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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

CAPITAL CONTRIBUTION TO THE PARTNERSHIP OF SUZHOU XINCHEN

On 30 September 2022, CITIC Securities Investment, a wholly-owned subsidiary of the Company, entered into the Limited Partnership Agreement with Xinchen Investment, Park Fund, CITIC Prudential Life, Qingdao Shengxin, Lianyisheng and Ningbo Shunyi, pursuant to which all parties agree that CITIC Securities Investment would make capital contribution to the Partnership as a Limited Partner at a cash consideration of RMB141,000,000, with a capital contribution proportion of 9.99%.

As at the date of this announcement, CITIC Securities Investment is a wholly-owned subsidiary of the Company, and CITIC Corporation Limited is the largest Shareholder holding 15.52% equity interests in the Company as at the date of this announcement and a connected person of the Company. CITIC Corporation Limited holds 50% equity in CITIC Prudential Life as at the date of this announcement. CITIC Prudential Life 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 Prudential Life and CITIC Securities Investment both participated in the establishment of the Partnership, the transaction contemplated under the Limited Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the applicable percentage ratios calculated on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules exceed 0.1% but are less than 5%, the transaction contemplated under the Limited Partnership Agreement is subject to the reporting and announcement requirements, but exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

I. BACKGROUND

On 30 September 2022, CITIC Securities Investment, a wholly-owned subsidiary of the Company, entered into the Limited Partnership Agreement with Xinchen Investment, Park Fund, CITIC Prudential Life, Qingdao Shengxin, Lianyisheng and Ningbo Shunyi, pursuant to which all parties agree that CITIC Securities Investment would make capital contribution to the Partnership as a Limited Partner at a cash consideration of RMB141,000,000, with a capital contribution proportion of 9.99%.

II. LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are as follows:

Date: 30 September 2022

Parties: *the General Partner*

- Xincheng Investment

the Limited Partners

- Park Fund;
- CITIC Prudential Life (connected person);
- Qingdao Shengxin;
- CITIC Securities Investment;
- Lianyisheng; and
- Ningbo Shunyi

Term: The duration of the Partnership shall commence from the date of the establishment of the Partnership until the eighth (8th) anniversary of the first closing time (the “**First Closing Date**”) which the General Partner may determine reasonably. For the purpose of liquidating all the investment projects of the Partnership in an orderly manner, the General Partner has the right to extend the duration by one (1) year, thereafter, the duration may be extended for one (1) additional year upon the proposal of the General Partner and the approval of the Advisory Committee (as defined below) or the Limited Partners holding 51% of the limited partnership interests.

The “Advisory Committee” shall be composed of one (1) representative delegated by each Limited Partner approved by and not related to the General Partner.

Effective date: The Limited Partnership Agreement shall enter into force on the date of its being signed by the parties thereunder and upon completion of the relevant approval and filing procedures (if necessary).

Purpose of establishing the Partnership:	To make equity, quasi-equity and relevant investments in Chinese enterprises and businesses (and international enterprises with China-related value creation strategies) as permitted by applicable laws and within the business scope, with a view to achieving long-term capital gains.
Business scope of the Partnership:	Engaging in activities such as equity investment, investment management and asset management with private funds (subject to the registration and filing to Asset Management Association of China).
Target total capital contribution to the Partnership:	<p>The total capital contribution of the parties to the Partnership is RMB1,412,000,000, of which:</p> <ul style="list-style-type: none"> • Xincheng Investment will contribute RMB60,000,000, representing 4.25% of the Partnership; • Park Fund will contribute RMB211,000,000, representing 14.94% of the Partnership; • CITIC Prudential Life will contribute RMB500,000,000, representing 35.41% of the Partnership; • Qingdao Shengxin will contribute RMB300,000,000, representing 21.25% of the Partnership; • CITIC Securities Investment will contribute RMB141,000,000, representing 9.99% of the Partnership; • Lianyisheng will contribute RMB100,000,000, representing 7.08% of the Partnership; and • Ningbo Shunyi will contribute RMB100,000,000, representing 7.08% of the Partnership <p>The total capital contribution is determined after arm's length negotiations among the parties with reference to the capital needs of the Partnership. The capital contribution of the Group will be funded from internal resources of the Group.</p>

