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Guotai Junan Securities Co., Ltd.

國泰君安證券股份有限公司

(A joint-stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02611)

REPURCHASE AND CANCELLATION OF PART OF THE RESTRICTED A SHARES

We refer to the (i) announcements dated 7 June 2020, 30 June 2020, 17 September 2020, 2 November 2020, 19 July 2021, 24 August 2021, 15 September 2021 and 29 September 2021, respectively; (ii) circulars of extraordinary general meeting dated 24 July 2020 and 5 November 2021; and (iii) poll results announcements dated 12 August 2020 and 25 November 2021 of Guotai Junan Securities Co., Ltd. (the “**Company**”), in relation to, among other things, the adoption of the Restricted Share Incentive Scheme of A Shares (the “**Scheme**”), the First Grant, the Reserved Grant of restricted shares under the Scheme and the repurchase and cancellation of certain Restricted A Shares in 2021. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the above announcements and the circulars.

According to the Scheme, the Company granted 79 million Restricted A Shares to 440 Incentive Participants on 17 September 2020 (the “**First Grant**”), and 9,999,990 Restricted A Shares to 58 Incentive Participants on 19 July 2021 (the “**Reserved Grant**”), respectively.

From the First Grant to 8 September 2021, a total of 11 Incentive Participants of the First Grant are no longer qualified as Incentive Participants. According to the provisions under Chapter 14 of the Scheme, the Restricted A Shares granted to such Participants not yet unlocked have been repurchased and cancelled by the Company.

From 9 September 2021 to 18 November 2022, 19 Incentive Participants (the “**Repurchase Participants**”) have terminated their labor contracts or not fully met the performance appraisals. According to the relevant rules of the Scheme, the Company proposes to repurchase and cancel all or part of the Restricted A Shares granted to such Incentive Participants (the “**Repurchase and Cancellation**”).

I. PARTICULARS OF THE REPURCHASE AND CANCELLATION

1. Reasons for the Repurchase and Cancellation

1) *Termination of the labor contracts upon mutual agreement with the Company due to changes in personal circumstances*

From 9 September 2021 to 18 November 2022, a total of 9 Incentive Participants (of which 7 participated in the First Grant and 2 participated in the Reserved Grant) terminated their labor contracts upon mutual agreement with the Company due to changes in personal circumstances. According to Chapter 14 of the Scheme, if an Incentive Participant terminates or discharges the labor contract with the Company upon mutual agreement, or the labor contract expires, the Restricted A Shares granted to such participant not yet unlocked should be repurchased by the Company at the Grant Price. In this case, the Company should repurchase and cancel a total of 1,450,140 Restricted A Shares (of which 1,155,000 shares were granted during the First Grant and 295,140 shares were granted during the Reserved Grant).

2) *Discharge of the labor contracts due to violation of the Company's regulations*

From 9 September 2021 to 18 November 2022, a total of 2 Incentive Participants (both participated in the First Grant) terminated their labor contracts due to violation of Company's regulations. According to Chapter 14 of the Scheme, if an Incentive Participant's labor contract is terminated due to violation of Company's regulations, the Restricted A Shares granted to such participant not yet unlocked should be repurchased by the Company at the lower of the Grant Price and the market price of the Company's shares at the time of the repurchase (i.e. the average trading price of the shares of the Company during the trading day prior to the Board's consideration of the repurchase). In this case, the Company should repurchase and cancel a total of 440,000 Restricted A Shares (which were granted during the First Grant).

3) *Incentive Participants being recognized as inappropriate candidates by CSRC*

From 9 September 2021 to 18 November 2022, 1 Incentive Participant (who participated in the Reserved Grant) has been recognized to be an inappropriate candidate for 3 months as an administrative measure taken by the CSRC. According to Chapter 14 of the Scheme, if an Incentive Participant is recognized as an inappropriate candidate by the CSRC or its local offices, the Restricted A Shares granted to such participant not yet unlocked should be repurchased by the Company at the lower of the Grant Price and the market price of the Company's shares at the time of the repurchase (i.e. the average trading price of the shares of the Company during the trading day prior to the Board's consideration of the repurchase). In this case, the Company should repurchase and cancel a total of 147,570 Restricted A Shares (which were granted during the Reserved Grant).

