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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 PROGRESS OF THE CAPITAL CONTRIBUTION TO THE PARTNERSHIP OF SUZHOU XINCHEN**

This announcement is published by CITIC Securities Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 14A.35 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of the Company dated 30 September 2022, in relation to, among other things, the entering into of the Limited Partnership Agreement and the connected transaction of the capital contribution from CITIC Securities Investment, a wholly-owned subsidiary of the Company, to the Partnership (the “**Announcement**”). Unless defined herein or the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcement.

### **I. BACKGROUND**

As stated in the Announcement, the Limited Partnership Agreement was entered into on 30 September 2022, pursuant to which, all parties of the Limited Partnership Agreement agreed that CITIC Securities Investment (a wholly-owned subsidiary of the Company) 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%.

After signing the Limited Partnership Agreement, due to change in the list of the Limited Partners and the amount of capital contribution from some of the Limited Partners of the Partnership, Xincheng Investment (as the General Partner) arranged the re-signing of relevant Partnership documents in response to the request from the State Administration for Market Regulation and the Asset Management Association of China. CITIC Securities Investment received a written declaration of the re-signing of relevant Partnership documents from Xincheng Investment, pursuant to which, all the industrial and commercial documents (including the Limited Partnership Agreement) in relation to the Partnership signed by CITIC Securities Investment on 30 September 2022 will be void automatically upon the completion of the signing of the relevant documents of updated Limited Partnership Agreement.

## II. ENTERING INTO THE NEW LIMITED PARTNERSHIP AGREEMENT

On 14 June 2023, Xincheng Investment, Park Fund, CITIC Prudential Life, CITIC Securities Investment, Lianyisheng, Ningbo Shunyi, Shanghai Fenzhong Hongyi Information Technology Co., Ltd. (上海分眾鴻意信息技術有限公司) (“**Hongyi Information**”) and Shanghai Daohe Chanxin Private Investment Fund Partnership (Limited Partnership) (上海道禾產新私募投資基金合夥企業(有限合夥)) (“**Daohe Chanxin**”) entered into the new Limited Partnership Agreement (“**New Limited Partnership Agreement**”) in respect of the Partnership. Upon entering into the New Limited Partnership Agreement, Qingdao Shengxin is no longer a Limited Partner of the Partnership, and Hongyi Information and Daohe Chanxin will be accepted as the new Limited Partners of the Partnership. Some terms of the New Limited Partnership Agreement changed as compared to those in the Limited Partnership Agreement, which are summarized as follows:

**Date:** 14 June 2023

**New parties:** *the General Partner*

- Xincheng Investment

*the Limited Partners*

- Park Fund;
- CITIC Prudential Life (connected person);
- CITIC Securities Investment;
- Lianyisheng;
- Ningbo Shunyi;
- Hongyi Information (new Limited Partner); and
- Daohe Chanxin (new Limited Partner)

**New target total capital contribution to the Partnership and distributions:**

The new total capital contribution of the parties to the Partnership is RMB1,225,000,000, of which:

- Xincheng Investment will contribute RMB60,000,000, representing 4.90% of the Partnership;
- Park Fund will contribute RMB183,000,000, representing 14.94% of the Partnership;

- CITIC Prudential Life will contribute RMB500,000,000, representing 40.82% of the Partnership;
- CITIC Securities Investment will contribute RMB122,000,000, representing 9.96% of the Partnership;
- Lianyisheng will contribute RMB100,000,000, representing 8.16% of the Partnership;
- Ningbo Shunyi will contribute RMB100,000,000, representing 8.16% of the Partnership;
- Hongyi Information will contribute RMB100,000,000, representing 8.16% of the Partnership; and
- Daohe Chanxin will contribute RMB60,000,000, representing 4.90% of the Partnership.

**Corresponding update of payment arrangements due to change in target capital contribution:**

According to the New 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. RMB36,600,000;
- the second amount of paid-in capital represents 30% of its capital contribution, i.e. RMB36,600,000;
- the third amount of paid-in capital represents 20% of its capital contribution, i.e. RMB24,400,000; and
- the fourth amount of paid-in capital represents 20% of its capital contribution, i.e. RMB24,400,000.

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.

**The new conventions about related party transactions:**

Xinchen Investment (as the General Partner) and its related persons shall assume their compensation liability for damages caused to the Partnership in the event that they utilize the related relationship to infringe the legitimate rights and interests of the Partnership maliciously.

In addition to the matters permitted in the terms of New Limited Partnership Agreement, Xinchen Investment (as the General Partner) shall submit matters of related party transactions (including consideration determination) to the Advisory Committee consisting of one (1) representative appointed by each of the Limited Partners recognized by Xinchen Investment and not affiliated with Xinchen Investment for discussion and resolution. Such matters of related party transactions approved by the resolution shall be disclosed to the Limited Partner in a timely manner upon completing the transactions in respect of the transaction condition (including, but not limited to, disclosure in the annual report).

