

Stock Code: **603799** Stock Name: Huayou Cobalt Announcement No.: **2025-008**
Convertible Bond Code: **113641** Convertible Bond Name: Huayou Convertible Bond

Zhejiang Huayou Cobalt Co., Ltd.

Announcement on Repurchase and Cancellation of Incentive Restricted Shares

The Board of Directors and all directors of the Company warrant that there is no false representation, misleading statement or material omissions herein, and will assume legal liabilities with respect to the truthfulness, accuracy and completeness hereof.

Important Notice:

● Reasons for repurchase and cancellation: Upon approval at the 23rd meeting of the sixth Board of Directors and the 14th meeting of the sixth Board of Supervisors of Zhejiang Huayou Cobalt Co., Ltd. (the “Company” or “Huayou Cobalt”), in view of the fact that 30 participants involved in the first grant under the 2023 Restricted Share Incentive Plan (the “Incentive Plan” or “2023 Incentive Plan”) left the Company due to position transfer beyond their control or the Company’s proposal to terminate the labor relationship with employees through negotiation, 3 participants left the Company due to retirement, and 3 participants died, the Board of Directors of the Company intended to repurchase and cancel 267,200 restricted shares held by such participants which have been granted but of which the restriction on sales has not been lifted, at the repurchase price of RMB 24.38 per share plus interest calculated by the benchmark deposit rate published by the People’s Bank of China for the same period; in view of the fact that 3 participants involved in the first grant under the Incentive Plan were dismissed due to incompetence, 148 participants left the Company voluntarily for personal reasons, or did not renew their contracts upon their expiration, and 2 participants were fired by the Company for personal fault, the Board of Directors of the Company intended to repurchase and cancel 872,600 restricted shares held by such participants which have been granted but of which the restriction on sales has not been lifted, at the repurchase price of RMB 24.38 per share. In addition, since the Company’s performance evaluation

was not up to standard during the first period of lifting the restriction involved in the first grant under the Incentive Plan, 3,894,040 restricted shares held by the relevant participants which have been granted but of which the restriction on sales has not been lifted are to be repurchased and cancelled, at the repurchase price of RMB 24.38 per share plus interest calculated by the benchmark deposit rate published by the People's Bank of China for the same period.

To sum up, 1,440 participants are involved in the repurchase and cancellation, and the Company intends to repurchase and cancel 5,033,840 restricted shares held by them which have been granted but of which the restriction on sales has not been lifted.

- The relevant information about the cancellation of shares is as follows:

Number of shares to be repurchased (share)	Number of shares to be cancelled (share)	Date of cancellation
5,033,840	5,033,840	January 23, 2025

I. Approval procedures and information disclosure implemented under the restricted share incentive plans

1. On July 25, 2023, the Company held the 7th meeting of the sixth Board of Directors, at which the *Resolution on the “2023 Restricted Share Incentive Plan (Draft)” of the Company and Summary*, the *Resolution on the “Measures for the Assessment and Administration of the Implementation of 2023 Restricted Share Incentive Plan” of the Company*, and the *Resolution on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Related to the 2023 Restricted Share Incentive Plan* were approved, and the independent directors expressed independent opinions on matters relating to the share incentive plan.

2. On July 25, 2023, the Company held the 4th meeting of the sixth Board of Supervisors, at which the *Resolution on the “2023 Restricted Share Incentive Plan (Draft)” of the Company and Summary*, the *Resolution on the “Measures for the Assessment and Administration of the Implementation of 2023 Restricted Share Incentive Plan” of the Company*, and the *Resolution on Verifying the “List of Participants Involved in the First Grant under the 2023 Restricted Share Incentive Plan” of the Company* were approved.

3. From July 26, 2023 to August 7, 2023, the Company publicized the names and positions of the participants involved in the first grant on the Company's website. During the publicity period, the Company's Board of Supervisors did not receive any objections. On August 9, 2023, the Company disclosed the *Publicity Statement and Verification Opinions of the Board of Supervisors of Zhejiang Huayou Cobalt Co., Ltd. On the List of Participants of the 2023 Restricted Share Incentive Plan of the Company* (Announcement No.: 2023-112).

