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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)

CONNECTED TRANSACTION
SUBSCRIPTION OF THE NEWLY INCREASED REGISTERED
CAPITAL OF CIIC SHANGHAI

The Board hereby announces that, on 17 December 2021, CITIC Securities Investment, a wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with CIIC Group and CIIC Shanghai, pursuant to which all parties agree that CITIC Securities Investment would subscribe for RMB18,496,420 newly increased registered capital of CIIC Shanghai at a cash consideration of RMB155,000,000. On the same date, CITIC Press, a non-wholly owned subsidiary of CITIC Corporation Limited (the largest Shareholder of the Company), also entered into relevant capital increase agreement with CIIC Group and CIIC Shanghai to subscribe for RMB11,336,516 newly increased registered capital of CIIC Shanghai at a cash consideration of RMB95,000,000. The rest part of the newly increased registered capital of CIIC Shanghai under the Capital Increase, being RMB89,832,936, will be subscribed by other investors separately. Upon completion of the Capital Increase, CITIC Securities Investment and CITIC Press will contribute as to approximately 1.40% and 0.86% of the enlarged registered capital of CIIC Shanghai, respectively.

CITIC Corporation Limited, holding 15.47% equity interests in the Company as at the date of this announcement, is the largest Shareholder and a connected person of the Company. CITIC Corporation Limited holds 62.70% equity interests in CITIC Press as at the date of this announcement. CITIC Press is an associate of CITIC Corporation Limited and therefore also a connected person of the Company as defined under the Hong Kong Listing Rules. As CITIC Press and CITIC Securities Investment both participated in the Capital Increase, the Company has deemed the relevant transaction under the Capital Increase Agreement as connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. To the best of the Company's knowledge and after making all reasonable enquiries, as at the date of this announcement, CIIC Group, CIIC Shanghai and other investors participating in the Capital Increase are all independent third parties of the Company.

For the purpose of calculation of the size of transactions in accordance with relevant requirements of the Hong Kong Listing Rules, the Company has aggregated the above-mentioned connected transaction and the connected transaction in relation to CITIC Securities Investment's entering into the Promoters Agreement with CITIC Wealth Management Corporation Limited (信銀理財有限責任公司) and other promoters as disclosed in the announcement of the Company dated 23 July 2021. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) calculated after aggregation exceeds 0.1% but is less than 5%, the transaction under the Capital Increase Agreement is only subject to the reporting and announcement requirements, and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

I. BACKGROUND

The Board hereby announces that, on 17 December 2021, CITIC Securities Investment, a wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with CIIC Group and CIIC Shanghai, pursuant to which all parties agree that CITIC Securities Investment would subscribe for RMB18,496,420 newly increased registered capital of CIIC Shanghai at a cash consideration of RMB155,000,000. On the same date, CITIC Press, a non-wholly owned subsidiary of CITIC Corporation Limited (the largest Shareholder of the Company), also entered into relevant capital increase agreement with CIIC Group and CIIC Shanghai to subscribe for RMB11,336,516 newly increased registered capital of CIIC Shanghai at a cash consideration of RMB95,000,000. The rest part of the newly increased registered capital of CIIC Shanghai under the Capital Increase, being RMB89,832,936, will be subscribed by other investors separately. Upon completion of the Capital Increase, CITIC Securities Investment and CITIC Press will contribute as to approximately 1.40% and 0.86% of the enlarged registered capital of CIIC Shanghai, respectively.

II. CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are as follows:

Date: 17 December 2021

Parties:

- CITIC Securities Investment;
- CIIC Group; and
- CIIC Shanghai

Effective Date: The Capital Increase Agreement shall become effective from the date of being signed by the legal representative or authorized representative of each party and being chopped with the official chops of each party.

**Subscription Amount and
Subscription Price:**

CIIC Shanghai proposes to increase its registered capital from RMB1,200,000,000 to RMB1,319,665,872 under the Capital Increase, with an increase in the registered capital of RMB119,665,872.

Pursuant to the Capital Increase Agreement, CITIC Securities Investment will subscribe for RMB18,496,420 of the newly increased registered capital at a cash consideration of RMB155,000,000, representing 1.40% of the enlarged registered capital of CIIC Shanghai upon completion of the Capital Increase.

The subscription price is determined based on the valuation results of the asset appraisal agency and after public tender and selection of investors. According to the asset valuation report issued by Beijing Guorong Xinghua Assets Appraisal Co, Ltd. on 18 October 2021 with a valuation benchmark date of 31 July 2021, the appraised value based on income method of the total shareholders' equity interests of CIIC Shanghai is RMB10,055,600,000.