**The new conventions about the alternate manager of the Partnership:**

Xinchen Investment shall engage a third party satisfying relevant qualifications and conditions to act as an alternate manager of the Partnership as soon as practicable when the normal operation of the Partnership is affected by the continuous loss of contact of the manager, or the manager is unable to perform or negligent in performing his/her/its management duties due to reasons such as being deregistered as a private equity fund manager by the Asset Management Association of China or going bankrupt, or the manager is objectively unable to continue managing the Partnership for other reasons.

The alternate manager may be selected with the consent of all Limited Partners if Xinchen Investment fails to complete the engagement of an alternate manager within a reasonable period or if all Limited Partners unanimously consider that Xinchen Investment is objectively unable to select and engage an alternate manager, or all the Limited Partners may unanimously decide to enter into liquidation for the Partnership in accordance with the conventions in the New Limited Partnership Agreement.

**The supplement of information disclosure method and the channel:** All Partners hereby agree and authorize the manager to file the Partnership's disclosure information in accordance with the requirements of the Asset Management Association of China. Each Limited Partner could log in the private fund information disclosure filing platform designated by the Asset Management Association of China to make information inquiry.

The total amount and proportion of capital contribution to be made by CITIC Securities Investment to the Partnership under the New Limited Partnership Agreement decrease as compared that specified in the Limited Partnership Agreement, which was arrived at after arm's length negotiations among the Partners, with reference to, among others, (i) the capital needs of the Partnership; (ii) the expected period of the Partnership; (iii) the potential investment return of the Partnership; (iv) the target total amount of capital contribution of the Partnership; and (v) the investment opportunities expected to be available for the Group.

Apart from the above disclosure, all other principal terms of the New Limited Partnership Agreement are the same as those of the Limited Partnership Agreement. The unamended principal terms are as follows:

**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).

**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 and/or Affiliated Partner until the cumulative amount obtained by the General Partner and/or Affiliated 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 and/or Affiliated 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 and/or Affiliated Partner.

(The distribution amounts obtained by the General Partner and/or Affiliated 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 NEW LIMITED PARTNERSHIP AGREEMENT**

According to the New Limited Partnership Agreement, new Limited Partners (i.e. Hongyi Information and Daohe Chanxin) are admitted to the Partnership. The admission of new Limited Partners will enhance the confidence of potential investors in participating in the investment of the Partnership. In addition, the admission of new Limited Partners will diversify the Group’s risk with respect to its investment in Partnership.

The Directors (including the independent non-executive Directors) are of the view that the connected transaction contemplated under the New 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 New 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 the connected transaction under the Limited Partnership Agreement was terminated, the Company is subject to the announcement requirement under Rule 14A.35 of the Hong Kong Listing Rules.



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 directly 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 indirectly 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 New Limited Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

All applicable percentage ratios calculated pursuant to the Hong Kong Listing Rules are less than 0.1%, for which the transaction contemplated under the New Limited Partnership Agreement is fully exempt from the announcement, circular, independent financial advice and independent shareholders' approval requirements in accordance with Rule 14A.76 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. ZHANG Lin, 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 Risk Compliance Department of CITIC Group and the general manager 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 Hongyi Information**

The principal businesses of Hongyi Information are technology development, technology consultation, technology service and technology transfer in the field of information technology, cultural and artistic exchange planning, marketing planning, corporate image planning, design and production of various advertisements, release of advertisements through owned media, business information consultation, corporate governance consultation, e-commerce (excluding value-added telecommunication and financial businesses) and network engineering (operating activities of projects subject to approval in accordance with laws shall commence after being approved by the relevant departments). Hongyi Information is a wholly-owned subsidiary of Focus Media Information Technology Co., Ltd. (stock code: 002027), a company listed on the Shenzhen Stock Exchange.

## **Information on Daohe Chanxin**

The principal businesses of Daohe Chanxin include equity investment, investment management, asset management and other activities with private funds. The ultimate beneficial owner of Daohe Chanxin is YANG Dehong.

To the best of the Company's knowledge and after making all reasonable enquiries, as at the date of this announcement, Hongyi Information and Daohe Chanxin are all independent third parties of the Company.

## **Information on other parties**

The identities of the ultimate beneficial owner(s) and description of the principal businesses of CITIC Securities Investment, CITIC Prudential Life, Xincheng Investment, Park Fund, Lianyisheng and Ningbo Shunyi remain unchanged. Please refer to the Announcement for details.

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

Beijing, the PRC  
14 June 2023

*As at the date of this announcement, the executive Directors of the Company are Mr. ZHANG Youjun and Mr. YANG Minghui; the non-executive Directors of the Company are Mr. ZHANG Lin, Ms. FU Linfang, Mr. ZHAO Xianxin and Mr. WANG Shuhui; and the independent non-executive directors of the Company are Mr. LI Qing, Mr. SHI Qingchun and Mr. ZHANG Jianhua.*