4) *Discharge or termination of labor relationships with the Company due to retirement*

From 9 September 2021 to 18 November 2022, 1 Incentive Participant (who participated in the First Grant) terminated his labor relationship with the Company due to retirement. According to Chapter 14 of the Scheme, if an Incentive Participant discharges or terminates his labor relationship with the Company due to retirement, the Company should calculate the initially granted interests based on the participant's term of service during the first Lock-up Period, and the Restricted A Shares held by such participant should be unlocked when the Incentive Participant fulfils the conditions for unlocking. As for the Restricted A Shares held by the Incentive Participant who has not fulfilled the conditions for unlocking, such shares should be repurchased by the Company at the Grant Price. The Company should calculate the number of shares to be granted to such Incentive Participant who retired accordingly and in this case, the Company should repurchase and cancel a total of 61,000 Restricted A Shares (which were granted during the First Grant).

5) *Discharge or termination of the labor relationships with the Company due to change in position (for non-personal reasons)*

From 9 September 2021 to 18 November 2022, 1 Incentive Participant (who participated in the First Grant) discharged his labor relationship with the Company due to change in position (for non-personal reasons). The individual performance appraisal indicators of the Incentive Participant was categorized as superior which met the requirements of individual performance appraisal. According to Chapter 14 of the Scheme, if an Incentive Participant discharges or terminates his labor relationship with the Company due to change in position (for non-personal reasons) and meets the requirements of individual performance appraisal indicators during his service, the shares to be granted to the Incentive Participant should be adjusted based on his actual term of service, and the Restricted A Shares held by him should be unlocked when he has fulfilled the conditions for unlocking. As for the Restricted A Shares held by the Incentive Participant who has not fulfilled the conditions for unlocking, such shares should be repurchased by the Company at the Grant Price. The Company should calculate the number of shares to be granted to such Incentive Participant who changed his position accordingly and in this case, the Company should repurchase and cancel a total of 32,000 shares (which were granted during the First Grant).

6) *Incentive Participants who fail the performance appraisal*

According to the Company's 2021 annual performance appraisal, the individual performance appraisal indicators of a total of 5 Incentive Participants (who participated in the First Grant) have been categorized as "Pass" with their personal performance coefficients counted as 90%. As for the Restricted A Shares held by them for the first Lock-up Period, since they did not meet the requirements for unlocking in full, the percentage for shares unlocked in such period should be adjusted to 90%. According to Chapters 9 and 10 of the Scheme, the Restricted A Shares held by the Incentive Participant who has not met the requirements for unlocking should be repurchased and cancelled by the Company at the Grant Price. In this case, the Company should repurchase and cancel a total of 26,037 Restricted A Shares (which were granted during the First Grant).

2. Repurchase Price

1) *Part of the First Grant*

The Grant Price of the Restricted A Shares granted to the Repurchase Participants during the First Grant is RMB7.64 per share. According to Chapter 11 of the Scheme, in the event of dividend distribution after completion of registration of the Restricted A Shares granted to the Incentive Participants, the Company should make corresponding adjustments to the applicable Grant Price accordingly when calculating the repurchase price of the Restricted A Shares not yet unlocked. After the completion of the share registration of the Restricted A Shares granted during the First Grant, the Company distributed interests for 2020 and 2021 on 20 August 2021 and 15 July 2022, respectively, with a cash dividend of RMB5.6 and RMB6.8 for every 10 shares. Thus, the Company proposes to make corresponding adjustments to the applicable Grant Price for the calculation of the repurchase price of the Restricted A Shares granted during the First Grant as follows:

$P = P_0 - V = 7.64 - 0.56 - 0.68 = \text{RMB}6.40$ 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.

