



(GDR under the symbol "HTSC")

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

References are made to (i) the announcements of the Company dated December 31, 2020, March 23, 2021, April 7, 2021, March 30, 2022 and September 20, 2022 respectively (collectively the “**Announcements**”); (ii) the circulars of the Company dated January 8, 2021 and May 23, 2022 (collectively the “**Circulars**”); and (iii) the poll result announcement of the 2021 First Extraordinary General Meeting dated February 8, 2021 and the poll result announcement of the 2021 Annual General Meeting, 2022 First A Share Class Meeting and 2022 First H Share Class Meeting dated June 22, 2022, in relation to, among other things, the approval, the relevant adjustments to, and the grant results under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (《华泰证券股份有限公司A股限制性股票股权激励計劃》) (the “**Incentive Scheme**”) and the repurchase and cancellation of part of the Restricted A Shares implemented by the Company. 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 Circulars.

On March 30, 2023, the Board and the Supervisory Committee of the Company respectively considered and approved the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company to repurchase and cancel part of the Restricted A Shares under the Incentive Scheme.

I. REASONS FOR THE REPURCHASE

Since March 1, 2022, a total of 137 Incentive Participants granted under the Incentive Scheme have not fully satisfied their personal performance conditions, dismissed or terminated their employment relationship with the Company and among other conditions. In accordance with the relevant provisions of the Incentive Scheme, a part or all of the Restricted A Shares that have been granted to them but not yet unlocked shall be repurchased and cancelled by the Company (the “**Repurchase**”). The details are as follows:

(I) Dismissing or terminating the employment relationship with the Company by Incentive Participants

A total of 18 Incentive Participants are no longer qualified as Incentive Participants due to their dismissal or termination of the employment relationship 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. For such conditions, the total number of shares for repurchase and cancellation by the Company amounts to 727,946 shares.

(II) Not fully satisfying the individual performance conditions of Incentive Participants

According to the performance assessment for the first lock-up period of the Incentive Scheme, there are 119 Incentive Participants whose performance assessment results for 2021 do not satisfy the individual performance conditions for the full unlocking, with individual performance coefficients of 90% or 70%, and whose Restricted Shares vested in the first lock-up period have not satisfied the conditions for the full unlocking. In accordance with the provisions under Chapter 8 of the Incentive Scheme, the Restricted Shares held by them which have not been unlocked shall be repurchased and cancelled by the Company. For such conditions, the total number of shares for repurchase and cancellation by the Company amounts to 197,746.

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, in addition to dismissal or termination of employment relationship with the Company due to job transfer, normal retirement upon reaching the statutory retirement age, incapacity to work, demise and other cases, if the Incentive Participants dismiss or terminate employment relationship 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 provisions under Chapter 8 “Conditions of Grant and Unlocking of Restricted Shares” of the Incentive Scheme, if the shares that can be unlocked in the then current period are not fully unlocked due to the performance assessment at the Company level or the performance assessment at the individual level, the corresponding Restricted Shares shall not be unlocked and shall not be carried forward to the next period for the purpose of unlocking and shall be repurchased by the Company at the lower of the Grant Price and the Stock Market Price.

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.

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 137 Incentive Participants shall be RMB9.10 per Share. On August 6, 2021, the Company implemented an equity distribution for 2020 with cash dividend of RMB4.00 per 10 Shares. Upon consideration and approval at the twenty-first meeting of the fifth session of the Board and the twelfth meeting of the fifth session of the Supervisory Committee of the Company, the Grant Price applicable to the repurchase by the Company was adjusted to RMB8.70 per Share. On August 5, 2022, the Company implemented an equity distribution for 2021 with cash dividend of RMB4.50 per 10 Shares. Accordingly, the Company made adjustments to the Grant Price applicable to the Repurchase as follows:

$$P = P_0 - V = 8.70 - 0.45 = \text{RMB}8.25 \text{ per Share.}$$

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 of the Company shall be the lower of the Grant Price after the adjustment and the Stock Market Price, i.e., RMB8.25 per Share.

III. NUMBER OF SHARES UNDER THE REPURCHASE AND CANCELLATION

The total number of the Restricted Shares to be repurchased and cancelled is 925,692, representing approximately 2.08% 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 RMB7,636,959.00, 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	7,356,543,347	81.06	-925,692	7,355,617,655	81.06
– Floating shares not subject to selling restrictions	7,312,116,320	80.57	+14,222,943	7,326,339,263	80.73
– Shares subject to selling restrictions	44,427,027	0.49	-15,148,635	29,278,392	0.32
H Shares	1,719,045,680	18.94	–	1,719,045,680	18.94
Total	9,075,589,027	100.00	-925,692	9,074,663,335	100.00

Note 1: The above share capital structure represents the share capital of the Company to date. The increase or decrease also includes the change resulting from the unlocking of the first lock-up period of the Incentive Scheme. The changes in the share capital structure of the Company after the unlocking and 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.

Note 2: 925,692 shares subject to selling restrictions were repurchased and cancelled by the Company, and 14,222,943 shares subject to selling restrictions were floating shares not subject to selling restrictions upon unlocking, and shares subject to selling restrictions reduced by 15,148,635 shares in total.

Note 3: 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 they 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 RMB925,692 and corresponding amendments shall be made to relevant provisions of the Articles of Association. After the approval at the general meeting and shareholders' class 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》) 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 for the Share Incentives of Listed Companies 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, the A shareholders' class meeting and the H shareholders' class meeting of the Company for consideration and approval.

IX. OPINION OF THE SUPERVISORY COMMITTEE

In the opinion of the Supervisory Committee:

The matter of the Repurchase and cancellation of part of Restricted A Shares by the Company and the relevant deliberation procedures are in compliance with the Administrative Measures for the Share Incentives of Listed Companies 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 925,692 Restricted Shares with its internal funds at the price of RMB8.25 per Share. The resolution is subject to the consideration of the general meeting, the A shareholders' class meeting and the H shareholders' class meeting of the Company.

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 the Repurchase, which is in compliance with the Administrative Measures for the Share Incentives of Listed Companies, 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 the Repurchase comply with the Administrative Measures for the Share Incentives of Listed Companies, the Trial Measures for the Implementation of Share Incentives by State-owned Listed Companies (Domestic) and relevant provisions of the Incentive Scheme. The Repurchase shall be approved at the general meeting of the Company and process registration and other procedures for reduction of registered capital and cancellation of shares in accordance with the Company Law of the PRC and other laws and regulations. The Company will be required to fulfill necessary information disclosure obligations in relation to the Repurchase.

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, 2023