Payment arrangements: According to the Limited Partnership Agreement, CITIC Securities Investment shall make capital contribution to the Partnership in cash based on the following schedules:

- the first amount of paid-in capital represents 30% of its capital contribution, i.e. RMB42,300,000;
- the second amount of paid-in capital represents 30% of its capital contribution, i.e. RMB42,300,000;
- the third amount of paid-in capital represents 20% of its capital contribution, i.e. RMB28,200,000; and
- the fourth amount of paid-in capital represents 20% of its capital contribution, i.e. RMB28,200,000

The General Partner shall, at least ten (10) business days in advance, give CITIC Securities Investment a notice requiring it to fulfil its corresponding capital contribution obligations (the “**Withdrawal Notice**”), which shall specify the amount of paid-in capital payable by CITIC Securities Investment and the final date of payment (the “**Account Receipt Date**”). CITIC Securities Investment shall remit the paid-in capital to the account designated by the General Partner before the Account Receipt Date. Such paid-in capital paid by CITIC Securities Investment is subject to its then capital contribution balances.

**Management of
the Partnership:**

Xinchen Investment (as the General Partner) will also act as the executive partner of the Partnership.

The General Partner has an investment decision-making committee (the “**Investment Decision-making Committee**”) which is responsible for considering and making resolutions on the investment projects (and their exits) submitted by the manager’s investment management team. The Investment Decision-making Committee consists of key individuals and senior management from the investment management team.

Management fee payable to the manager:

The Partnership shall pay management fee (the “**Management Fee**”) to the manager (or other persons designated by the manager) from the First Closing Date in accordance with the management agreement. The Management Fee shall be calculated at an annual rate of 2% as follows:

- (i) the total annual management fee calculated as per 2% of the capital contribution of each Limited Partner during the investment period; and
- (ii) the total annual management fee calculated as per 2% of the amount shared by each Limited Partner in the investment costs of the Partnership’s investment projects that have not been withdrawn or written down at the time when such Management Fee is payable after the expiry of the investment period.

Distributions:

Distributable income from an investment project shall first be allocated to all partners participating in such investment project in proportion to their share of the investment costs, and the portion to be allocated to the General Partner or Affiliated Partner shall be distributed to the General Partner or Affiliated Partner, and the portion to be allocated to each of the Limited Partners shall be distributed between such Limited Partner and the General Partner in the following order:

- (i) repayment of the Limited Partner’s cumulative paid-in capital: first, 100% shall be distributed to such Limited Partner until the cumulative distribution amount obtained pursuant to this sub-paragraph is equal to the Limited Partner’s cumulative paid-in capital as of the time of such distribution;
- (ii) payment of the Limited Partner’s Preferred Return: second, 100% shall be distributed to such Limited Partner (such distribution is referred to as the “**Preferred Return**”) until such Limited Partner has received an internal return rate of 8% per annum on the cumulative distribution amount obtained by such Limited Partner pursuant to sub-paragraph (i) above, as calculated from the Account Receipt Date of each Withdrawal Notice to the date of transfer of the aforesaid distribution from the Partnership’s escrow account to the bank account designated by such Limited Partner, respectively;

(iii) Catch-up: third, 100% shall be distributed to the General Partner until the cumulative amount obtained by the General Partner pursuant to this sub-paragraph is equal to the amount of the cumulative Preferred Return obtained by such Limited Partner pursuant to sub-paragraph (ii) above divided by 80% and multiplied by 20% (This procedure specifies the distribution of gains with an internal return rate exceeding 8% but not exceeding 10%, i.e.: such Limited Partner's gains with an internal return rate exceeding 8% but not exceeding 10% shall be fully distributed to the General Partner. Gains with an internal return rate exceeding 10% shall be distributed in accordance with sub-paragraph (iv) below); and

(iv) 80/20 distribution: in case of any balance after the above distributions, such balance shall be distributed as to 80% to such Limited Partner and 20% to the General Partner.