The repurchase price of the Restricted A Shares granted during the First Grant which are proposed to be repurchased under items 1), 4), 5) and 6) of paragraph 1 of part I in this announcement is RMB6.40 per share.

The repurchase price of the Restricted A Shares granted during the First Grant which are proposed to be repurchased under item 2) of paragraph 1 of part I in this announcement is the lower of RMB6.40 per share and the market price of the Company's shares at the time of the repurchase, RMB13.59 per share (i.e. the average trading price of the shares of the Company during the trading day prior to the Board's consideration of the repurchase).

2) *Part of the Reserved Grant*

The Grant Price of the Restricted A Shares granted to the Repurchase Participants during the Reserved Grant is RMB7.95 per share. According to Chapter 11 of the Scheme, in the event of dividend distribution after completion of the share registration of the Restricted A Shares granted to the Incentive Participants, the Company should make corresponding adjustments to the applicable Grant Price accordingly when calculating the repurchase price of the Restricted A Shares not yet unlocked. After the completion of the share registration of the Restricted A Shares granted during the Reserved Grant, the Company distributed interests for 2021 on 15 July 2022, with a cash dividend of RMB6.8 for every 10 shares. Thus, the Company proposes to make corresponding adjustments to the applicable Grant Price for the calculation of the repurchase price of the Restricted A Shares granted during the Reserved Grant as follows:

$P = P_0 - V = 7.95 - 0.68 = \text{RMB}7.27$ 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.

The repurchase price of the Reserved Grant of Restricted A Shares which are proposed to be repurchased under item 1) of paragraph 1 of part I in this announcement is RMB7.27 per share.

The repurchase price of the Restricted A Shares granted during the Reserved Grant which are proposed to be repurchased under item 3) of paragraph 1 of Part I in this announcement is the lower of RMB7.27 per share and the market price of the Company's shares at the time of the repurchase, RMB13.59 per share (i.e. the average trading price of the underlying shares of the Company during the trading day prior to the Board's consideration of the repurchase).

3. Number of A Shares under the Repurchase and Cancellation

The Company proposes to repurchase and cancel an aggregate of 2,156,747 Restricted A Shares (including 1,714,037 shares for the First Grant and 442,710 shares for the Reserved Grant), representing approximately 2.47% of the Restricted A Shares registered under the Scheme and approximately 0.02% of the total share capital of the Company up to now.

4. Total Amount and Source of Funds for the Repurchase

A total amount of RMB14,188,338.50 will be used to effect the Repurchase and Cancellation, which will be sourced from internal funds of the Company.

II. SHARE CAPITAL AFTER COMPLETION OF THE REPURCHASE AND CANCELLATION

The share capital of the Company before and after the Repurchase and Cancellation (if implemented) will be as follows¹:

Class of shares	Before the Repurchase		Increase/ decrease	After the Repurchase	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
A Shares ^{Note 1}	7,514,844,894	84.37	-2,156,747	7,512,688,147	84.37
– Shares not subject to selling restrictions	7,427,622,904	83.39	+24,900,183	7,452,523,087	83.69
– Shares subject to selling restrictions	87,221,990	0.98	-27,056,930 ^{Note 2}	60,165,060	0.68
H Shares	1,391,827,180	15.63	–	1,391,827,180	15.63
Total	8,906,672,074	100.00	-2,156,747	8,904,515,327	100.00

Note:

Note 1: The above capital structure before the Repurchase and Cancellation reflects the share capital of the Company as of 31 October 2022. From 1 November 2022 to the disclosure date of this announcement, the capital structure of the Company may change as a result of the conversion of A Share convertible bonds; The increase or decrease also includes the change caused by the lifting of the restriction on sales in the first restricted period of the restricted shares during the First Grant; Changes in the share structure following the lifting of restrictions on sales and the Repurchase and Cancellation is subject to the share capital chart to be issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Note 2: 2,156,747 shares subject to selling restrictions were repurchased and cancelled by the Company, and 24,900,183 shares subject to selling restrictions were unlocked as shares not subject to selling restrictions, resulting in a total decrease of 27,056,930 shares subject to selling restrictions.

