



(GDR under the symbol "HTSC")

ANNOUNCEMENT IN RELATION TO REPURCHASE AND CANCELLATION OF PART OF THE RESTRICTED A SHARES

On March 30, 2022, the Board and the Supervisory Committee of the Company resolved to repurchase and cancel part of the Restricted A Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (the **“Incentive Scheme”**).

References are made to (i) the announcements of the Company dated December 31, 2020, March 23, 2021 and April 7, 2021 respectively (the **“Announcements”**); (ii) the circular of the Company dated January 8, 2021 (the **“Circular”**); and (iii) the poll result announcement of the 2021 First Extraordinary General Meeting dated February 8, 2021, in relation to, among other things, the approval of the Incentive Scheme, relevant adjustments to the Incentive Scheme and results of the grant under 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 Announcements and the Circular.

I. REASONS FOR THE REPURCHASE

From the grant of the Restricted A Shares by the Company to February 28, 2022, a total of 22 Incentive Participants of the grant are no longer qualified as Incentive Participants due to their resignations for personal reasons and termination their employment contracts with the Company. According to the relevant provisions under Chapter 13 of the Incentive Scheme, the Restricted A Shares that have been granted to them but not yet unlocked shall be repurchased and cancelled by the Company.

II. REPURCHASE PRICE

According to the provisions under Chapter 13 “Handling of Changes in the Company’s Situation and the Conditions of Incentive Participants” of the Incentive Scheme, if the Incentive Participants resign for personal reasons and terminate their employment contracts with the Company, the Restricted Shares that have been granted to them but not yet unlocked shall not be unlocked, and shall be repurchased by the Company at the lower of the Grant Price and the stock market price at the time of repurchase (the average trading price of the underlying stock of the Company on the trading day before the repurchase matters deliberated by the Board, the **“Stock Market Price”**).

According to the resolution of the fourteenth meeting of the fifth session of the Board of the Company, the Grant Price of the Restricted A Shares granted to the aforesaid 22 Incentive Participants shall be RMB9.10 per Share. According to the provisions under Chapter 15 “Repurchase of the Restricted Shares” of the Incentive Scheme, after completion of the registration of the Restricted Shares which have been granted to the Incentive Participants, if there is any increase of share capital by conversion of capital reserves, distribution of bonus issue, stock division, rights issue, share consolidation, distribution of dividends or any other event that affects the Company’s total share capital or share price, the Company shall make corresponding adjustments to the repurchase price and the repurchase quantity of the Restricted Shares which are not yet unlocked. On August 6, 2021, the Company distributed the dividend (cash dividend) for 2020 of RMB4.00 per 10 Shares. Accordingly, the Company made adjustments to the Grant Price applicable to the repurchase as follows:

$$P = P_0 - V = 9.10 - 0.40 = \text{RMB}8.70 \text{ per Share.}$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per Share; P represents the Grant Price after the adjustment.

In conclusion, the repurchase price applicable to the repurchase shall be the lower of the Grant Price after the adjustment and the Stock Market Price, i.e. RMB8.70 per Share.

III. NUMBER OF SHARES UNDER THE REPURCHASE AND CANCELLATION

The total number of the Restricted Shares to be repurchased and cancelled is 1,060,973, representing approximately 2.33% of the registered Restricted A Shares under the Incentive Scheme and approximately 0.01% of the total share capital of the Company up to now.

IV. TOTAL AMOUNT AND SOURCE OF FUNDS FOR THE REPURCHASE

The total amount of funds used by the Company for the repurchase is RMB9,230,465.10, which is financed by its internal funds.

V. CHANGES IN THE SHARE CAPITAL STRUCTURE OF THE COMPANY AFTER THE PROPOSED REPURCHASE AND CANCELLATION

Type of Shares	Before the repurchase and cancellation		Increase/ Decrease	After the repurchase and cancellation	
	Number (shares)	Proportion (%)		Number (shares)	Proportion (%)
A Shares					
– Floating shares not subject to selling restrictions	7,312,116,320	80.56	–	7,312,116,320	80.57
– Shares subject to selling restrictions	45,488,000	0.50	-1,060,973	44,427,027	0.49
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>-1,060,973</u>	<u>9,075,589,027</u>	<u>100.00</u>

Note 1: The above share capital structure reflects the share capital of the Company as of the date of this announcement. Changes in the share structure after the repurchase and cancellation shall be subject to the share capital structure table issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon completion of the repurchase and cancellation.