(The distribution amounts obtained by the General Partner pursuant to sub-paragraphs (iii) and (iv) above are collectively referred to as the “**Performance-based Bonus**”.)

Other income of the Partnership (including but not limited to the income from temporary investments and distributable income generated from bridge investments of the Partnership) shall be distributed at such times as the General Partner deems appropriate and in proportion to the Partners' paid-in capital contributions from which such income is generated.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

The purpose of the Partnership is to make equity, quasi-equity and relevant investments in Chinese enterprises and businesses (and international enterprises with China-related value creation strategies) as permitted by applicable laws and within the business scope, with a view to achieving long-term capital gains. The transaction is beneficial for the Company to seek business cooperation opportunities with the controlling shareholder of the Partnership manager in finance, investment, M&A, listing and exit, including but not limited to investment banking business, fund and invested company account opening, custody and block trading.

The Directors (including the independent non-executive Directors) are of the view that the connected transaction contemplated under the Limited Partnership Agreement is conducted in the ordinary course of business of the Company and on normal commercial terms and practices. The terms of the Limited Partnership Agreement are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

IV. HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, CITIC Securities Investment is a wholly-owned subsidiary of the Company, and CITIC Corporation Limited is the largest Shareholder holding 15.52% equity interests in the Company as at the date of this announcement and a connected person of the Company. CITIC Corporation Limited holds 50% equity in CITIC Prudential Life as at the date of this announcement. CITIC Prudential Life 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 Prudential Life and CITIC Securities Investment both participated in the establishment of the Partnership, the transaction contemplated under the Limited Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the applicable percentage ratios calculated on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules exceed 0.1% but are less than 5%, the transaction contemplated under the Limited Partnership Agreement is subject to the reporting and announcement requirements, but exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mr. ZHANG Youjun, the chairman of the Company, also acts as the assistant to the general manager of CITIC Group, CITIC Limited and CITIC Corporation Limited and the director of CITIC Financial Holdings; Mr. SONG Kangle, the non-executive Director of the Company, also acts as the non-executive director of CITIC Group, CITIC Limited and CITIC Corporation Limited and the director of CITIC Financial Holdings; Ms. FU Linfang, the non-executive Director of the Company, also acts as the deputy general manager of the Strategic Development Department of CITIC Group, a director of CITIC Industrial Investment Group Corp., Ltd. and a director of CITIC Finance Company Limited; Mr. ZHAO Xianxin, the non-executive Director of the Company, also acts as the deputy general manager of the Legal Compliance Department of CITIC Group and the head of the Risk Compliance Department of CITIC Financial Holdings. Therefore, they are deemed to have material interests in all the above-mentioned connected transactions contemplated between the Group and CITIC Group, and thus have abstained from voting on the relevant resolutions at the Board meeting. Save as mentioned above, none of the other Directors has any material interest in such transactions and is required to abstain from voting on the relevant resolutions at the Board meeting.

V. 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. The ultimate beneficial owner of CITIC Securities Investment is the Company.

Information on CITIC Prudential Life

The principal businesses of CITIC Prudential Life include operations relating to life insurance, health insurance, accidental injury insurance and other insurance. The ultimate beneficial owners of CITIC Prudential Life are CITIC Group and Prudential plc.

Information on Xincheng Investment

The principal businesses of Xincheng Investment include equity investment, investment management, asset management and other activities with private funds. The ultimate beneficial owner of Xincheng Investment is Tianjin Yuebo Investment Consulting Co., Ltd. (天津躍波投資諮詢有限公司).

Information on Park Fund

The principal businesses of Park Fund include venture capital, equity investment, asset management, investment management and investment consulting. The ultimate beneficial owner of Park Fund is Suzhou Harvest Capital Management Co., Ltd. (蘇州園豐資本管理有限公司).

Information on Qingdao Shengxin

The principal businesses of Qingdao Shengxin include investment and asset management; equity investment and investment management with proprietary funds. Qingdao Shengxin is owned by LI Jinglin (李景林) and YE Feng (葉楓), who are the ultimate beneficial owners of Qingdao Shengxin.

