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**中信证券股份有限公司**  
**CITIC Securities Company Limited**

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

**(Stock Code: 6030)**

## **ANNOUNCEMENT ON ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT ON THE ACQUISITION OF ASSETS BY ISSUANCE OF SHARES**

References are made to the announcements of CITIC Securities Company Limited (the “**Company**”) dated 9 January 2019, 4 March 2019, 27 May 2019, 27 December 2019 and 14 January 2020 and the circular of the Company dated 18 March 2019 (the “**Circular**”), in relation to the transaction regarding the acquisition of 100% equity interest in Guangzhou Securities by issuance of shares of the Company (the “**Transaction**”). Unless the context requires otherwise, all capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As set out in the abovementioned announcement of the Company dated 14 January 2020, the procedures for the transfer of the Target Assets under the Acquisition of Assets by Issuance of Shares and the registration of the changes with relevant industrial and commercial administration authority had been completed in January 2020. The 100% equity interest in Guangzhou Securities had been registered under the name of the Company and CITIC Securities Investment, a wholly-owned subsidiary of the Company. The name of Guangzhou Securities had been changed to CITIC Securities South China Company Limited ( 中信証券華南股份有限公司 ) (“**CITIC Securities South China**”).

As at the date of this announcement, the issuance of the Consideration Shares by the Company to Yuexiu Financial Holdings and Financial Holdings Limited under the Transaction has not been completed.

### **I. Supplemental Agreement on the Acquisition of Assets by Issuance of Shares**

The Board hereby announces that, on 6 March 2020, the Company, CITIC Securities Investment, Yuexiu Financial Holdings, Financial Holdings Limited and CITIC Securities South China entered into the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares (the “**Supplemental Agreement**”) as a supplemental agreement to the Asset Acquisition Agreement and its appendix, the Asset Security Agreement, which were entered into on 4 March 2019 among all the aforesaid parties and among the Company, Yuexiu Financial Holdings and the Target Company, respectively. The Supplemental Agreement sets

out supplementary provisions in respect of relevant matters after completion of the transfer of the Target Assets under the Transaction, including the scope and amount of security to be provided by Yuexiu Financial Holdings or Financial Holdings Limited and specific treatment and security mechanism in relation to the assets of the Target Company, as well as the liabilities for breach. The Supplemental Agreement does not make any change to the parties, the Target Assets, the consideration, the payment arrangements, the transfer of the Target Assets and profit or loss during the transitional period, the Closing Impairment Test and relevant compensation arrangements or the share issuance plan of the Company under the Transaction, and does not constitute a material adjustment to the proposal of the Transaction.

The main contents of the Supplemental Agreement include amendments and supplements to relevant provisions regarding the impairment compensation for balance-sheet assets after the Impairment Test Benchmark Date under the Asset Security Agreement, amendments and supplements to the provisions regarding risk management and control of the off balance-sheet business after the Closing Date under the Asset Security Agreement, amendments to the provisions regarding the liabilities for breach under the Asset Acquisition Agreement, and the supplementary provisions regarding the burdens of taxes and fees in connection with the Transaction as well as relevant expenditures or losses incurred by the Target Company after completion of the transfer of the Target Assets under the Transaction, etc.

Please also refer to the *Announcement on Entering into of the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares in relation to the Acquisition of Assets by Issuance of Shares and Progress of the Related Party Transaction* published by the Company on the website of the Shanghai Stock Exchange on the same date for further details of the main contents of the abovementioned Supplemental Agreement.

## **II. Compensation based on the Closing Impairment Test**

As disclosed in the Circular, according to the Asset Security Agreement, upon completion of the transfer of the Target Assets, the Company shall engage an accounting firm to conduct the Closing Impairment Test on the Target Company to determine the net assets value of the Target Company as at the Impairment Test Benchmark Date and issue the Closing Impairment Test Report in this respect. If the net assets of the Target Company as set out in the Closing Impairment Test Report is lower than the Reference Value by no more than RMB100 million (including RMB100 million), such difference shall be borne by the Company and CITIC Securities Investment, and Yuexiu Financial Holdings has no obligation to compensate for such difference. However, if the net assets of the Target Company as set out in the Closing Impairment Test Report is lower than the Reference Value by more than RMB100 million, Yuexiu Financial Holdings shall compensate the full amount of such difference after deducting RMB100 million to the Target Company in cash, by provision of guarantee or any other forms as agreed by the Company within 30 working days from the date of issuing the Closing Impairment Test Report or within the date next to the Issuance Completion Date (whichever is later).

According to the provisions of the Asset Acquisition Agreement, the Asset Security Agreement and the Supplemental Agreement, as well as the Closing Impairment Test Report (as at 30 January 2020, the Target Company's net assets attributable to the parent company was RMB10.155 billion) issued by PricewaterhouseCoopers Zhong Tian LLP, who was engaged by the Company to conduct Closing Impairment Test on CITIC Securities South China using the Impairment Test Benchmark Date as the benchmark date and after taking into account the relevant enterprise income tax, as approved by the board of directors of each of Yuexiu Financial Holdings and the Company, Yuexiu Financial Holdings or Financial Holdings Limited shall pay approximately RMB1,394 million in cash to CITIC Securities South China as compensation based on the Closing Impairment Test under the Transaction (the "**Cash Compensation**"). Upon obtaining the approval by the general meeting of Yuexiu Financial Holdings, the Cash Compensation will be paid in a lump sum by Yuexiu Financial Holdings or Financial Holdings Limited to CITIC Securities South China within the abovementioned time schedule as agreed in the Asset Security Agreement. The Cash Compensation, after deducting relevant taxes and fees, will increase the capital reserve of CITIC Securities South China and increase the scale of its owner's equity, and will not affect the operating results and profit of the Company and CITIC Securities South China.

By order of the Board  
**CITIC Securities Company Limited**  
**ZHANG Youjun**  
*Chairman*

Beijing, the PRC  
6 March 2020

*As at the date of this announcement, the executive directors of the Company are Mr. ZHANG Youjun and Mr. YANG Minghui; and the independent non-executive directors are Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui.*