Note 2: Any discrepancies in the above table between part of the total shown and the sum of the breakdown figures are due to rounding.

The repurchase and cancellation of part of the Restricted A Shares will not lead to any change in the right of control of the de facto controllers of the Company, the shareholding structure of the Company will remain in compliance with the listing conditions, and the repurchase and cancellation will not have any material impact on the operating results and financial conditions of the Company.

VI. ADJUSTMENTS TO THE REGISTERED CAPITAL OF THE COMPANY AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Following the cancellation of the aforesaid repurchased Shares, the registered capital of the Company will decrease by RMB1,060,973 and corresponding amendments shall be made to relevant provisions of the Articles of Association. After the approval at the general meeting, the management of the Company shall be authorized to complete the procedures for industrial and commercial change registration of the registered capital of the Company and amend relevant provisions of the Articles of Association accordingly.

VII. FOLLOW-UP ARRANGEMENTS FOR THE REPURCHASE AND CANCELLATION PLAN

The Board shall complete the relevant procedures for the repurchase and cancellation pursuant to the requirements of the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and perform the information disclosure obligations in a timely manner.

VIII. OPINION OF THE INDEPENDENT DIRECTORS

In the opinion of the independent Directors:

- (I) the repurchase and cancellation are in compliance with the Administrative Measures for the Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》) (the “**Administrative Measures**”) and other laws, regulations and normative documents and relevant provisions of the Incentive Scheme, will not affect the continuous implementation of the Incentive Scheme or lead to any change in the right of control of the de facto controllers of the Company; the shareholding structure of the Company will remain in compliance with the listing conditions; and they will not materially affect the operating results and financial conditions of the Company nor will they prejudice the interests of the Company and the Shareholders.
- (II) the adjustment to the repurchase price is in compliance with the Administrative Measures and other laws, regulations and normative documents and relevant provisions of the Incentive Scheme as well as the authorization by the general meeting to the Board.

(III) agree with the repurchase and cancellation of part of the Restricted Shares by the Company, and agree with submitting the resolution to the general meeting, A shareholders' class meeting and H shareholders' class meeting of the Company for consideration and approval.

IX. OPINION OF THE SUPERVISORY COMMITTEE

In the opinion of the Supervisory Committee:

As 22 Incentive Participants of the Company are no longer qualified as Incentive Participants, the Restricted Shares that have been granted to them but not yet unlocked shall be repurchased and cancelled by the Company. The aforesaid repurchase and cancellation are in compliance with the Administrative Measures and other laws, regulations, normative documents and the Articles of Association and relevant provisions of the Incentive Scheme. They will not prejudice the interests of the Company and the Shareholders. The Supervisory Committee agrees with the Company to repurchase and cancel 1,060,973 Restricted A Shares that have been granted to the aforesaid Incentive Participants but not yet unlocked at the price of RMB8.70 per Share.

X. 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 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 relation to this repurchase, which is in compliance with the Administrative Measures, the Trial Measures for the Implementation of Share Incentives by State-owned Listed Companies (Domestic) (《國有控股上市公司(境內)實施股權激勵試行辦法》) and relevant provisions of the Incentive Scheme. The reasons for, number of shares involved, price for this repurchase by the Company comply with the Administrative Measures, the Trial Measures for the Implementation of Share Incentives by State-owned Listed Companies (Domestic) and relevant provisions of the Incentive Scheme.

The repurchase and cancellation of part of the Restricted A Shares, including the adjustments to the registered capital of the Company and proposed amendments to the Articles of Association, shall be submitted to the general meeting for consideration and approval, and the Company will be required to fulfill necessary information disclosure obligations in relation to this repurchase and process relevant registration and filing procedures with the Shanghai Stock Exchange, securities registration and clearing institutions, and business administration authorities for cancellation and capital reduction in relation to this repurchase in accordance with the Company Law of the PRC, the Administrative Measures and other laws and regulations.

The Company will issue a notice and a circular, proposing to convene a general meeting to consider the relevant resolution in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board” or “Board of Directors” 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 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 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

Huatai Securities Co., Ltd.

March 30, 2022