Scheme. The connected Directors abstained from voting for relevant resolutions;
- (V) The Board set out the Grant Date for the Grant of restricted A Shares of the Company on March 29, 2021. The Grant Date satisfied the requirement of the Grant Date under the Administrative Measures for the Share Incentives and other laws, regulations and normative documents as well as the Incentive Scheme;
- (VI) The Company did not provide loans for the Incentive Participants to acquire the subject shares under the Incentive Scheme and there is no other financial assistance in any form for any plan or arrangement, including the provision of loan guarantees for their loans.

In view of the above, the independent Directors agreed 45,640,000 restricted A Shares would be granted to 813 Incentive Participants on March 29, 2021 as the Grant Date of the Incentive Scheme, at the Grant Price of RMB9.10 per Share.

IV. OPINION OF THE SUPERVISORY COMMITTEE

In the opinion of the Supervisory Committee:

- (I) The adjustment to the number of the Incentive Participants granted under the Incentive Scheme by the Company, based on the authorization of the first EGM of the Company in 2021, is in compliance with the Administrative Measures for the Share Incentives and other laws, regulations and normative documents as well as the Incentive Scheme, and the adjustment procedures are legal and in compliance and there is no prejudice to the interests of the Company and Shareholders as a whole. After the adjustment, the number of the Incentive Participants granted under the Incentive Scheme will be 813 and the upper limit of the number of Restricted Shares granted under the Incentive Scheme will remain unchanged at 45,640,000 shares;
- (II) The Incentive Participants after the adjustment have satisfied the employment requirements stipulated under the Company Law and other laws and regulations, normative documents as well as the Articles of Association, have all met the scope and conditions for the Incentive Participants under the Administrative Measures for the Share Incentives, the Document 175, the Document 171 and other laws, regulations and normative documents as well as the Incentive Scheme, and are not subject to any circumstances where a person is prohibited to be an Incentive Participant. The Incentive Participants of the Incentive Scheme are legally and validly qualified;
- (III) Neither the Company nor any of the Incentive Participants is subject to the circumstances where the implementation of the Incentive Scheme or the granting of restricted A Shares is prohibited under the laws, regulations and normative documents including the Administrative Measures for the Share Incentives, the Document 175, the Document 171 as well as the Incentive Scheme, and the conditions stipulated under the Incentive Scheme for the Incentive Participants to be granted restricted A Shares have been satisfied;
- (IV) The determination of the Grant Date of the Incentive Scheme is in compliance with the relevant requirements under the Administrative Measures for the Share Incentives and other laws, regulations and normative documents as well as the Incentive Scheme. The supervisory committee has agreed with the Company to set out the Grant Date on March 29, 2021.

In view of the above, the Supervisory Committee is of the view that the adjustment made by the Company to the number of the Incentive Participants granted under the Incentive Scheme is in compliance with the laws, regulations and normative documents, and the adjustment procedures are legal and in compliance and are not prejudicial to the interests of the Company and Shareholders as a whole. The conditions for the grant under the Incentive Scheme have been satisfied. The supervisory committee has agreed with the Company to set out the Grant Date on March 29, 2021, and grant a total of 45,640,000 restricted A Shares to 813 qualified Incentive Participants at the Grant Price of RMB9.10 per Share.

V. STATEMENT ON DISPOSAL OF SHARES OF THE COMPANY BY THE DIRECTORS AND SENIOR MANAGEMENT PARTICIPATING IN THE SCHEME DURING THE SIX MONTHS PRIOR TO THE GRANT DATE

Upon verification, the Directors and senior management participating in the Incentive Scheme did not dispose of the Shares of the Company during the six months prior to the Grant Date.

VI. IMPACT OF THE GRANT OF RESTRICTED SHARES ON THE FINANCIAL POSITION OF THE COMPANY

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payment, at each balance sheet date within the Lock-up Period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

The Company takes the date of Board meeting which considers and approves the Grant (March 23, 2021) as the benchmark date and estimates the incentive cost of the restricted A Shares on the Grant Date (being March 29, 2021), the impact of Restricted Shares granted under the Incentive Scheme on the accounting costs for each period is shown in the following table:

Unit: RMB10 thousand

Number of Restricted Shares to be granted (10,000 shares)	Total expenses to be amortized	2021	2022	2023	2024	2025
4,564.00	36,877.12	10,067.34	13,265.63	8,647.91	4,124.91	771.33

What is shown above is the prediction of the cost of incentives granted under the Incentive Scheme. The actual equity incentive cost will change according to the changes in the parameters after the Grant Date. The Company will disclose the specific accounting treatment methods and their impact on the Company's financial data in periodic reports.

VII. CONCLUSION OF THE LEGAL OPINION

Beijing King & Wood Mallesons (Nanjing) Law Firm (北京市金杜(南京)律師事務所) has issued a legal opinion on the adjustment of the Incentive Scheme and the grant and concluded as follows:

As of the issue date of this legal opinion, the Company has fulfilled the necessary approval and authorization at this stage in respect of relevant matters related to this adjustment and this grant; this adjustment conforms to the relevant provisions of the Administrative Measures and the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (the “**Incentive Scheme**”); the Grant Date and the Incentive Participants in respect of this grant are in compliance with the relevant requirements under the Administrative Measures and the Incentive Scheme; the conditions for this grant have been satisfied; and the implementation of this grant by the Company is in line with the relevant provisions of the Administrative Measures and the Incentive Scheme.

DEFINITION

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

“Board”	the board of directors of the Company
“Company”	a joint stock company incorporated in the People’s Republic of China with limited liability under the corporate name 华泰证券股份有限公司(Huatai Securities Co., Ltd.), converted from our 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 registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of “華泰六八八六股份有限公司” and 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), unless the context otherwise requires, including its predecessor

By order of the Board of the Company
Zhang Hui
Joint Company Secretary

Jiangsu, the PRC, March 23, 2021