4. On August 15, 2023, the Company held the second extraordinary general meeting in 2023, at which the *Resolution on the "2023 Restricted Share Incentive Plan (Draft)" of the Company and Summary*, the *Resolution on the "Measures for the Assessment and Administration of the Implementation of 2023 Restricted Share Incentive Plan" of the Company*, and the *Resolution on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Related to the 2023 Restricted Share Incentive Plan* were approved, and the *Self-inspection Report of Zhejiang Huayou Cobalt Co., Ltd. on the Trading of the Company's Shares by Insiders of the 2023 Restricted Share Incentive Plan of the Company* (Announcement No.: 2023-114) was disclosed.

5. On August 29, 2023, the Company held the 9th meeting of the sixth Board of Directors and the 6th meeting of the sixth Board of Supervisors, at which the *Resolution on the Adjustment of Matters Related to the First Grant under the 2023 Restricted Share Incentive Plan* and the *Resolution on the First Grant of Restricted Shares to Participants* were approved. The Board of Directors of the Company believed that the conditions for the first grant of restricted shares under the Incentive Plan have been fulfilled and agreed to determine August 29, 2023 as the first grant date to grant 13,682,000 restricted shares to 1,856 participants. The Board of Supervisors of the Company verified the adjusted list of participants involved in the first grant and expressed an opinion of agreement. The independent directors of the Company expressed an independent opinion of agreement for this.

6. On January 9, 2024, the Company held the 14th meeting of the sixth Board of Directors and the 9th meeting of the sixth Board of Supervisors, at which the *Resolution on the Repurchase and Cancellation of Some Restricted Shares* was approved. The Board of Supervisors of the Company issued the verification opinions for this.

7. On August 20, 2024, the Company disclosed the *Announcement on the Invalidity*

of the Reserved Rights under the 2023 Restricted Share Incentive Plan (Announcement No.: 2024-077). The Company's 3,940,000 restricted shares reserved under the 2023 Restricted Share Incentive Plan have not been clearly granted to the participants more than 12 months after the incentive plan was approved at the second extraordinary general meeting in 2023, so the reserved rights have become invalid.

8. On October 18, 2024, the Company held the 23rd meeting of the sixth Board of Directors and the 14th meeting of the sixth Board of Supervisors, at which the *Resolution on the Adjustment of the Repurchase Price of the Restricted Shares Involved in the First Grant under the 2023 Restricted Share Incentive Plan* and the *Resolution on the Proposed Repurchase and Cancellation of the Restricted Shares Involved in the First Grant under the 2023 Restricted Share Incentive Plan* were approved. The Board of Supervisors of the Company issued the verification opinions for this.

9. The Company published an announcement notifying creditors of the repurchase and cancellation on the website of Shanghai Stock Exchange (<http://www.sse.com.cn/>) on November 8, 2024, notifying creditors of claiming their creditor's rights to the Company within 45 days from the date of the announcement and of the right to ask the Company to pay off debts or provide guarantees (for details, see the Company's Announcement No. 2024-103). The Company has not received any claims of creditor's rights from the creditors at the expiration of the period for claiming of creditor's rights announced above.

II. Repurchase and Cancellation of the Restricted Shares

(I) Reasons and basis for repurchase and cancellation of the restricted shares

In accordance with the *Measures for the Administration of Equity Incentives of Listed Companies* and other relevant laws and regulations, and the *2023 Incentive Plan (Draft)*, in view of the fact that the restricted shares of the participants involved in the first grant should be repurchased in whole or in part under the Incentive Plans of the Company for some reasons, and the Company's performance evaluation was not up to standard during the first period of lifting the restriction, the Company repurchased and canceled a total of 5,033,840 restricted shares held by 1,440 participants involved above which have been granted but of which the restriction on sales has not been lifted.