Payment Arrangements:

CITIC Securities Investment shall credit the gross subscription price agreed in the Capital Increase Agreement (after deducting the security deposit which has been paid to the Shanghai United Assets and Equity Exchange, being RMB60,000,000) in one lump sum into the bank account designated by CIIC Shanghai within 10 business days from the date of signing of the Capital Increase Agreement, failure of which shall induce a default penalty of 0.06% of the overdue amount on a daily basis being paid to CIIC Shanghai; in the case of overdue payment of over 3 days, CIIC Shanghai shall have the right to unilaterally terminate the Capital Increase Agreement and to hold CITIC Securities Investment liable for breach of contract, including but not limited to forfeiting the security deposit paid by CITIC Securities Investment to Shanghai United Assets and Equity Exchange.

Closing:

CIIC Shanghai shall convene a shareholders' general meeting within 5 business days from the date on which the proceeds of capital increase are fully paid by all the investors participating in the Capital Increase, and the board of directors of CIIC Shanghai will apply for change of the industrial and commercial registration within 5 days after the relevant resolution is made. If, due to reasons other than force majeure, CIIC Shanghai fails to complete the change of registration within 30 business days from the date on which the investment funds are fully paid by CITIC Securities Investment as agreed, CITIC Securities Investment (if the investment funds are fully paid by it as agreed) is entitled to partially terminate the Capital Increase Agreement. Once the Agreement is terminated, CIIC Shanghai shall return all the funds (including the security deposit) paid by CITIC Securities Investment without interest.

From the date of completion of the industrial and commercial registration of shareholder changes by CIIC Shanghai (the "**Industrial and Commercial Registration Date**"), CITIC Securities Investment shall be deemed as a shareholder of CIIC Shanghai and be entitled to the rights and obligations of shareholders. CIIC Shanghai shall record the total amount and proportion of the registered capital held by CITIC Securities Investment in its share register, and issue the share register and capital contribution certificate signed by its legal representative under the seal of CIIC Shanghai to CITIC Securities Investment prior to the next day of the Industrial and Commercial Registration Date.

Creditor's Rights and Debts of CIIC Shanghai:

Debts of CIIC Shanghai before the execution of the Capital Increase Agreement as shown on the auditor's report shall be assumed by the company after completion of the Capital Increase.

Profits and losses of CIIC Shanghai for the period from the audit benchmark date (i.e., 31 July 2021) of the Capital Increase to the Industrial and Commercial Registration Date shall be enjoyed and assumed by all shareholders upon completion of the Capital Increase in proportion to their respective paid-up capital contribution.

III. SHAREHOLDING STRUCTURE OF CIIC SHANGHAI BEFORE AND AFTER THE CAPITAL INCREASE

The registered capital of CIIC Shanghai and the contribution and percentage of shareholders as at the date of this announcement and upon completion of the Capital Increase are as follows:

Name of shareholders	At the date of this announcement		Upon completion of the Capital Increase	
	Capital contribution in the registered capital of CIIC Shanghai (RMB)	Percentage (%)	Capital contribution in the enlarged registered capital of CIIC Shanghai (RMB)	Percentage (%)
CIIC Group	1,200,000,000	100.00%	1,200,000,000	90.93%
CITIC Securities Investment	—	—	18,496,420	1.40%
CITIC Press	—	—	11,336,516	0.86%
Other shareholders	—	—	89,832,936	6.81%
Total	<u>1,200,000,000</u>	<u>100.00%</u>	<u>1,319,665,872</u>	<u>100.00%</u>

IV. FINANCIAL INFORMATION OF CIIC SHANGHAI

Based on the auditor's report issued by Baker Tilly China Certified Public Accountants on 8 October 2021, the book value of total assets and net assets of CIIC Shanghai (on a consolidated basis) as at 31 July 2021 is RMB11,877,428,390 and RMB1,974,217,529, respectively.

The following table sets out the financial information of CIIC Shanghai (on a consolidated basis) for the two years ended 31 December 2020 prepared in accordance with China Accounting Standards for Business Enterprises.

	For the year ended 31 December 2019 (RMB) (audited)	For the year ended 31 December 2020 (RMB) (audited)
Net profit (before tax)	1,063,727,971	1,157,212,688
Net profit (after tax)	822,254,350	914,319,299

V. REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

CIIC Shanghai is one of the largest human resources service providers in the PRC. This transaction is an important investment deployment of the Company's investment in the human resources service industry, of which the risk of investment return is relatively low and will not have an adverse impact on the Company.

The Directors (including the independent non-executive Directors) are of the view that the connected transaction contemplated under the Capital Increase Agreement is conducted in the ordinary course of business of the Company and on normal commercial terms and practices. The terms of the Capital Increase Agreement are fair and reasonable and contain no condition that would be harmful to the Company or the lawful interests of other Shareholders, and therefore are in the interests of the Company and its Shareholders as a whole.