The Repurchase and Cancellation will not result in any change in the controlling shareholder of the Company. The Company's shareholding structure will remain in compliance with relevant requirements under the listing rules of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited. The Repurchase and Cancellation will not have any material impact on the operating results and financial conditions of the Company.

III. OPINION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are of the view that (1) the Repurchase and Cancellation complies with the Administrative Measures and other relevant laws, regulations and regulatory documents as well as the relevant rules of the Scheme, and will not affect the continuous implementation of the Scheme or lead to any changes in the controlling shareholders of the Company, and the Company's shareholding structure will remain in compliance with the listing conditions. It will not affect the operating results and financial conditions of the Company nor will it harm the interests of the Company or the shareholders; (2) the adjustment of the repurchase price complies with the Administrative Measures and other relevant laws, regulations and regulatory documents as well as the relevant rules of the Scheme and the authorization by the shareholders' general meeting to the Board; and (3) the independent non-executive Directors agree to the Repurchase and Cancellation and agree to submit the proposal to the shareholders' general meeting, A Share class meeting and H Share class meeting for consideration and approval.

IV. OPINION OF THE SUPERVISORY COMMITTEE

The Repurchase and Cancellation of Restricted A Shares and relevant review procedures of the Company were in compliance with relevant rules of Measures for the Administration of Share Incentive Plans of Listed Companies, the Articles of Association of the Company, the Scheme, and there were no circumstances prejudicial to the interests of the Company and its shareholders. The Supervisory Committee agreed that the Company should repurchase and cancel a total of 2,156,747 Restricted A Shares with its own funds, including 1,714,037 shares granted during the First Grant and 442,710 shares granted during the Reserved Grant. The repurchase price per share is RMB6.40 and RMB7.27, respectively. The resolution shall be submitted to the shareholders' general meeting, A Share class meeting and H Share class meeting of the Company.

V. THE CONCLUSION OF THE LEGAL OPINION

Haiwen & Partners, the legal advisor of the Company issued the legal opinion. Their conclusion is that the Company has obtained the required approval and authorization in relation to the Repurchase and Cancellation and it complies with the Administrative Measures and relevant rules of the Scheme; the Repurchase and Cancellation is subject to relevant follow-up procedures, including but not limited to the appropriate approval by the shareholders' general meeting of the Company; and the reasons for the Repurchase and Cancellation, the repurchase quantity and the repurchase price of the Restricted A Shares comply with the Scheme and relevant rules of Administrative Measures.

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

Following the completion of the Repurchase and Cancellation, the registered share capital of the Company is expected to decrease by RMB2,156,747 and corresponding amendments will also be made to the Articles of Association of the Company in relation to the registered share capital.

VII. EXTRAORDINARY GENERAL MEETING

The resolution in relation to the Repurchase and Cancellation, including the proposed adjustment to the registered capital and proposed amendments to the Articles of Association, shall be submitted to the shareholders' general meeting, A Share class meeting and H Share class meeting of the Company for consideration and approval. A circular for the shareholders' general meeting containing, among other things, the information of the Repurchase and Cancellation, will be dispatched to the shareholders in due course.

By order of the Board
Guotai Junan Securities Co., Ltd.
He Qing
Chairman

Shanghai, the PRC
29 November 2022

As at the date of this announcement, the executive directors of the Company are Mr. HE Qing, Mr. WANG Song and Mr. YU Jian; the non-executive directors of the Company are Mr. LIU Xinyi, Ms. GUAN Wei, Mr. ZHONG Maojun, Mr. CHEN Hua, Mr. WANG Wenjie, Mr. ZHANG Zhan and Mr. AN Hongjun; and the independent non-executive directors of the Company are Mr. XIA Dawei, Mr. DING Wei, Mr. LI Renjie, Mr. BAI Wei, Mr. LEE Conway Kong Wai and Mr. CHAI Hongfeng.