Information on Lianyisheng

The principal businesses of Lianyisheng include supply chain fintech solution development, design, implementation and consultancy, supply chain asset services and supply chain management. Lianyisheng is a wholly-owned subsidiary of Linklogis Inc. (stock code: 9959), a company listed on the Main Board of the Hong Kong Stock Exchange.

Information on Ningbo Shunyi

The principal businesses of Ningbo Shunyi include equity investment; equity investment management. Ningbo Shunyi is owned by ZHU Shengyao (朱升堯), DAI Congxia (戴淙霞), ZHU Jiayi (朱佳熠) and ZHU Jionghui (朱炯輝), who are the ultimate beneficial owners of Ningbo Shunyi.

To the best of the Company's knowledge and after making all reasonable enquiries, as at the date of this announcement, Xincheng Investment, Park Fund, Qingdao Shengxin, Lianyisheng and Ningbo Shunyi are all independent third parties of the Company.

VI. 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
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司), a limited liability company incorporated in the PRC and the largest shareholder of the Company
“CITIC Financial Holdings”	China CITIC Financial Holdings Co., Ltd. (中國中信金融控股有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of CITIC Corporation Limited
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), a limited liability company incorporated in the PRC and the de facto controller of CITIC Limited
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Hong Kong Stock Exchange, and the controlling shareholder of CITIC Corporation Limited
“CITIC Prudential Life”	CITIC Prudential Life Insurance Company Ltd., a limited liability company incorporated in the PRC and a connected person of the Company
“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 and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules

“Director(s)”	the director(s) of the Company
“General Partner(s)”	Xinchen Investment, being a general partner of the Partnership
“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
“independent third party(ies)”	the independent third party(ies) independent from the Company and its connected persons of the Company
“Lianyisheng”	Lianyisheng Supply Chain Services (Wuhan) Co., Ltd. (聯易盛供應鏈服務(武漢)有限公司), a limited liability company incorporated in the PRC
“Limited Partner (s)”	the limited partner(s) of the Partnership, which are Park Fund, CITIC Prudential Life, Qingdao Shengxin, CITIC Securities Investment, Lianyisheng and Ningbo Shunyi
“Limited Partnership Agreement”	a limited partnership agreement entered into among Xinchen Investment, Park Fund, CITIC Prudential Life, Qingdao Shengxin, CITIC Securities Investment, Lianyisheng and Ningbo Shunyi on 30 September 2022 in respect of Suzhou Xinchen Equity Investment Partnership (Limited Partnership), pursuant to which, CITIC Securities Investment agrees to contribute capital to the Partnership at a consideration of RMB141,000,000
“Ningbo Shunyi”	Ningbo Shunyi Equity Investment Partnership (Limited Partnership) (寧波舜熠股權投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Park Fund”	Suzhou Industrial Park Investment Fund L.P. (蘇州工業園區產業投資基金(有限合夥)), a limited partnership incorporated in the PRC
“partner(s)”	the general partner(s) and limited partner(s), or either of them
“Partnership”	Suzhou Xinchen Equity Investment Partnership (Limited Partnership) (蘇州信宸股權投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC

“PRC”	the People’s Republic of China
“Qingdao Shengxin”	Qingdao Shengxin Joint Investment Center (Limited Partnership) (青島盛芯聯合投資中心(有限合夥)), a limited partnership incorporated in the PRC
“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
“Xinchen Investment”	Suzhou Xinchen Investment Management Partnership (Limited Partnership) (蘇州信宸投資管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“%”	percentage

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

Beijing, the PRC
30 September 2022

As at the date of this announcement, the executive directors are Mr. ZHANG Youjun and Mr. YANG Minghui; the non-executive directors are Mr. SONG Kangle, Ms. FU Linfang, Mr. ZHAO Xianxin and Mr. WANG Shuhui; and the independent non-executive directors are Mr. ZHOU Zhonghui, Mr. LI Qing and Mr. SHI Qingchun.