(II) Relevant personnel and number involved in the repurchase and cancellation

In view of the fact that 30 participants involved in the first grant left the Company due to position transfer beyond their control or the Company's proposal to terminate the labor relationship with employees through negotiation, 3 participants left the Company due to retirement, and 3 participants died, a total of 267,200 restricted shares held by such participants should be repurchased and cancelled; in view of the fact that 3 participants were dismissed due to incompetence, 148 participants left the Company voluntarily for personal reasons, or did not renew their contracts upon their expiration, and 2 participants were fired by the Company for personal fault, 872,600 restricted shares held by such participants should be repurchased and cancelled; in addition, since the Company's performance evaluation was not up to standard during the first period of lifting the restriction, 3,894,040 restricted shares should be repurchased and cancelled. Therefore, a total of 1,440 participants involved in the first grant are involved in the repurchase and cancellation, and a total of 5,033,840 restricted shares are to be repurchased and cancelled.

Upon completion of the repurchase and cancellation, the total number of remaining restricted shares under the 2023 Incentive Plan of which the restriction on sales is not lifted should be 5,841,060.

(III) Arrangements for repurchase and cancellation

The Company has opened a special securities account for repurchase in Shanghai Branch of China Securities Depository and Clearing Corporation Limited, and has also applied to Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the repurchase and cancellation of 5,033,840 restricted shares. The restricted shares are expected to be cancelled on January 23, 2025.

III. Changes in Share Structure of the Company after the Repurchase and Cancellation of Restricted Shares

After the repurchase and cancellation of restricted shares, the changes in share capital structure of the Company are as follows:

Unit: Share			
Class	Before change	Change	After change
Outstanding shares with restriction on sales	10,877,900	-5,033,840	5,844,060
Outstanding shares without restriction on	1,686,337,028	0	1,686,337,028

sales			
Total shares	1,697,214,928	-5,033,840	1,692,181,088

Note: The share capital data before change as shown above is the data as of January 19, 2025. Since the convertible corporate bonds publicly issued by the Company are currently in the conversion period, the above changes in the share capital structure shall be subject to the share capital structure table issued by Shanghai Branch of China Securities Depository and Clearing Corporation Limited after the completion of the repurchase and cancellation.

IV. Changes in shareholding of the actual controller of the Company and its concerted action person prior to and after the Repurchase and Cancellation of Restricted Shares

After the repurchase and cancellation of restricted shares, the total share capital of the company decreases from 1,697,214,928 shares to 1,692,181,088 shares. The changes in shareholding of the actual controller of the Company and its concerted action person prior to and after the Repurchase and Cancellation of Restricted Shares are as follows:

Shareholder	Number of shares held before change (share)	Shareholding ratio before change (%)	Number of shares held after change (share)	Shareholding ratio after change (%)
Chen Xuehua	82,504,946	4.86%	82,504,946	4.88%
Huayou Holdings	287,815,482	16.96%	287,815,482	17.01%
total	370,320,428	21.825	370,320,428	21.88%

V. Representations and Undertakings

The Board of Directors of the Company represents that the decision-making procedures and information disclosure involved in the repurchase and cancellation of restricted shares are in line with laws and regulations, the *Measures for the Administration of Equity Incentives of Listed Companies*, and the arrangements under the share incentive plans and the agreement on the grant of restricted shares of the Company, and there is no harm to the legitimate rights and interests of the participants and the interests of creditors.

The Company undertakes that it has verified and warranted the truthfulness, accuracy and completeness of the object, number of shares and cancellation date of the restricted shares to be repurchased and cancelled, and has fully informed the relevant participants of the repurchase and cancellation, and the relevant participants have not expressed objections to the repurchase and cancellation. If there is any dispute with relevant participant arising from the repurchase and cancellation, the Company will

assume the relevant legal liability arising therefrom.

VI. Concluding Legal Opinions

Lawyers of Grandall Law Firm (Hangzhou) believe that Huayou Cobalt has obtained the necessary authorization and approval at the present stage for the repurchase and cancellation, which are in line with the Measures and other laws, administrative regulations, normative documents, and relevant provisions of the Incentive Plan, and the reasons for repurchase and the cancellation, number, price and source of funds of the Company are in line with the Measures and other laws, administrative regulations, normative documents, and the relevant provisions of the Incentive Plan.

It is hereby announced the above.

Board of Directors of Zhejiang Huayou Cobalt Co., Ltd.

January 21, 2025