VI. HONG KONG LISTING RULES IMPLICATIONS

CITIC Corporation Limited, holding 15.47% equity interests in the Company as at the date of this announcement, is the largest Shareholder and a connected person of the Company. CITIC Corporation Limited holds 62.70% equity interests in CITIC Press as at the date of this announcement. CITIC Press is an associate of CITIC Corporation Limited and therefore also a connected person of the Company as defined under the Hong Kong Listing Rules. As CITIC Press and CITIC Securities Investment both participated in the Capital Increase, the Company has deemed the relevant transaction under the Capital Increase Agreement as connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. To the best of the Company's knowledge and after making all reasonable enquiries, as at the date of this announcement, CIIC Group, CIIC Shanghai and other investors participating in the Capital Increase are all independent third parties of the Company.

For the purpose of calculation of the size of transactions in accordance with relevant requirements of the Hong Kong Listing Rules, the Company has aggregated the above-mentioned connected transaction and the connected transaction in relation to CITIC Securities Investment's entering into the Promoters Agreement with CITIC Wealth Management Corporation Limited (信銀理財有限責任公司) and other promoters as disclosed in the announcement of the Company dated 23 July 2021. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) calculated after aggregation exceeds 0.1% but is less than 5%, the transaction under the Capital Increase Agreement is only subject to the reporting and announcement requirements, and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Mr. ZHANG Youjun, the Chairman of the Company, also serves as the assistant to the general manager of each of CITIC Group, CITIC Limited and CITIC Corporation Limited. Therefore, he is deemed to have a material interest in the connected transaction in relation to the Capital Increase Agreement, and thus has abstained from voting on the relevant resolution at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in such transaction and is required to abstain from voting on the relevant resolution at the Board meeting.

VII. GENERAL INFORMATION

Information on CITIC Securities Investment

CITIC Securities Investment is a wholly-owned subsidiary of the Company, and its principal businesses include financial products investment, securities investment and equity investment.

Information on CIIC Group

CIIC Group is the only first-grade central enterprise under the direct management of the State-owned Assets Supervision and Administration Commission of the State Council with core business in human resources. As at the date of this announcement, CIIC Group directly holds 100% equity interest in CIIC Shanghai. The principal businesses of CIIC Group include human resources services businesses, health and education technology businesses, and industrial investment and operation businesses. Of the above, health and education technology businesses mainly include health technology business and education technology business, while industrial investment and operation businesses mainly include industrial investment, commercial services and human resources industrial park business.

Information on CIIC Shanghai

CIIC Shanghai's principal businesses include recruitment and flexible employment services, staffing agency services, labor dispatch services, human resources business outsourcing services, payroll and tax services, management consulting services, health and welfare services and other businesses. As at the date of this announcement, CIIC Shanghai is wholly-owned by CIIC Group.

To the best of the Company's knowledge and after making all reasonable enquiries, as at the date of this announcement, CIIC Shanghai and CIIC Group are independent third parties of the Company.

Information on CITIC Press

CITIC Press's principal businesses include book publishing, digital reading and services, new chain of bookstores, education and training, and value-added cultural services. The controlling shareholder of CITIC Press is CITIC Corporation Limited.

Information on CITIC Corporation Limited

The principal businesses of CITIC Corporation Limited include investment and management in financial sector; investment and management in non-financial sector; and issue of shareholders' loans to domestic and foreign subsidiaries, capital operation, asset management, domestic and foreign engineering design, construction, contracting and subcontracting, and labor export, etc.

VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions and terms shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Capital Increase”	the increase in the registered capital of CIIC Shanghai of RMB119,665,872 in aggregate to be subscribed in cash by investors including CITIC Securities Investment and CITIC Press
“Capital Increase Agreement”	the Capital Increase Agreement entered into on 17 December 2021 among CITIC Securities Investment, CIIC Group and CIIC Shanghai, pursuant to which CITIC Securities Investment agreed to subscribe for RMB18,496,420 newly increased registered capital of CIIC Shanghai at a consideration of RMB155,000,000
“CIIC Group”	China International Intellectech Group Co., Ltd. (中國國際技術智力合作集團有限公司), a limited liability company incorporated in the PRC, holding 100% equity interest in CIIC Shanghai as at the date of this announcement
“CIIC Shanghai”	China International Intellectech (Shanghai) Co., Ltd. (中智上海經濟技術合作有限公司), a limited liability company incorporated in the PRC
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司), a wholly foreign-owned enterprise incorporated in the PRC with limited liability and the largest Shareholder of the Company
“CITIC Press”	CITIC Press Corporation (中信出版集團股份有限公司), a joint stock company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of CITIC Corporation Limited
“CITIC Securities Investment”	CITIC Securities Investment Limited (中信証券投資有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company

“Company”	CITIC Securities Company Limited (中信証券股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company with a nominal value of RMB1.00 each, including A share(s) and H share(s)
“Shareholder(s)”	the registered holder(s) of the Shares of the Company

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

Beijing, the PRC
17 December 2021

As at the date of this announcement, the executive directors of the Company are Mr. ZHANG Youjun and Mr. YANG Minghui; the non-executive director is Mr. WANG Shuhui; and the independent non-executive directors are Mr. LIU Ke, Mr. ZHOU Zhonghui and Mr. LI Qing.